Delivering *Projects that Matter*

SAVANNAH ENERGY

ANNUAL REPORT AND ACCOUNTS 2022

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Why invest in Savannah

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Cover clockwise from top left: Chukwudoziem Umunna, Operations Superintendent, Uquo Central Processing Facility, Nigeria; The waterfalls on the Bini River, inside the Bini a Warak project site, Cameroon; Metrological Mast Maintenance Team, Parc Eolien de la Tarka wind farm project, Niger, photo credit: Abdoul Razack, Sahara Conservation; COTCo's Kome Kribi 1 floating storage and offloading vessel, Cameroon; Abdoulaye Amadou Daouda, Renewable Technician, Ministry of Energy and Renewable Energies for the Republic of Niger, in front of the metrological mast, Parc Eolien de la Tarka wind farm project, Niger

Delivering Projects that Matter

Our purpose

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

Our vision

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

Our strategy

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

Read more about our strategy on page 38

Our stakeholders

- Our people
- Our host countries and communities
- Governments, local authorities and regulators
- Our shareholders and lenders
- Our customers, suppliers and partners

Our "SEE-IT" values

Sustainability
We seek to deliver sustainable value for our stakeholders.

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

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

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

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

At a glance

Investing in Africa

What we do

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

2022 Total Revenues[a]
US$290.4m

Total Group assets[1]
US$1.8bn

Remaining life of contract revenues[b]
US$3.8bn

Weighted average remaining contract life
15 years

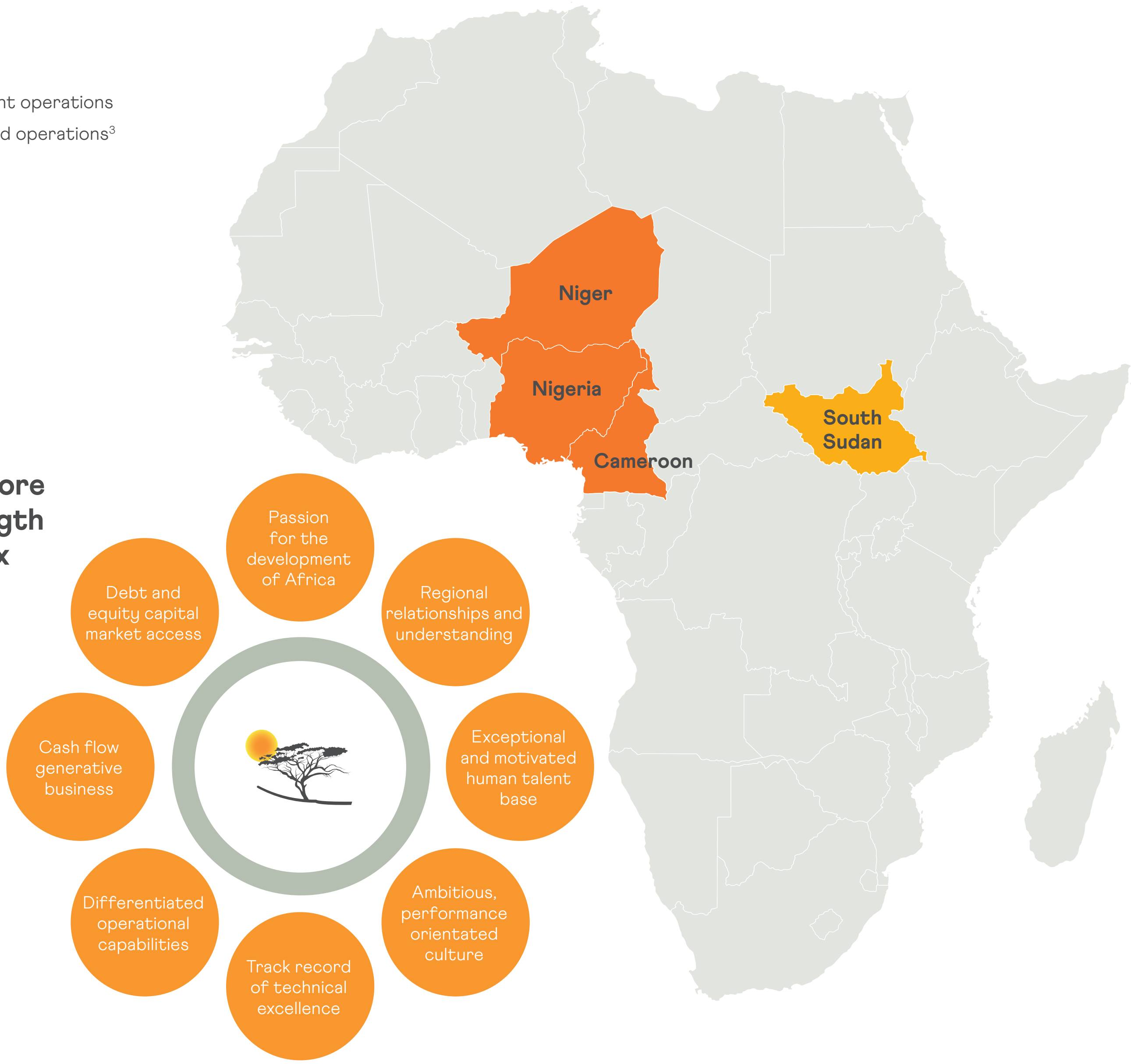
End 2022 2P Reserves and 2C Resources life
23.7 years

End 2022 net 2P Reserves and 2C Resources
164.9 MMboe

Scale of renewable energy projects in motion
Up to 525 MW

End of 2022 Group employees[2]
277

Key
- Current operations
- Planned operations[3]



Our core strength matrix

Our Assets

COTCo's Kome Kribi 1 FSO, offshore Cameroon

Read more about Cameroon on page 68

Cameroon

- A 41.06%[4] indirect interest in COTCo and a corresponding interest in the Cameroon ETS comprising:
  - 903 km export pipeline with a nameplate capacity of 250 Kbopd, including two pumping stations and a pressure reduction station; and
  - The Kome Kribi 1 FSO, offshore Cameroon.
- Agreement signed post-year end for the development of the Bini a Warak Hydroelectric Project, with an expected installed generation capacity of up to 75 MW. Project sanction is expected in 2024, with first power targeted in the 2027 to 2028 window.

Savannah's Eridal discovery, Agadem, Niger

Read more about Niger on page 72

Niger

- 13,655 km^2 under licence via the R1234 PSC in the highly oil prolific Agadem Rift Basin.
- R3 East development project expected to deliver plateau gross production of 5 Kbopd for eight years and tie in to the new Niger-Benin pipeline. A further exploration bank of 146 potential exploration targets have been identified.
- Progressing the up to 250 MW Parc Eolien de la Tarka wind farm project, with project sanction expected in 2024.
- Agreement signed post-year end for the development of two solar photovoltaic power plants, with an expected combined installed generation capacity of up to 200 MW. Project sanction is expected in 2024, with first power targeted in the 2025 to 2026 window.

Savannah's City Gate Gas Receiving Facility, Nigeria

Read more about Nigeria on page 80

Nigeria

- Significant controlling interest in a large-scale integrated gas production and distribution business supplying gas to enable approximately 24% of Nigeria's thermal power generation capacity. This comprises:
  - 80% interest in the Uquo Gas Project; and
  - 80% ownership of the Accugas Midstream Business comprising the 200 MMscfpd nameplate capacity Uquo Central Processing Facility and a c. 260 km gas pipeline network with c. 600 MMscfpd capacity.
- 51% interest in the Stubb Creek Field.

Savannah employees and senior management team at the Strategy Event, UK

Why invest in Savannah Energy

A compelling investment opportunity

1 Predictable base revenue stream

Savannah has three high-quality, high-growth business units in Cameroon, Niger and Nigeria. Our Nigerian assets' future contracted revenues are derived from fixed price, long-term gas sales agreements with a weighted average remaining contract life of 15 years and US$3.8 billion of remaining life-of-contract revenues(b). Over 90% of our current contracted revenues are with customers providing investment grade credit guarantees(e). In Cameroon, throughput of the 250 Kbopd capacity COTCo pipeline was 124 Kbopd. We expect COTCo to achieve additional future throughput from undeveloped discoveries which its customers plan to bring onstream.

Highlights

- Total Revenues(a) up by 26% year-on-year to US$290.4 million in 2022.
- Delivered gas to eight customers in 2022.

2 Proven track record of delivery

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

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

Highlights

- Adjusted EBITDA(c) up by 27% compared to 2021.
- Five discoveries from the five exploration wells drilled to date in Niger demonstrate our subsurface expertise.

3 Making a sustainable impact

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

Highlights

- We supply gas to enable approximately 24% of Nigeria's thermal power generation capacity.
- Our Total Contributions(d) to our host countries since 2014 were US$681 million.
- In 2022 we delivered 26 social impact projects positively impacting 26 of our local communities.

Read more about our sustainability on page 46

Total Revenues(a) (US$m) **+26%**

2022	290.4
2021	230.5

Operating expenses plus administrative expenses(g) (US$m) **-12%**

Actual	66.2
Guidance	<75

Total Contributions(b) (US$m) **+3%**

2022	56.9
2021	55.1

Nigeria average daily gross production (Kboepd) **+20%**

2022	26.8
2021	22.3

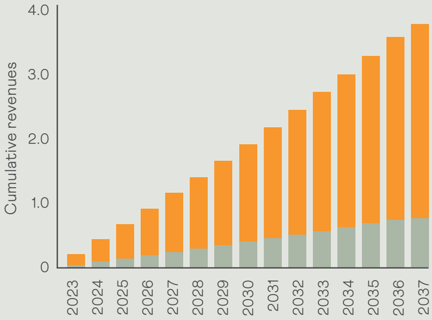
Depreciation, depletion and amortisation(n) (based on actual 2022 production) (US$m) **-7%**

Actual	39.0
Guidance	41.9

Carbon intensity (kg CO_2e/boe) **-13%**

2022	9.7
2021	11.2

Long-term contracted cumulative revenues (US$bn)



Customers
Lafarge Africa PLC
Calabar Generation Company Limited

Capital expenditure (cash) (US$m) **-33%**

Actual	23.6
Guidance	<35

Senior management female gender diversity (%) **32%**

2021		2022	
Female	35%	Female	32%
Male	65%	Male	68%

4 Strong organic growth potential

In the hydrocarbon space we see organic growth potential in each of our existing countries of operation. In Nigeria, we expect to deliver significant organic growth through the potential redevelopment of the Stubb Creek Field, the sale of third party gas through our Accugas pipeline network and potentially further new gas sales agreements with existing and new customers. In Niger, we expect to progress our R3 East development with plans to tie it directly into the new Niger-Benin pipeline due to be completed in 2023. We also have significant additional longer-term growth potential associated with 146 exploration targets within our licence area. In Cameroon, COTCo has the potential to benefit from additional oil volumes transported through its pipeline network as customers increase production volumes.

In the renewable energy space we are focused on identifying new large-scale greenfield power projects in our core African region. We believe the market opportunity in this area is likely to be c. 242 GW by 2030[1] and are confident in reaching our target of up to 1 GW+ of renewable energy projects in motion by end 2023.

Highlights

- Four new gas sales agreements in 2022 and contract extension agreed with First Independent Power Limited.
- Up to 525 MW of renewable energy projects announced[2].

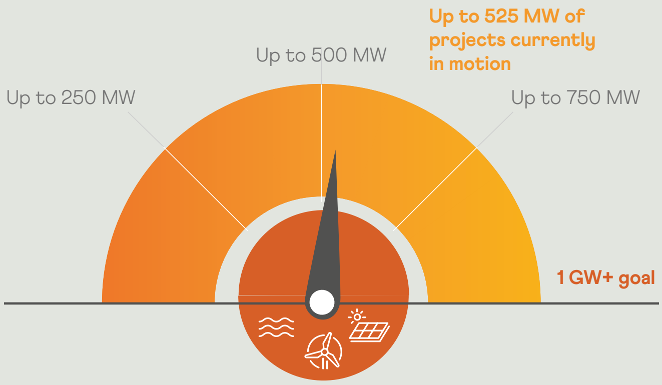
5 Strong inorganic growth potential

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

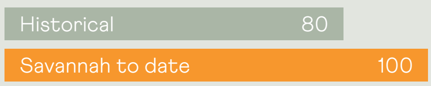
Highlights

- Announcement of the proposed acquisition of the South Sudan Assets[m] in December 2022.
- Completion of the acquisition of a 41.06% indirect interest in COTCo[4].

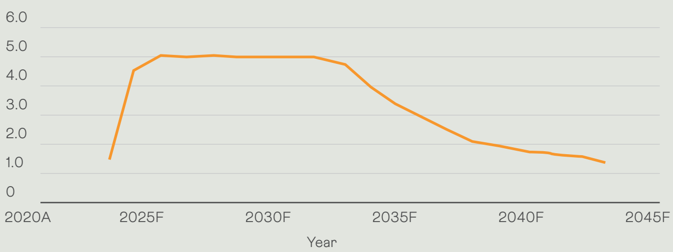
Targeting up to 1 GW+ of renewable energy projects in motion by end of 2023



Niger Agadem Rift Basin exploration success rate (%)



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



US$100bn
of divestments announced by oil majors[3]

242 GW
of African renewable energy market potential by 2030[1]

Chair's statement

Ready for the next phase of growth

"Savannah has the ambition and focus to be the leading African energy company for both hydrocarbon and renewable energy."

Steve Jenkins
Chair of the Board, Savannah

Dear fellow shareholders,

2022 was another year of substantial achievements for our company as we continued to develop and invest in ***Projects that Matter*** in Africa. Our Nigerian business recorded yet another year of double-digit revenue growth, our Niger R3 East project benefited from the strong progress made towards the construction of the Niger-Benin pipeline and our Renewable Energy Division established a pipeline of utility projects which we hope to develop through to first power over the course of the coming years. We also announced our intended acquisition of PETRONAS' assets in South Sudan, which produced an average gross 153.2 Kbopd in 2021. You will be able to read about all of this and much more in this year's Annual Report.

As we have grown, our commitment to the highest governance standards has remained a priority. In this regard, we continue to use the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as the basis of the Group's governance framework and the Corporate Governance Report on page 108 explains how we applied the principles of the QCA Code in 2022.

In June 2022, I announced my decision to step down from my role as Chair of the Board at the 2023 AGM, while remaining a Non-Executive Director of the Company. It has been an honour to Chair the Board from Savannah's initial listing to today. I would like to welcome our new Chair Designate, Joseph Pagop Noupoué, who was announced as my successor in April 2023. I believe Joseph's leadership skills, deep knowledge of the African business environment and extensive business, financial and legal expertise will serve Savannah well over the course of his Chairmanship. Aside from Joseph, we have announced the appointment of three new Non-Executive Directors over the course of the past 18 months - Sarah Clark, Dr. Djamila Ferdjani and Sylvie Rucar - who collectively bring a wealth of talent and experience to the Board. Nick Beattie was also appointed Savannah's permanent Chief Financial Officer in June 2022, having served in an interim capacity for the previous 10-month period. The biographies of our new Directors are contained on pages 103 to 105 of this Annual Report. I would also like to take this opportunity to thank David Jamison, who retired from the Board in June 2022, for his dedicated service to the Company over the previous eight years. We are delighted that David agreed to assume the role of Honorary President of Savannah, ensuring we continue to benefit from his considerable wisdom and experience.

The Board continues to place great emphasis on engagement with all our stakeholder groups and more information on this is provided in Section 172 Statement on page 40.

Outlook

Savannah has the ambition and focus to be the leading African Energy company. As I pass on the role of Chair to Joseph, I believe that we are exceptionally well-positioned to achieve this and that we should all look forward to the future with great confidence.

Steve Jenkins
Chair of the Board, Savannah
7 June 2023

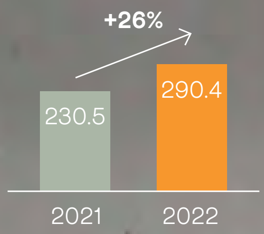
"As Chair Designate, I would like to start by saying how excited I am to be joining the Board of Savannah Energy, a company that in a relatively short time has positioned itself as a key player in the African energy industry. I would like to thank my predecessor, Steve Jenkins, for his exceptional leadership since the time of the Company's IPO. I am very pleased we will still have Steve's experience and knowledge to draw on as a Non-Executive Director.

As the new Chair, I will be committed to working closely with our talented team to continue building on our success and driving long-term shareholder value."

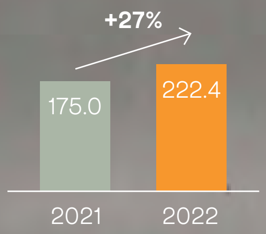
Joseph Pagop Noupoué
Non-Executive Director and Chair Designate, Savannah

2022 highlights

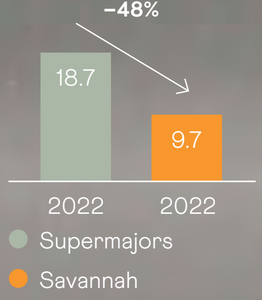
Total Revenues[a]
(US$m)



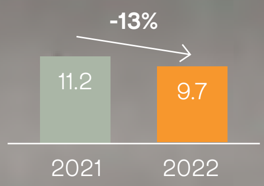
Adjusted EBITDA[c]
(US$m)



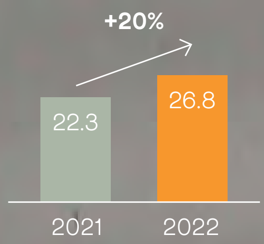
Savannah vs. Supermajors' carbon intensity[1]
(kg CO_2e/boe)



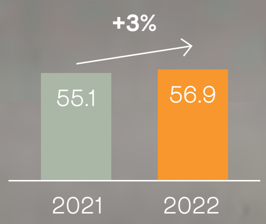
Savannah's carbon intensity
(kg CO_2e/boe)



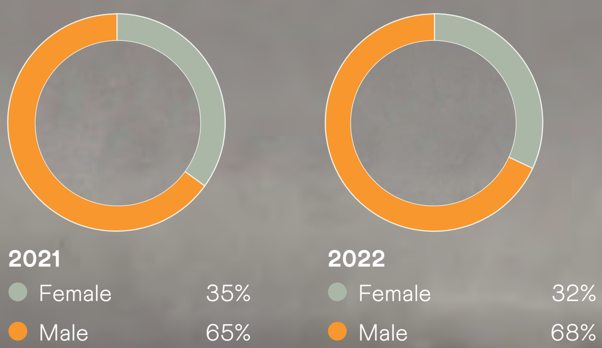
Nigeria average gross daily production (Kboepd)



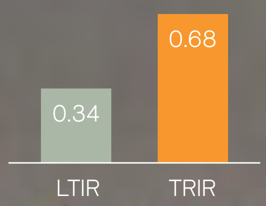
Total Contributions[d]
(US$m)



Senior management gender diversity (%)



2022 safety record
(per 200,000 work hours)



L-R: Itoro Idiakod, Field Operator; Babatunde Aina, Operations Supervisor; Peter Bassey, Mechanic Technician; Savannah's City Gate Gas Receiving Facility, Nigeria

To make a difference you have to do things differently

Our core beliefs

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

Our purpose

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

What makes us special

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

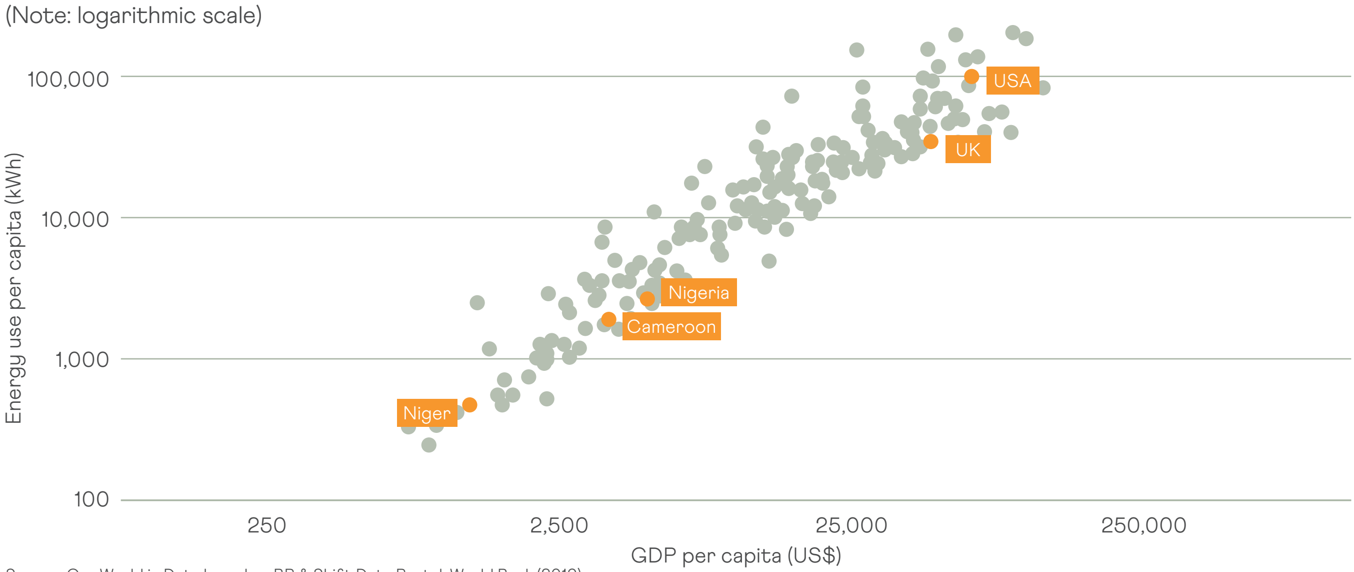
1 We are focused on energy as we believe it is the critical enabler of human activity.

Access to energy is essential for economic development and human progress. The chart below demonstrates the strong correlation between GDP per capita and power consumption per capita, using a data set which includes data from 189 countries. It clearly shows that: (1) people who have access to energy are generally wealthier than those who do not; and (2) it appears almost impossible for a country to meaningfully develop without access to power.

For example, Niger has a GDP per capita of US$584 and a power consumption per capita of 449 kWh while the United States, which has a GDP per capita of US$76,348 and a power consumption per capita of 79,480 kWh, 12,983% and 17,614% respectively. Further, energy access is positively correlated with many other key human development metrics including those associated with educational attainment, life expectancy and quality of life. Energy is clearly therefore the critical enable of human activity.

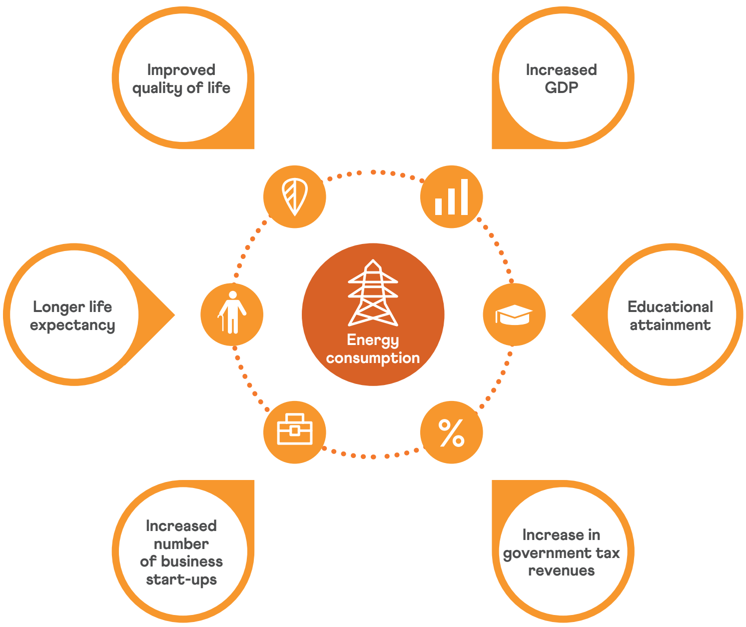
Correlation between GDP and energy use per capita: energy poverty drives economic poverty

(Note: logarithmic scale)



Source: Our World in Data based on BP & Shift Data Portal, World Bank (2019).

Energy consumption as a driver of economic and human development



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

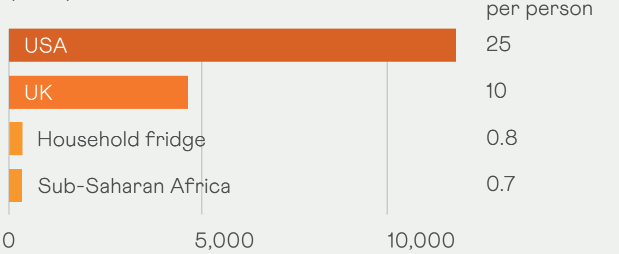
Population with access to electricity (%)

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

Source: World Bank.

Africa is home to 18% of humanity, but only 56% of her people are estimated to have access to grid connected electricity (in any form). Over 600 million of her people lack access to electricity. Despite her size and low electricity access, however, Africa is estimated to receive only 5% of all global energy investment[1].

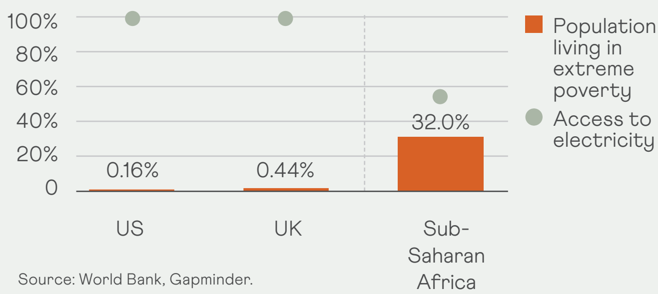
Annual electricity consumption per person (kWh)



Source: World Bank, EIA, The Economist.

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

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



Source: World Bank, Gapminder.

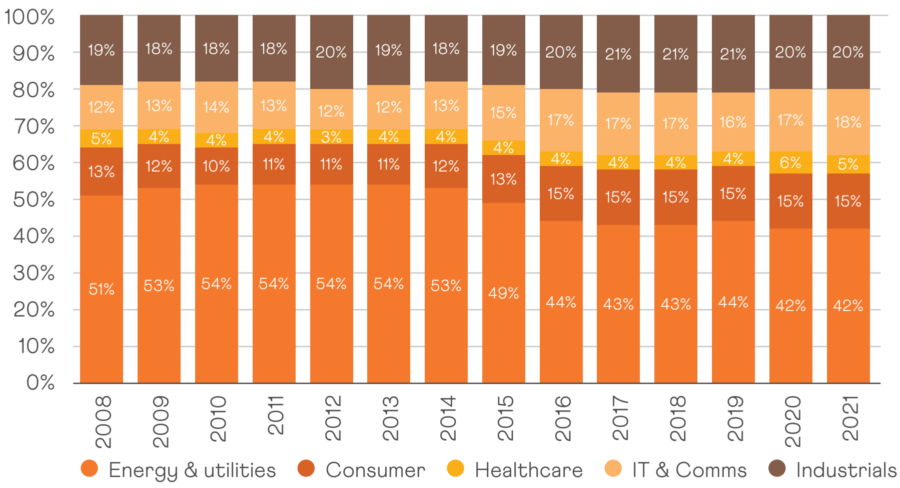
The impact of energy poverty in Africa is clear to see; 32% of those people living in Sub-Saharan Africa are estimated by the World Bank to be living in extreme poverty (i.e. earning less than US$2.15 per day).

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

3 We invest in Hydrocarbons AND Renewables as we believe both are critical components of the 2030-50 energy mix.

Energy dominates global capital and operating expenditures

Share of global non-financial corporate CAPEX by sector (%)



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

Estimating share of OECD GDP spent on energy end use (%)

Source: OECD.

Over 80% of today's global energy mix is provided by hydrocarbons, 54% of which is from oil and gas. Approximately 42% of all global capital expenditures relate to energy projects. Similarly, 18% of OECD GDP is spent on energy end use. It is therefore clear that: (1) oil and gas production is a critical contributor to the current functioning of the global economy and the maintenance of human living standards; and (2) this is clearly evidenced by the money people are prepared to spend to sustain their "status quo" quality of life.

Energy transitions take (a lot of) time

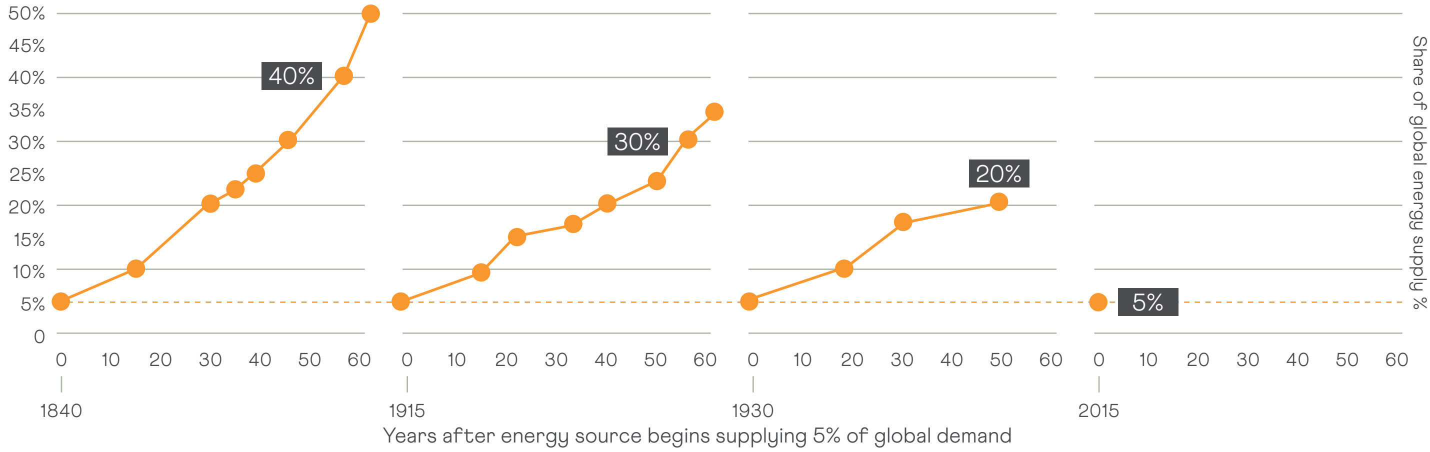
It has taken decades for major energy sources to provide a significant share of global supply:

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

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

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

Modern Renewables
Still contributes only 5% of the global energy mix



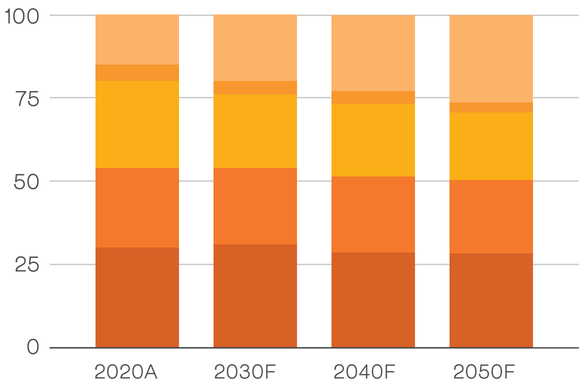
Sources: Vaclav Smil. Modern renewables include: wind, solar, and modern biofuels; Bill Gates: How to Avoid a climate disaster

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

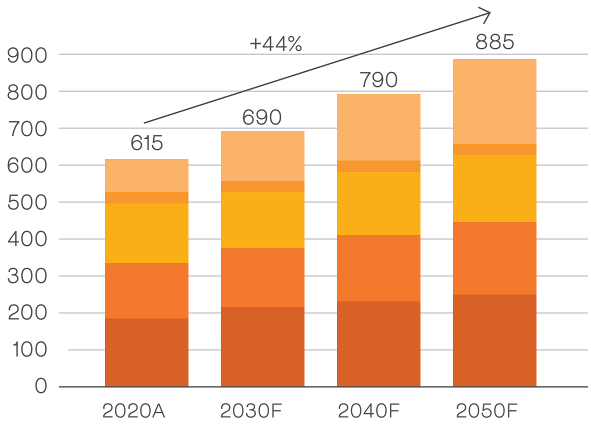
Forecast energy mix and consumption: trend case scenario

On a current trend basis the Energy Information Administration ("EIA") estimates that global energy consumption will grow by 44% 2020A to 2050F, from 615 Quad BTU to 885 Quad BTU, with oil and gas' share of the global energy mix falling from 54% to 50% over this period. In absolute terms this would see oil production rising by 35% and gas production rising by 30% respectively over the period.

Energy mix
(%)



Energy consumption
(Quad BTU)



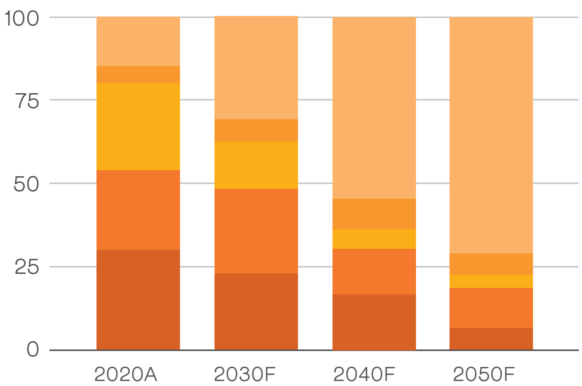
Petroleum and other liquids · Natural gas · Coal · Nuclear · Renewables

Source: EIA.

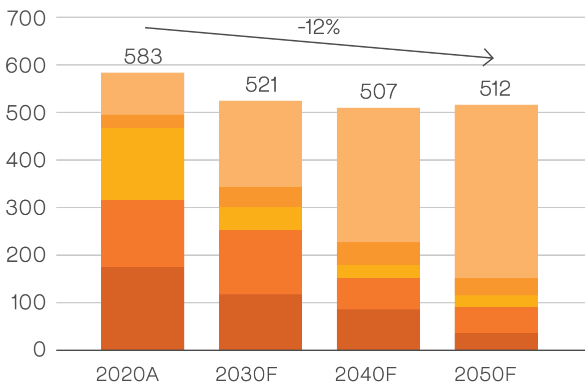
Forecast energy mix and consumption net zero emissions scenario

To meet the net zero standard by 2050, the International Energy Agency ("IEA") estimates that oil and gas' share of the global energy mix would have to fall from 54% to 19%. In absolute terms this would see oil production falling by 78% and gas production falling by 60% respectively over the period.

Energy mix in net zero emissions scenario (%)



Total energy supply in net zero emissions scenario (Quad BTU)



Petroleum and other liquids · Natural gas · Coal · Nuclear · Renewables

Source: IEA.

Why we do what we do continued

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

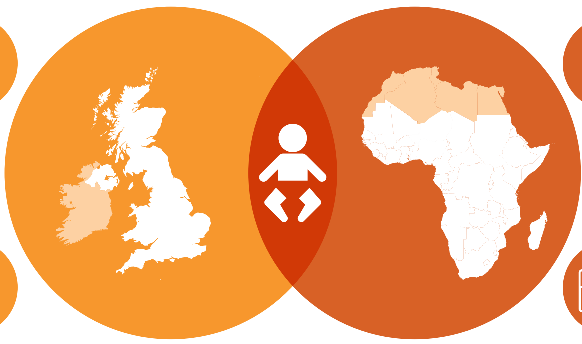
In principle, we are willing to invest in any African country where projects will meet our investment criteria (i.e. financial, legal structure, social impact and materiality) as we believe:

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

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

Born in the UK

- **2.1x** more likely to have electricity
- **2.3x** more likely to have access to safe drinking water
- Expected to live **20** years longer
- **39%** more likely to complete primary education
- Expected to earn **12.1x** more in income



Born in Sub-Saharan Africa

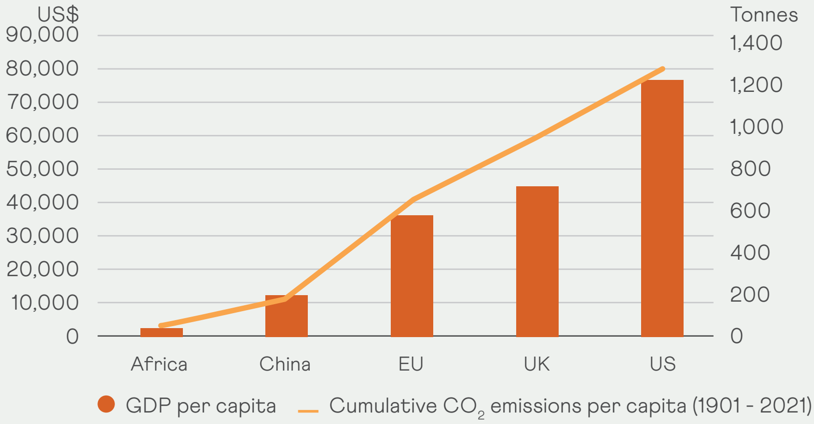
- **69%** less likely to have internet access
- **17.0x** less likely to have food security
- **18.3x** less likely to survive past the age of five
- **42%** less likely to be employed
- **87.0x** less likely to live above US$6.85 a day

Source: World Bank

Carbon use has driven economic development

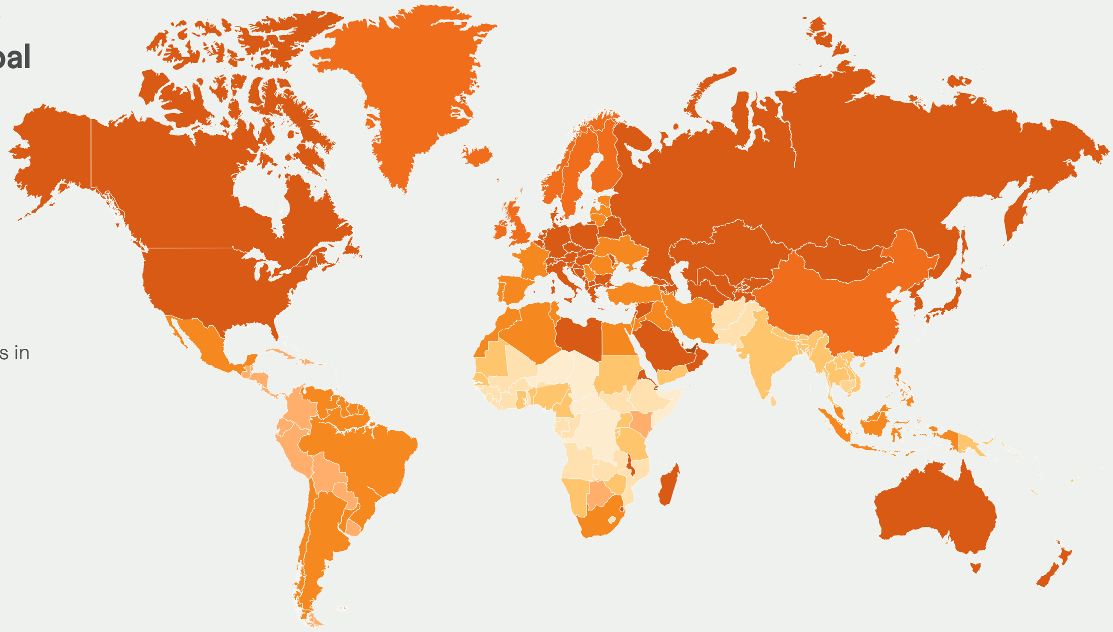
Rich industrial countries developed through the consumption of carbon. The US, UK, EU and China have accounted for over 60% of cumulative carbon emissions to date, with Africa having contributed only 3%.

GDP/capita vs. Cumulative annual CO_2 emissions per capita (US$ vs. Tonnes)



Source: Our World in Data, IMF.

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

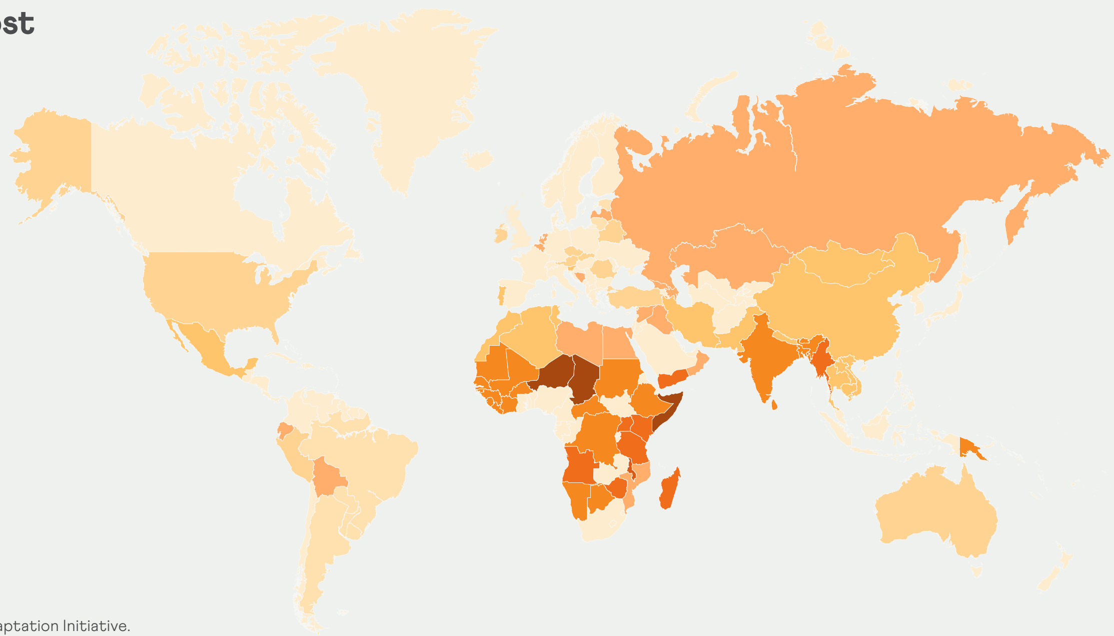


Per capita CO_2 emissions in tonnes per capita

- 0.0
- 0.1
- 0.2
- 0.5
- 1.0
- 2.0
- 5.0
- 10.0
- 20.0

Source: Our World in Data, based on the Global Carbon Project, 2022.

... and is the most vulnerable to climate change



Vulnerability to climate change

High

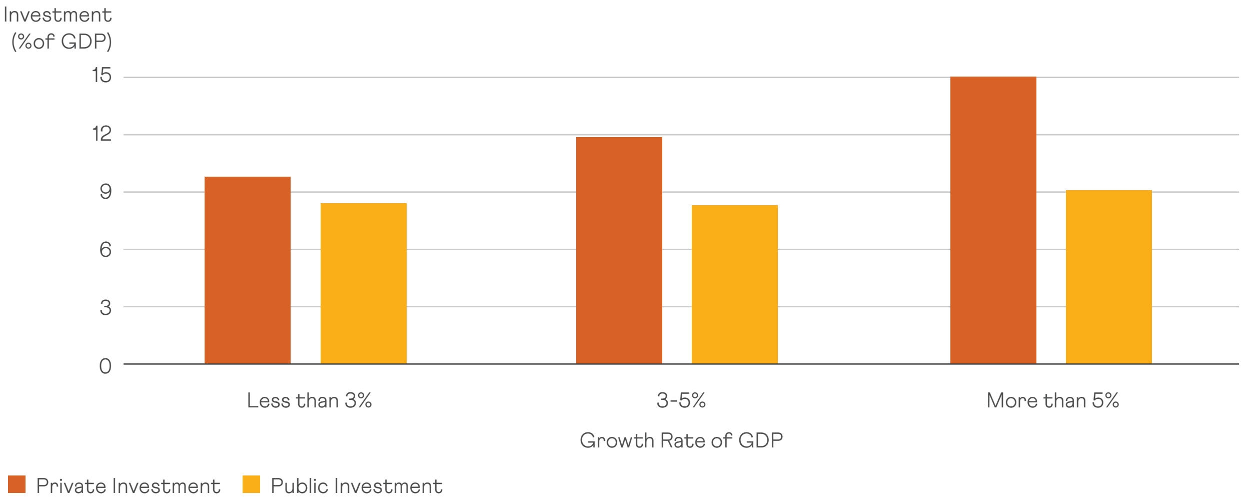
Low

Source: Notre Dame Global Adaptation Initiative.

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

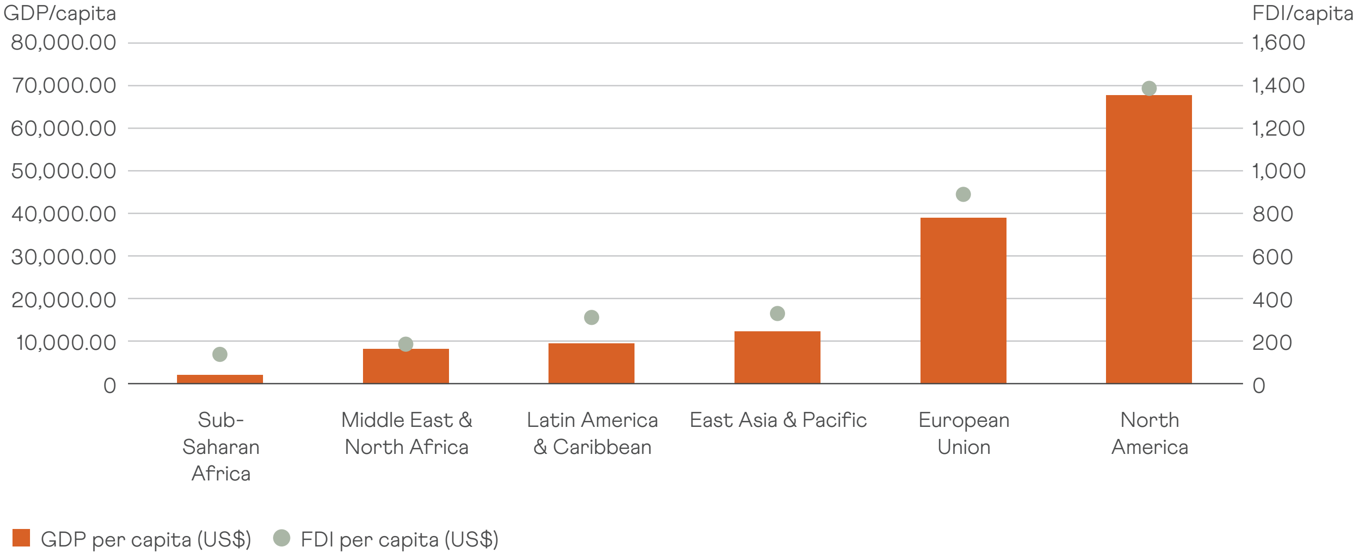
Private sector investment and trade, inter alia, stimulates economic growth, enhances the efficiency of resource allocation, facilitate technology transfer, create jobs, reduce poverty, generate government revenue and foster market integration and stability.

Investment and economic growth in selected developing countries



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

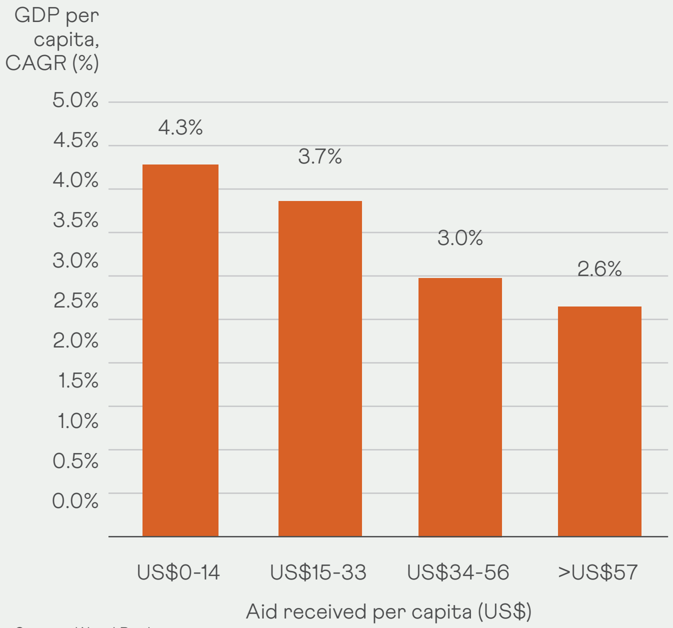
GDP per capita vs. Foreign Direct Investment ("FDI") per capita
(US$)



Source: World Bank 2021.

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

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



Source: Word Bank

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

Anonymous

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

Baroness Dambisa Moyo
Developmental Economist and author

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

Baroness Dambisa Moyo
Developmental Economist and author

DFIs key products and services

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

Source: Interview with the Telegraph, 2013.

CEO Shareholder Letter

Championing the African energy transition

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

Dear fellow shareholders

I would like to welcome you to our ninth Annual Report as a listed company. This year's letter follows a similar format to those of recent years. The first section discusses our Company's continued industry-leading financial, operational and sustainability performance. The second discusses our key focus areas for 2022 and 2023. The third discusses the "how" and the "why" we see the African energy transition evolving and discusses the relevance of our hydrocarbon AND renewables business model.

Before turning to the first section, I would like to draw your attention to three key articles in this year's Annual Report. The first article (on pages 8 to 17) describes "Why we do what we do", where we discuss our corporate purpose and the associated core beliefs which serve to underpin our strategy and business model. I really believe that this section is essential reading for anyone seeking to understand our Company. The second (on pages 24 to 27), authored by Dr. Richard Norris, a global energy policy specialist and a Fellow of the Canadian Global Affairs Institute, discusses the equity of the global energy transition and the importance of poverty alleviation. The third article, from NJ Ayuk (on pages 28 to 31), Executive Chairman of the African Energy Chamber, focuses on the critical role the private sector will be required to play in the African energy transition. We are extremely grateful to our guest authors for their contributions.

2022 in review

For the first time in almost 40 years[1] the rich world faced the challenges of operating in a high inflation, rising interest rate environment with, for example, the IMF's advanced economy average consumer price index rising 9% year-on-year, a level 2.5x the 10-year average[2], and benchmark US$ interest rates rising to 5.5% at year end, a level 4.4x the 10-year average[3]. The supply chain impacts of the Russia-Ukraine war, particularly in the energy and food sectors, were the principal drivers, with, for example, oil, Liquified Natural Gas and European electricity prices rising 42%[4], 64%[5] and 53%[6] respectively and food an estimated 14%[7], year-on-year. However, rich world interest and inflation rates remained much lower than those of Sub-Saharan Africa which ended the year at 12.0%[8] and 17.7%[9] respectively.

Boosted by the strength of the macro energy complex, the seven energy supermajors reported a record US$200 billion of profit in 2022 (+100% year-on-year), despite a 1.3% aggregate reduction in production volumes. Savannah too performed strongly, but for very different reasons. Our Total Revenues[a] rose by 26% year-on-year to US$290 million with our Adjusted EBITDA[c] rising by 27% to US$222 million. At the Nigerian business unit level, we recorded Adjusted EBITDA[c] of US$244 million. Our 20% production volume growth in Nigeria (versus the supermajors' -1.3% noted above) was primarily driven by the operationalisation of four new gas sales agreements ("GSAs"). 89% of our 2022 revenue stream was derived from fixed price GSAs with no cyclical exposure to oil or international gas prices.

Our Nigerian business has now delivered six consecutive years of Total Revenues[a] growth at a compound annual growth rate ("CAGR") of 21%. This Total Revenues[a] growth compares favourably to the long-term trend CAGR of the wider UK stock market constituents of 3.1%[10,11]. Further, since the announcement of our decision to acquire our Nigerian business in 2017, we have more than doubled the number of customers. We are now contracted to supply gas to 24% of Nigeria's thermal power generation capacity (up from 10% at the time of acquisition) as well as key petrochemical and cement factories[12]. We are clearly performing a critical service to the Nigerian economy. Over the same period our operational performance has been equally robust, with an estimated 99% uptime across our asset base.

The US$22 million difference between our Group and Nigerian business Adjusted EBITDA[c] numbers largely reflects the central costs of running our business and the investments we have made to build the corporate infrastructure that will enable our future organic and inorganic growth plans. On a pro forma basis we increased our headcount by 21% year-on-year and training hours per employee by 74%. In the coming years we intend to continue to invest in our people and infrastructure as we continue to pursue our goal of potentially quadrupling the scale of our business over the course of the coming years.

In Niger, we are looking forward to conducting a comprehensive flow testing programme in late 2023 of the main oil fields included in our c. 35 MMstb R3 East field development plan (the "FDP"). This flow testing programme is expected to enable

> Our Nigerian business has now delivered six consecutive years of Total Revenues growth at a compound annual growth rate of 21%. Over the same period our operational performance has been equally robust, with an estimated 99% uptime across our asset base."
>
> **Andrew Knott**

us to fine tune and optimise the FDP, ahead of expected first commercial oil production in 2024. The key decision we made around R3 East in 2022 was to move towards an export sales-driven development solution via the new Niger-Benin pipeline, as opposed to our previously intended initial development solution of selling crude to the domestic Zinder refinery. This decision followed the strong progress that China National Petroleum Corporation has made in constructing the Niger-Benin pipeline, which is now over 75% complete and expected to commence commercial oil transportation in the fourth quarter of 2023. The operationalisation of the Niger-Benin pipeline is expected to be transformational for Niger, with exported oil sales forecast to increase GDP by approximately 24% and exports by 68% in 2025[13].

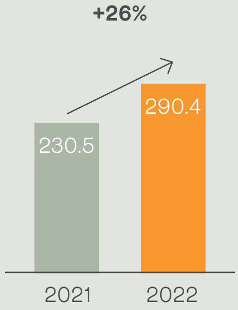
In March 2022 we signed an agreement for our up to 250 MW Parc Eolien de la Tarka wind farm project, located in the Tahoua region of Southern Niger. At the time of writing all key studies required to achieve project sanction have either been completed or are in progress. The project's initial on-site wind speed data measurements have proven to be highly encouraging and we expect to sanction the project in 2024 with first power delivery in 2026. Post-year end, this project has been supplemented with the signing of an agreement for the development of two solar photovoltaic power plants in the areas around the cities of Zinder and Maradi, also in southern Niger, with a combined installed power generation capacity of up to 200 MW. These projects are expected to be developed on a similar timeline to Parc Eolien de la Tarka: project sanction is targeted for 2024 and first power delivery in 2026. In aggregate, therefore, we are expecting to generate up to 450 MW of new clean and affordable power for Niger, which would equate to an up to 60% increase in overall on-grid electricity availability.

From a business development perspective, three major events occurred in 2022:

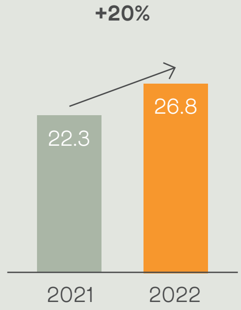
- **Announcement of our proposed acquisition of the South Sudan Assets[m].** In December, we announced our proposed acquisition of PETRONAS' assets in South Sudan for a total consideration of up to US$1.25 billion. The transaction is expected to complete in the third quarter of 2023, alongside the publication of a new Admission Document[14].
- **Completion of our US$407 million acquisition of ExxonMobil's assets in Cameroon and Chad.** In Cameroon we acquired a 41.06% interest COTCo, which owns and operates the 903 km Cameroon section of the Chad-Cameroon pipeline and related infrastructure. During 2022, COTCo transported an average of 124 Kbopd of crude oil, valued at an estimated US$4.6 billion at the Brent crude oil prices prevailing during the year. Post-year end we agreed to sell a 10% interest in COTCo to the national oil company of Cameroon, Société Nationale Des Hydrocarbures, for consideration of US$44.9 million plus accrued dividends. In Chad we acquired a 40% interest in the Doba Oil PSC which produced 28 Kbopd in 2022. Post-year end these assets were impacted by external events*. We see our interest in COTCo acting as a potential catalyst for further growth in Cameroon over the course of the coming years. Post-year end we entered into an agreement in relation to the up to 75 MW Bini a Warak Hydroelectric Project in the north-east of the country.

* For further information, see pages 86 to 91

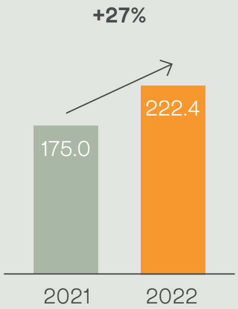
Savannah Total Revenues[a]
(US$m)



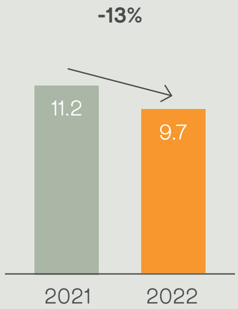
Savannah's Nigerian daily production
(Kboepd)



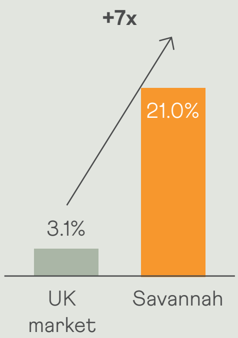
Adjusted EBITDA[c]
(US$m)



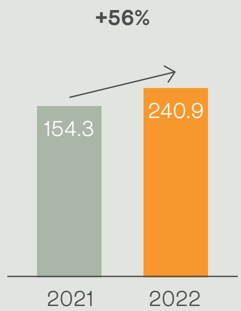
Carbon intensity
(kg CO_2e/boe)



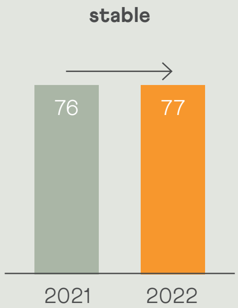
UK market vs. Savannah long-term revenue growth



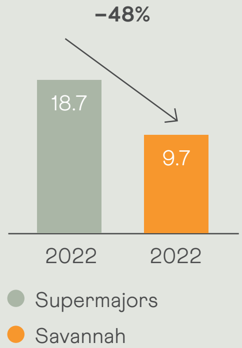
Cash Balance
(US$m)



Adjusted EBITDA[c] Margin
(%)



Savannah vs. Supermajors' carbon intensity[15]
(kg CO_2e/boe)



CEO Shareholder Letter continued

- **Growth of our renewable energy business. 2022 saw the first full year of activity for our Renewable Energy Division.** During the year, we made significant investments in the people side of the business as well as generating a pipeline of high quality solar, wind and hydro power projects. At the time of writing this amounted to up to 525 MW of publicly announced projects in motion. Internally, we believe we have strong visibility on a range of other projects, which we expect to enable us to meet our target of delivering up to 1 GW+ of renewable energy projects in motion by year-end 2023. I am, therefore, confident that Savannah will become one of the largest renewable energy development companies in Africa over the course of the next two years.

As always, we maintained our strong focus around safe operational delivery. In 2022 we recorded a Lost Time Injury Rate ("LTIR") of 0.34 and a Total Recordable Incident Rate ("TRIR") of 0.68 per 200,000 working hours. Our performance against key sustainability metrics remained equally industry leading. Our carbon emission intensity fell 13% year-on-year to 9.7 kg CO_2e/boe (48% lower than the industry average of 18.7 kg CO_2e/boe). Our senior management female gender diversity was 32%, while our local employee ratios in our countries of operation was over 95%.

Key focus areas for 2023 and 2024

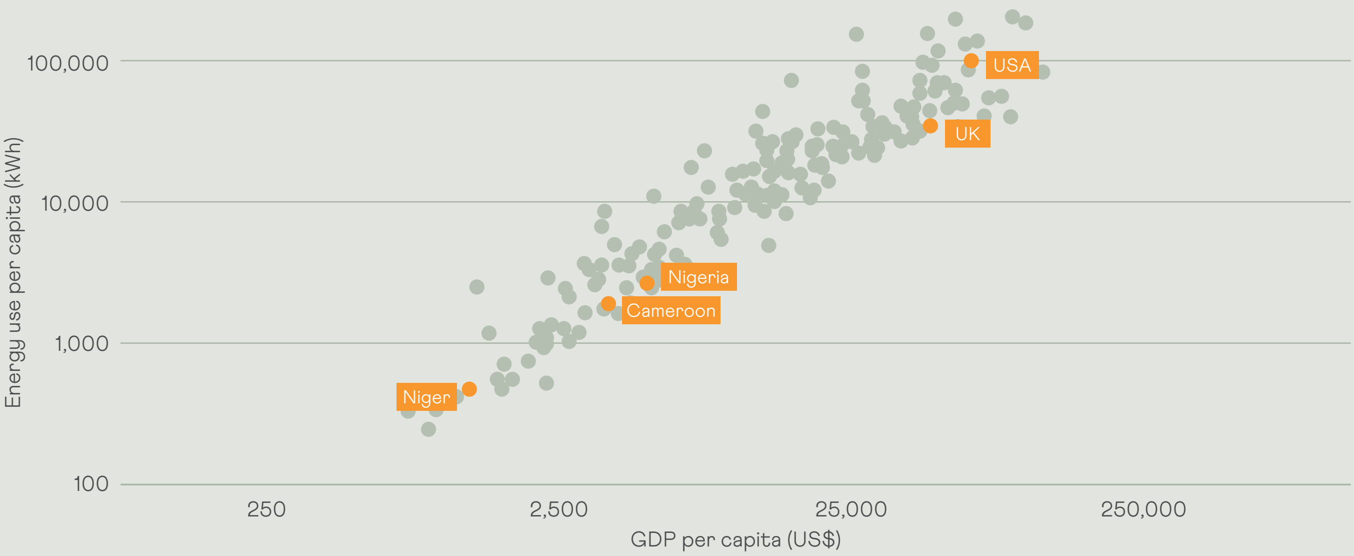
Over the course of the next two years, I expect there to be several key focus areas for the business. These include:

- **The refinancing of our US$359 million Accugas debt facilities.** Our intention remains to redenominate the current US dollar-denominated facility to a multi-tranche Naira-denominated facility, extending the average maturity to beyond 2030 and reducing the facility cost in dollar equivalent terms;
- **Progressing the R3 East Development project.** As noted previously, we intend to commence a flow testing programme on the key R3 East area fields in the fourth quarter of 2023 with first commercial oil production anticipated by end 2024;

> "Our performance against key sustainability metrics remained equally industry leading. Our carbon emission intensity fell 13% year-on-year to 9.7 kg CO_2e/boe (48% lower than the industry average of 18.7 kg CO_2e/boe); Our senior management gender diversity was 32%."
>
> **Andrew Knott**

- **Further hydrocarbon acquisitions.** The major energy companies are estimated to have in excess of US$100 billion[16] of upstream oil and gas assets in Africa and most have significant upstream asset divestment programmes. Savannah is strongly positioned to successfully participate in these divestment programmes, given our operating capabilities, regional reputation and access to capital. Post-deal we would expect to act as strong asset stewards delivering better underlying operational performance and improvements in unit carbon intensity (within the limitations of the underlying assets) compared to the previous asset owners;
- **Delivery of our renewable energy projects.** We have an aspiration to have our first project(s) fully sanctioned by end 2024 and first power from our project portfolio in 2026; and

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



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

L-R His Excellency Gaston Eloundou Essomba, the Minister of Water and Energy for the Republic of Cameroon, His Excellency Dr Christian Dennys-McClure, British High Commissioner to the Republic of Cameroon, Andrew Knott, CEO, Savannah

Niger wind farm signing ceremony, Houses of Parliament, UK: L-R: Andrew Knott, Chief Executive Officer, Savannah; His Excellency Sani Mahamadou, Minister of Petroleum, Niger

- **Expansion of our renewable energy business.** Savannah believes the African renewable energy market represents a potentially vast target market of over 242 GW by 2030[17], requiring an investment of over US$40 billion in the 2026-2030 window, and that the Group's hydrocarbon asset operational management skills are directly transferable to this space. In the near term we are hoping to have up to 1 GW+ of renewable energy projects in motion by end of 2023 and up to 2 GW+ of projects in motion by end 2024.

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

How we see the African Energy Transition

As in previous years' shareholder letters, I have chosen to discuss how we see the African Energy transition. Before turning to discuss this, I feel it is important to emphasise that this is only one of several important contributing beliefs driving what Savannah does as a company. On pages 8 to 17 of the Annual Report we have outlined in detail "Why we do what we do". In that section we discuss our corporate purpose and associated core beliefs which serve to underpin our hydrocarbons AND renewables strategy and business model. In simple terms, the section explains why energy poverty in Africa is the principal problem our company is seeking to help solve and why we believe this problem is one of the most urgent and important problems facing the world today. I would urge any reader interested in really understanding our company to read this section, especially if they are from a rich world background and perhaps less intuitively understand the realities of the everyday challenges facing the 600 million people in Sub-Saharan Africa who are defined by the World Bank as living in extreme poverty (i.e. have incomes of less than US$2.15/day)[18].

Energy is critical to enabling and sustaining people's quality of lives. My preferred chart for demonstrating this is adjacent, which compares GDP per capita to power consumption per capita. As can be seen, people without access to energy are dramatically poorer than those with access to energy. For example, Niger is ranked 189 out of 191 on the UN Human Development Index[19] ("UN HDI") with a GDP per capita of US$584[20] and power consumption per capita of 449 kWh[21]. The United States of America on the other hand is ranked 21 out of 191 on the UN HDI with GDP per capita of US$76,348 and power consumption per capita of 79,480 kWh, 12,983% and 17,614% higher respectively. A similar pattern emerges when we look at the relationship between power consumption and other key quality of life barometers such as life expectancy and lifetime health outcomes.

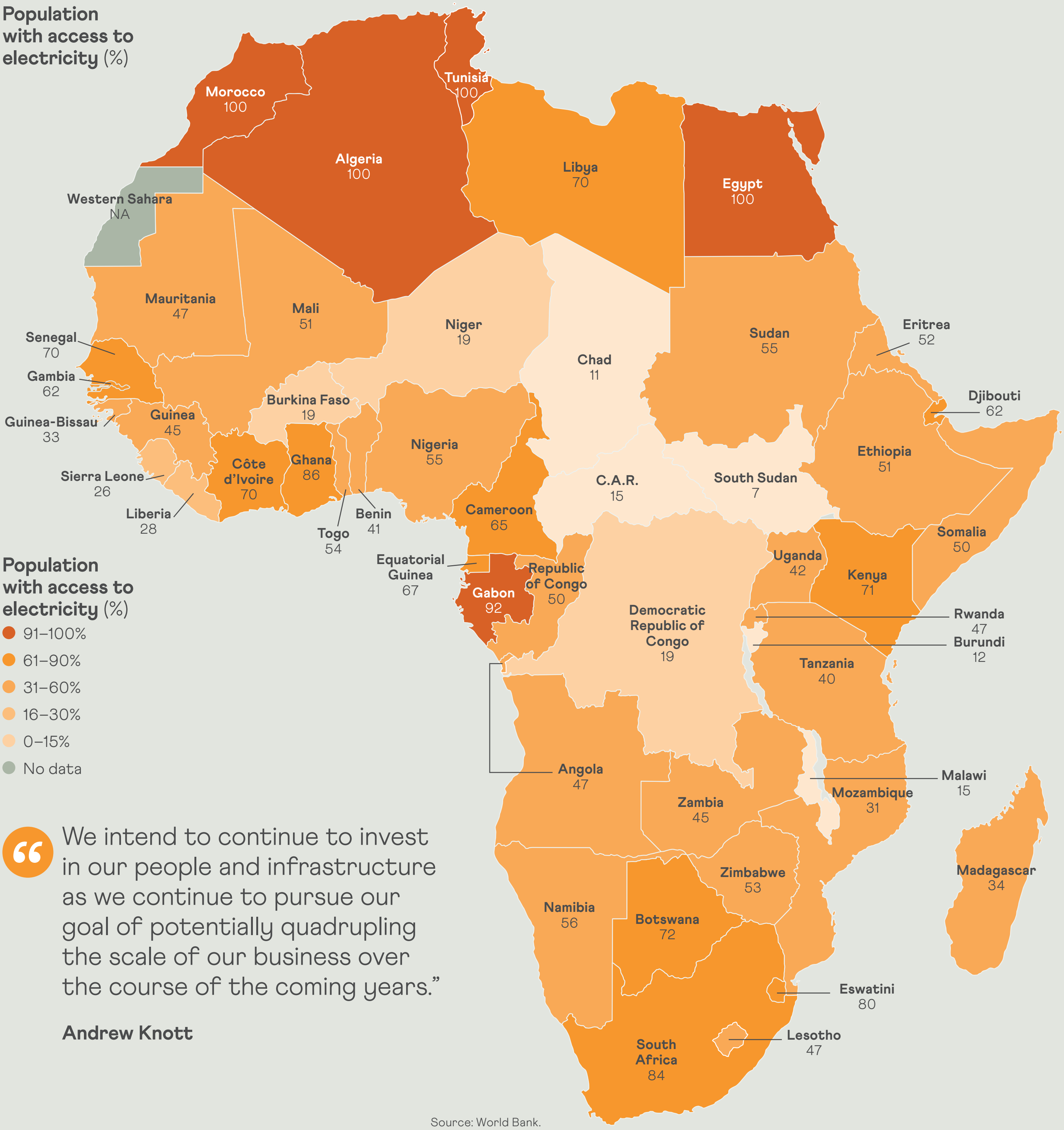
Over 80% of today's global energy mix is provided by hydrocarbons with 54% of this provided by oil and gas[22]. The scale of investment required to sustain the "status quo" global quality of life is immense. Global non-financial capital expenditures for the energy sector amount to 42% of all global capex[23]. The world clearly, therefore, requires oil and gas today, and is prepared to pay vast amounts of money to enable this. The extent to which the world requires oil and gas in the future will depend on the absolute and relative rate of renewable energy and carbon mitigation technological improvements, and the absolute and relative rate of adoption of these improvements. In this regard, the quote by John Kerry (The US Climate Change Envoy), which I have cited in my last two shareholder letters, remains pertinent – "I am told by scientists that 50% of the reductions we have to make by 2050 or 2045 are going to come from technologies we don't have yet."

While the pace of technological evolution and adoption may be argued to be generally faster today than in earlier periods, I believe that it is important to recognise that the global energy transition is likely to take a relatively long time. As demonstrated in the charts on page 23, previous energy transitions have taken fifty plus years, and the modern renewable transition only began around 2015. Further, full displacement of the previous energy sources has not occurred in previous transitions (i.e. coal still provides approximately 26% of the global energy mix).

In this regard, when we look at the forecast future energy mix, there is currently a big difference between the trend case (i.e. what forecasters are suggesting will actually happen) versus the Net Zero 2050 case. Essentially the world appears to be on track to have around 50%[25] of its energy mix in 2050 to be provided by oil and gas, which, given likely energy demand growth over the course of the next 28 years, suggests that actual oil and gas demand is currently not on trend to fall significantly over the period.

The foregoing contrasts dramatically with the many Net Zero forecasts which generally see the total share of fossil fuel supply falling to just over 20% of the global energy mix by 2050[24].

African population with access to electricity (%)



"We intend to continue to invest in our people and infrastructure as we continue to pursue our goal of potentially quadrupling the scale of our business over the course of the coming years."

Andrew Knott

Energy transitions take (a lot of) time

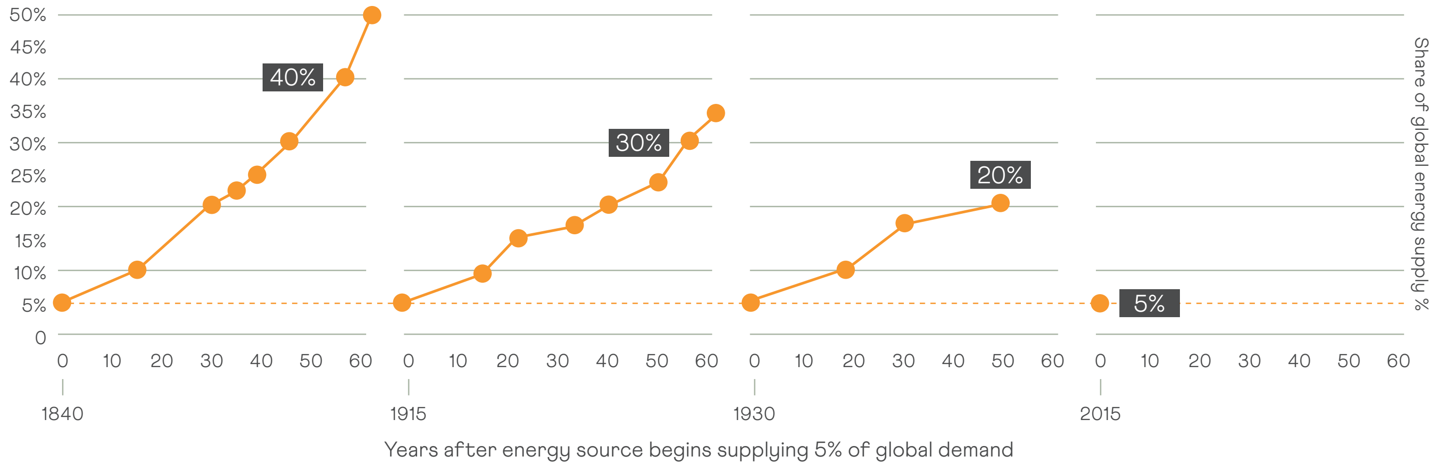
It has taken decades for major energy sources to provide a significant share of global supply:

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

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

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

Modern Renewables
Still contributes only 5% of the global energy mix



Source: Vaclav Smil. Modern renewables include: wind, solar, and modern biofuels; Bill Gates: How to Avoid a climate disaster

> "The opportunities associated with the African energy transition (hydrocarbon acquisitions from Big oil sellers and the build-out of our renewable energy business) represent a once in a generation opportunity, which we at Savannah are strongly positioned to take advantage of."
>
> **Andrew Knott**

Further, it is likely that lower income countries, where the ability to pay for renewable energy infrastructure is lowest and the need for low priced energy to deliver life changing economic growth is highest, will see hydrocarbons form a much greater part of their energy mix in 2050 than in the developed world. This point is demonstrated well by the adjacent map. On average, only 56% of Africa's entire population has access to on-grid electricity (falling to 49% if South Africa, Egypt and Algeria are excluded), with the electricity access rate in our countries of active operations estimated at 65% for Cameroon, 19% for Niger and 55% for Nigeria. For much of Africa, the primary issue is around people being given access to reliable and affordable power, period.

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

Closing thoughts

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

Lastly, I would like to express my gratitude to all those who contributed to our successes in 2022 - my incredibly dedicated and passionate colleagues, our host governments, communities, local authorities and regulators, our shareholders and lenders, and our customers, suppliers and partners. Thank you all.

Andrew Knott
Chief Executive Officer, Savannah
7 June 2023

Featured article

Guest authored by Dr. Richard Norris

Will net zero undermine the rise of Africa?

"Given the lessons of development from countries such as Korea, Japan and most recently China, it is impossible to imagine that the forces of population growth, industrialisation and urbanisation won't come without a monumental call on the "Four Pillars" (concrete, steel, plastics and ammonia), which in turn implies an equally monumental increase in Africa's need for energy."

Dr. Richard Norris

CEO, Pandreco Energy Advisory

Biography

Dr. Richard Norris is a Fellow of the Canadian Global Affairs Institute and separately runs his consultancy firm, Pandreco Energy Advisory. He is a leading author and speaker on the role of energy in society and economics. He advises public and private bodies on macro strategy as well as on specific energy investments.

Dr. Norris' career has spanned research (Imperial College/BP), operational experience (Elf Aquitaine/Total), management (Geopetrol/Candax) and board roles (Candax/ Eland PLC/Duna Energia), as well as debt financing (BNP Paribas/BTG Pactual) and equity investments (Helios Investment Partners/BTG Pactual and Family Offices).

He holds a BSc in Geology, an MSc in Petroleum Geology and a PhD in Petroleum Engineering (Imperial College, London). Richard is also a Director of Maha Energy AB.

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

Africa's share of cumulative global greenhouse gas emissions is minuscule, despite being home to 18% of the current global population. It is inevitable that energy demand on the continent will increase through development and through population increase. No country or region has developed without the extensive use of hydrocarbons – should Africa be the testing ground for net zero development?

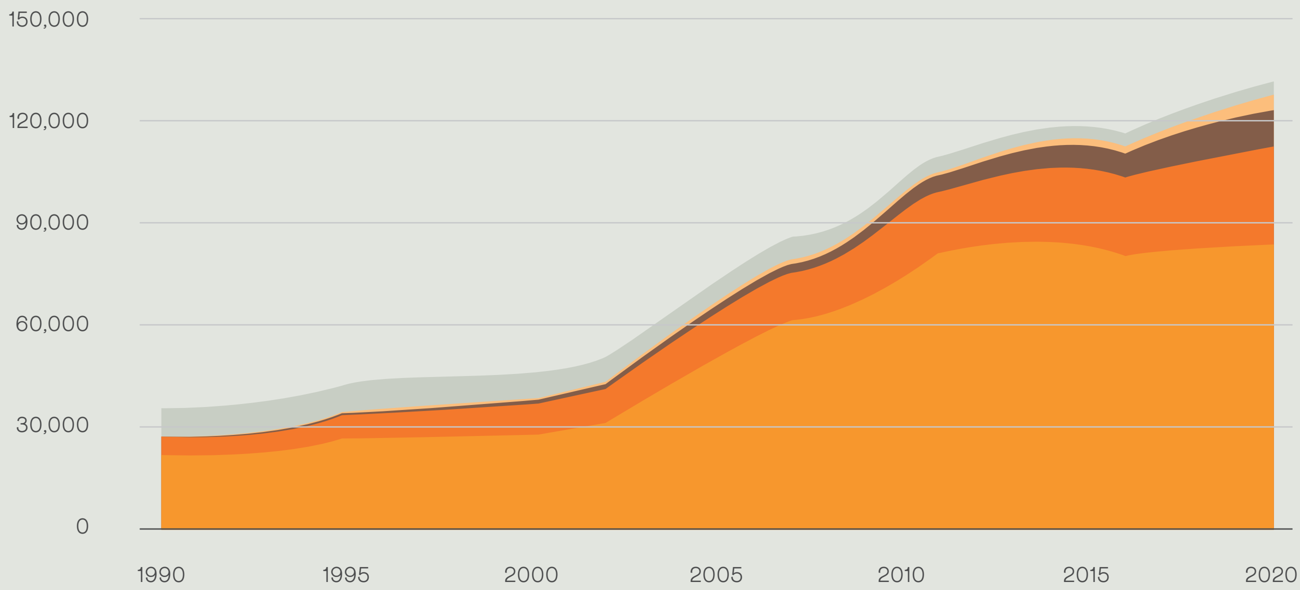
Lessons of history

Let us start with the USA – the iconic skylines of New York, Chicago and Los Angeles, the vast six-lane freeways and the suburban sprawl around every city, the industrialisation of agriculture, the massive dams and canals, its nuclear reactors and electrical grid, its oil and gas production, refineries and distribution networks. Now consider this: China poured more concrete in a two-year period (2011–2013) than the USA did in the whole of the 20th century[1].

Even given that China has a population three and a half times that of the USA, this statistic on concrete is astonishing. It is a reflection of the extraordinary pace at which China has played catch-up (and indeed surpassed) on its infrastructure. Concrete is the bell-weather, but this trend is repeated across almost all resources and commodities.

It is tempting to suggest that China's rapacious demand has been due to its role as the manufacturing centre for the world. Whilst this is partly true, it is clear that these gargantuan amounts of concrete, steel and – by extension – energy have been flowing into infrastructure and not simply into consumer

Total primary energy supply (Petajoules)



Source: climate-transaprency.org

Coal Oil Natural Gas Nuclear Renewables Other

goods for the West. This rapid urbanisation and industrialisation have gone hand-in-hand with increasing energy demand. Whilst we hear a lot about China being a global leader in the installation of renewable energy, it is easy to see that the industrialisation and development of China has been built, just like for all "Western" countries, on coal, oil, gas, nuclear and hydro.

Roadmap for Africa

As the world ramps up its efforts to decarbonise, it is reasonable to question whether the roadmap for post-industrial Western nations should be applied to countries in development. Africa's "energy transition" is one that should first and foremost lift people out of poverty. There is a moral obligation to at least not hinder Africa in its development. At the same time there is an overriding narrative that Africa's development should be part of the global decarbonisation effort. As noted above with reference to the USA and China, rich countries have become wealthy from the enormous leverage of using hydrocarbons:

- The lesson of history is that wealthy societies have been built on hydrocarbons.
- The message to Africa is to ignore this lesson and look to an unproven low-carbon developmental path.

Whilst Africa is a continent not a country, the parallel to China 30 years ago is still useful: a starting point of populations of 1 to 1.3 billion, of both rural and urban populations, limited infrastructure and low energy use. There are, however, many significant differences – not least of which is that Africa consists of 54 independent countries whereas China is a single one with a strong certralised administrative function.

Two that are of note are:

(1) The population of Africa is due to double to 2.4 billion by 2050, and by some estimates reach 4.2 billion by 2100[2]; China's population has been plateauing over the last 30 years and is now shrinking.

(2) Africa has vast natural resources – traditional hydrocarbons and rich mineral concentrations as well as areas well suited to solar, wind, hydro and geothermal. Whilst China has some minerals and coal, as well as hydro, wind and solar potential, it is a major importer of oil and gas.

Given the lessons of development from countries such as Korea, Japan and most recently China, it is impossible to imagine that the forces of population growth, industrialisation and urbanisation won't come without a monumental call on the "Four Pillars" (concrete, steel, plastics and ammonia)[3], which in turn implies an equally monumental increase in Africa's need for energy.

The OECD diktat, that Africa should not use hydrocarbons and focus only on "low-carbon" energy is predicated on an assumption that low-carbon energy is of equal value or utility. Whilst this is mostly true for hydroelectricity and geothermal, the core development pillars needed for infrastructure and industrial development require more than just wind, solar and batteries. Invested or "sunk" carbon is not a concept we ever think or hear about but it is worth considering in the context of development – the idea that energy is converted into infrastructure and that this is a gradual process that means you are benefiting from deployed energy/carbon emitted from decades or even centuries ago. Some examples: the Golden Gate Bridge in San Francisco was built in 1933–38, the Hoover Dam in 1931–1935, the M1 Motorway in the UK was opened in 1959 and the TGV high-speed railway connecting Paris to Marseille in France was originally built in the 1850s and upgraded to TGV specifications in the 1980s and 1990s.

By applying soft and hard (financial) pressure to only invest in low-carbon energy, wealthy countries are blind to their Carbon Privilege. The view from the moral high ground is made possible thanks to the infrastructure created over generations of carbon-intensive building.

Featured article continued

Guest authored by Dr Richard Norris

Modern Chinese high-speed railway, China

Leap-frogging

The conundrum that is faced by Western activists, politicians, journalists and bankers is that by campaigning hard to "keep it in the ground" they are hurting the very people they are trying to help.

To side step this inconvenient truth, we hear magical plans to help countries "leap-frog" from wood and charcoal direct to wind, solar and batteries, using the neat analogy of how many countries skipped landlines to mobile telephones and e-payment systems.

Renewable energy can provide a fast and clean path to access to electricity, which has enormous benefits to households and communities. However, "access to electricity" and industrialisation are not the same thing. For the industrialisation and urbanisation of entire countries, access to robust dispatchable high-grade energy is fundamental. There are no examples of countries that have industrialised without a reliance on fossil fuels; "leap-frogging" will not work.

There is no shortage of irony to be found in the difficulties faced by countries/regions leading decarbonisation efforts. Germany is the poster-child with enormous expenditure leading to unintended consequences of increased coal and gas use. So, whilst the wealthy G7 and G20 countries hand out lessons in decarbonisation, the wider collection of "BRICS+" countries walk a different path – maintaining a reliance on traditional fuels, with a focus on social cohesion within a broader framework of development and energy security, holding decarbonisation as a secondary (if that) objective.

Carbon justice

Given the foundational strength that wealthy countries have from their legacy carbon-intensive infrastructure, it is problematic to push Africa into development using only low-carbon energy. There is, after all, the concept of a remaining Carbon Budget – that is, the amount of carbon emissions between the number not to be exceeded to keep the planet on the modelled 1.5°C trajectory (2,890 Gt) and the cumulative human-derived emissions (2,479 Gt), resulting in a remaining "budget" of 411 Gt.

A study published in Scientific American[4] in 2023 showed how countries such as the USA have used more than their "fair share" of the Carbon Budget – and emphasised the importance of these over-consuming countries to rapidly ramp-down their emissions. Whilst that sounds good, it is clear that this remaining balance of 411 Gt can neither be met, nor equitably distributed.

As is well known, Africa has contributed almost nothing to historical carbon emissions – despite its population size. Thus, if Africa were to develop in a similar manner to China and use its "fair share" of the remaining Carbon Budget, this would imply that all other countries/regions would have to go to zero emissions (or even negative emissions) overnight to have any chance of meeting the global 1.5°C target. This is clearly not going to happen.

Which leaves a conundrum for Africa – subscribe to low-carbon development and be resigned to slower development and less wealth, or forge ahead with all resources (carbon and low carbon) with a view to increasing wealth, prosperity and resilience? This latter point is not trivial – if Africa will be subject to more climate disruptions, as is often quoted (for example, "Africa is one of the most vulnerable continents to climate change and climate variability")[5], the best defence is wealth and the capacity for adaptation that wealth provides.

Keeping people poor is not a solution.

It is immoral to assume Africa should remain under-developed because other countries have developed earlier. Moreover, the anti-fossil fuel militancy aimed at Africa, whether it be from UN climate influencers, European activists or Wall Street banks, should be questioned; indeed it should be refused.

The Overton window – A window of opportunity?

Two years ago, when I provided a macro-view for Savannah Energy's 2020 Annual Report, the world was in a very different place. The global economy had had a decade of spectacular growth, predicated on ultra-cheap capital driving speculative markets in "tech" stocks and cryptocurrencies, from real businesses to Meme and tocks and the crazy NFT markets. At that time, the energy sector was like A Tale of Two Cities – "it was the best of times, it was the worst of times". Renewable energy and climate tech were booming, turbo charged by


City street market, Lagos, Nigeria

policies, subsidies and cheap capital. Legacy energy was suffering from low returns, expensive capital and public disdain.

In the decade 2010-2020 in the absence of war, pandemics and famines and shocked by excesses of the markets, citizens of the "developed" world looked for purpose. Campaigning for change was easy: you could occupy the moral high ground and find your purpose; you could "make a difference". Political decisions that would shape the economic direction of countries and indeed continents were being pushed by a one sided argument: witness the phase-out of nuclear power in Germany in April 2023.

In this Brave New World there would be no place for fossil fuels, and indeed there would be no need for fossil fuels.

I believe the myopic view that carbon dioxide emissions were the only problem facing humanity peaked at some point in 2019-2020. Since then, the complacent global order has been rocked by many obvious elements (pandemic, war in Ukraine, etc.). Less obvious has been the slow-build of energy insecurity.

From the summer of 2021 (pre-dating the war in Ukraine by at least six months) Europe started to experience energy-cost issues leading to rapidly growing inflation in all countries.

Complacency became replaced by real hardship for many as energy costs ate into household budgets. In the UK, for example, fuel poverty has risen sharply and could affect as many as eight million people[6] (although some estimates put this as high as potentially two-thirds of all households[7]).

With families having to choose between "heat or eat" energy security and energy affordability became headline material, and a Rubicon was crossed – the "net zero at any cost" is no longer a message that people want to hear. The spread of ideas is rapid when people's standard of living is impacted. This propagation is slower in the political class who have made net zero part of their identity – this group includes asset managers, journalists and academics as well as politicians.

In political science this change in acceptable policy, or how policy has its moment, or zeitgeist, is called the Overton window[8]. This policy window is not fixed and like a pendulum is swinging back from an extreme position.

One would hope that a dose of energy reality in richer countries will lead to less dogmatic, more pragmatic, efforts to support development.

A just transition

It is a given that the population of Africa will double by 2050. The right of the future 2+ billion people to industrialise, to develop and to have jobs should also be a given, yet it is being compromised by an over-emphasis on net zero ambitions and a misunderstanding of the importance of infrastructure: concrete, steel, plastics and ammonia and the energy required to develop an industrial heart.

One can look at the "Energy Transition" in OECD countries as being anywhere from underperforming to delusional but there is a relatively high degree of resilience that has been brought with historical energy/carbon. In the real world physics wins over platitudes and thermodynamics trumps arbitrary targets. The energy transition in developed countries is far from smooth: it is becoming increasingly expensive and will certainly not look like the green utopia that is hoped for.

As the "Green Utopian Vision" is replaced by a more practical and prosaic views on energy security and energy affordability in OECD countries and multilateral agencies, so their willingness to support all energy projects in Africa should mature.

If a more balanced and indeed "just" support for Africa's development is not forthcoming, Africa should seek Carbon Reparations – if Africa cannot even use its fair share of the Carbon Budget, then it should be compensated.

As Indira Gandhi eloquently stated in Stockholm as long ago as 1972, at what is recognised as the first global environmental conference:

"On the one hand the rich look askance at our continuing poverty - **on the other, they warn us against their own methods.** We do not wish to impoverish the environment any further and yet we cannot for a moment forget the grim poverty of large numbers of people."

Featured article

Guest authored by NJ Ayuk

Africa is entering the era of independent energy companies

“You can’t participate in a global economy when it’s impossible to run a business, operate a factory or keep your computer powered up.”

NJ Ayuk

Executive Chairman of the African Energy Chamber and Chief Executive Officer of Centurion Law Group

Biography

NJ Ayuk is Executive Chairman of the African Energy Chamber, CEO of pan-African corporate law conglomerate, Centurion Law Group, and the author of “Big Barrels” as well as Amazon and the Wall Street Journal’s bestselling “Billions at Play: The Future of African Energy and Doing Deals”.

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

When the world thinks about M&A hotspots, Africa probably isn’t at the forefront of one’s mind.

And when it comes to businesses known for robust M&A deal making, oil and gas does not necessarily stand out, either.

Yet if recent activity is any indication, all eyes should be on M&A in Africa’s upstream sector, where a record US$21 billion in assets changed hands in the first nine months of 2022 alone. According to market intelligence company Rystad Energy, that figure represented a three-time increase in deals over 2021 and a four-time increase compared to 2020[1].

Much of the deal-making has to do with global majors streamlining their African portfolios and independent companies such as Savannah Energy picking up the divested assets.

Among the most notable 2022 transactions, in fact, was Savannah agreeing to buy the South Sudan oil and gas portfolio of PETRONAS, Malaysia’s national oil company (“NOC”), through the acquisition of its subsidiary, PETRONAS Carigali Nile Limited.

The deal, valued at US$1.25 billion, includes interests in 64 producing fields that averaged gross production of 153.2 Kbopd in 2021[2].

Although Savannah’s shareholders and the South Sudan government must still approve the PETRONAS purchase, the deal is further evidence of Savannah’s commitment to helping eliminate African energy poverty, which is especially important considering South Sudan has the lowest access to electricity in Africa, at just 7%. And there is every reason to believe that Savannah’s growing presence in the region will help improve South Sudan’s ratings in international metrics related to sustainable growth and poverty reduction. The country currently ranks near the bottom of the World Bank’s Human Capital Index (172 out of 174 global economies)[3] and the United Nation’s Human Development Index (191 out of 191)[4]. However, by creating jobs through local content – including more opportunities for women – it is clear that Savannah is intending to make a significant investment in South Sudan’s future as a more prosperous, healthy, and productive society. Or, as Savannah itself would say, it is delivering ***Projects that Matter***.

Greener pastures

Savannah is just one of many independents filling the exploration and production gap, as some of the best-known names in energy scale back their involvement in African portfolios or exit the continent altogether.

Aerial photo of Juba, South Sudan

Driven by investor and activist demands to "deliver higher returns more sustainably"[5], many international oil companies ("IOC") are looking quite literally for greener pastures, seeking lower-carbon opportunities outside Africa. For example, in addition to divesting its Chad and Cameroon holdings, ExxonMobil has indicated that it is pulling out of Ghana[6] and says it will end operations in Equatorial Guinea after its licence there is up in 2026[7]. ExxonMobil has also announced its intention to divest a significant portion of its Nigerian portfolio, as have Shell and Chevron[7]. PETRONAS had been operating in South Sudan for more than 24 years when it decided to shed its oil and gas assets there.

Savannah, for its part, has found a way to balance green and more conventional energy all on the same continent. For example, the Company's Renewable Energy Division will build and operate Niger's first wind farm, which will produce up to 250 MW of utility-scaled energy.

Risks and revenues

It would not be accurate to say that "big oil" has scrapped its African plans altogether. Italy's Eni, France's TotalEnergies, and Britain's Royal Dutch Shell Plc (to name a few) continue to have a strong, and, in some cases, growing, presence on the continent. Eni's Chief Executive, Claudio Descalzi, went so far as to say the EU should look to Africa as a source to replace Russian energy imports in the wake of Russia's invasion of Ukraine. As energy journalist Tom Wilson wrote this year in the Financial Times, Africa was Eni's first "port-of-call" when the company needed to replace the 20 billion cubic meters of gas that Italy used to import from Russia each year[8].

Even ExxonMobil still has a meaningful presence in Africa, having pivoted to Mozambican gas[9] in addition to finding oil off Angola. Algeria's national oil company, Sonatrach, also remains a standard bearer for domestic energy production; in fact, with 154 subsidiaries, Sonatrach is sometimes referred to as the first African oil major.

However, if the divestiture trend among majors continues, Africa faces a very real risk that the economies that depend on energy exports for their revenues will contract amid stranded assets and untapped reserves, and the promises of prosperity (not to mention the end of energy poverty) will vanish.

Focus on independents

That's why the focus is increasingly on independent oil and gas companies, such as Savannah, which are finding sustainable ways to grow their footprint in Africa. In just the past year, asset opportunities have attracted multiple independents, mostly from Europe and Africa itself. When one CEO said this was "a great time to be in the industry and a great time to buy good quality assets at affordable prices", he was no doubt speaking for many others.

Today, those companies are working to acquire, or have finalised deals, for ExxonMobil's shallow water business in Nigeria and Sonangol's producing shallow water block offshore Angola. A pair of independents have joined forces to create a new company that will own one billion barrels worth of resources and is expected to produce 100,000 bopd by 2025[10]. Independents are actively unlocking reserves all over the continent – Congo, South Africa, Equatorial Guinea, Guyana, Namibia and Gabon – and are also boosting production from mature fields. One independent recently made history offshore Cameroon when it established the first floating liquid natural gas ("FLNG") plant to operate from a converted LNG tanker. Incidentally, that facility is only the second FLNG plant in the world[11].

Featured article continued

Guest authored by NJ Ayuk

An example of a wind farm, similar to that envisaged for Savannah's Parc Eoilen de la Tarka wind farm project, Niger

Focus on independents continued

Although independents as a whole currently produce about 8% of the continent's annual hydrocarbon output, compared to IOCs and NOCs producing nearly 75%, it is likely they will play an even greater role going forward. Granted, the scales aren't about to tip dramatically any time soon – there is a tremendous amount of ground to make up – but I am encouraged to see these companies recognise Africa's promise and potential.

I truly believe that Africa will not achieve the energy future it wants, including making energy poverty history, without independent energy companies.

A critical time for Africa

It is no secret that an overwhelming number of Africans lack adequate access to reliable electricity. You have probably seen the same statistic again and again: nearly 600 million Sub-Saharan Africans live without electricity[12]. Incredibly, things are getting worse rather than better. Following a decade of increased access, between 2019 and 2021, the number of Africans with electricity fell by 4%[13].

Extending electricity to millions of people will do more than provide the comforts that most of the rest of the world enjoy; it will also bring new prosperity to impoverished nations. After all, you can't participate in a global economy when it's impossible to run a business, operate a factory or keep your computer powered up.

And while industrialisation is highly desirable, combined with Africa's rapid population growth, it is creating the potential for a new problem; demand could easily outstrip supply. When global consultants McKinsey modelled African energy demand, they discovered that it could be 30% higher in 2040 than it is today[14].

Yet as the race to net zero heats up, the continent is being pressed to turn away from hydrocarbons and participate in the energy transition at the same pace as the West. This is happening even though Africa consumes less than 6% of the world's energy. It is happening even though Africa is responsible for only 2% of cumulative global emissions[15]. And it is happening despite the fact that, even if Africa were to use all its known reserves of natural gas, the continent's share of global emissions would only rise to 3.5%[8].

Fortunately, we are seeing pushback against the pressure.

As Valérie Marcel, an energy expert at think tank Chatham House, said[16]:

"Long-term polluters have no right to tell low-income nations with significant energy gaps that they can't use or sell their oil or natural gas.There should be room in the global carbon budget to allow poorer countries to develop fossil fuel assets, if doing so will help provide them with much-needed energy and revenue."

Of course, developing those assets takes more than just willing partners like Savannah.

It also takes money.

Evolving investor attitudes

There is no question that when energy majors began folding up operations in Africa, it created expansion opportunities for independents. The biggest problem was that traditional financing for traditional energy projects contracted at the same time, especially as capital providers prioritised ESG performance over financial returns in their calculations (not that ESG and financial goals cannot be met simultaneously; the two are hardly mutually exclusive).

It would be misleading to suggest there is no money flowing into African energy – to the contrary, Rystad Energy reports that total capital expenditures for oil and gas exploration in Africa grew during the period between 2020 and 2022, increasing from US$3.4 billion to US$5.1 billion[17].

The problem, as the Wall Street Journal reported, was that for five years or so "endowments, pension funds and other so-called institutional investors shunned the oil and gas industry because of big losses and concerns about climate change"[18].

There are signs, however, that the once-faltering appetite for financing oil and gas developments has rebounded – especially, as Eni's Descalzi hinted, because the invasion of Ukraine has improved the prospects for African energy exploration, production, and exports. Yet it's not just EU-based investors whose attention is on Africa.

A recent analysis of Rystad Energy data said that in July 2022 more than 5,000 institutional investors held shares and bonds in companies developing and expanding Africa's fossil fuel projects – to the tune of some US$109 billion. Of the top 23 investors, who represent half of the US$109 billion total, 14 are headquartered in the US, the rest are in Canada (six) and Europe, India, and South Africa (one each). Heading the list is American multi-national BlackRock, which has holdings in excess of US$12 billion[17]. While BlackRock has said it expects demand for traditional energy to fall as alternative energy sources become more affordable, its investment in African oil and gas is proof it does not see the market drying up any time soon[19]. BlackRock is also investing in African renewables – early in March it bought a stake in a Kenyan wind farm – among other businesses. After BlackRock, the largest institutional investors in African oil and gas are Vanguard, with holdings of US$8.4 billion, and the Norwegian Government Pension Fund, with US$3.7 billion[17].

Banks in the mix

Commercial banks also seem to be increasingly eager to back new African fossil fuel projects[17].

The change in attitude can be traced to several sources.

For one thing, in 2022 at least, oil and gas was an S&P top performer, soaring compared to the tech, consumer products, and communications sectors. Although this year's gains are more modest so far, oil prices are up, many companies are reporting record profits, and the forecast remains bullish.

Second, the world is waking to the reality that the transition to renewables isn't happening as quickly as expected. To meet the demands of an energy-thirsty world – and especially in Africa, where population growth and urbanisation are creating more need than ever – we simply must have new supplies of oil and natural gas. As the Wall Street Journal suggested, amid projections that the "world might face shortages in the years ahead… the near-term upside for those willing to bet on fossil fuel producers" is bringing back investors who may have shunned oil and gas stocks in the recent past.

And then, of course, there is Europe's determination to wrest itself from relying on Russian energy.

"The combination of high commodity prices and increased geopolitical relevance is forcing many institutional investors to rethink their aversion to hydrocarbon investments," Dan Pickering, founder of Pickering Energy Partners, told the Wall Street Journal in May 2022. "The upside is too compelling to ignore, so they are dipping their toes back in the water"[18].

A win-win for independents and Africa

Few would disagree that African oil and gas is the last great frontier for energy exploration. There are more unexplored basins and recently proven reserves on the continent than anywhere else in the world[20]. No wonder independents are drawn to Africa.

Fortunately, those same companies are drawn not just to doing well for shareholders but also to doing what's right for Africans. Like its peers, Savannah is dedicated to having a significant socio-economic impact at the local and regional level. Whether that's paying employees, contractors and suppliers fairly or investing in community projects, the contribution goes far beyond the individual. And as the business environment allows independents to expand their presence in Africa, I believe they will also expand their positive impact, creating a positive ripple effect into every part of the continent's society and making the story of African oil and gas M&A one that has real meaning for everyone.

NJ Ayuk, guest speaking recently at Africa Energy Week 2022, Cape Town, South Africa.

We seek to realise sustainable value for our stakeholders through the successful delivery

Our resources and relationships

Investors

57%

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

US$645.8m

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

Assets[2]

US$1.8bn

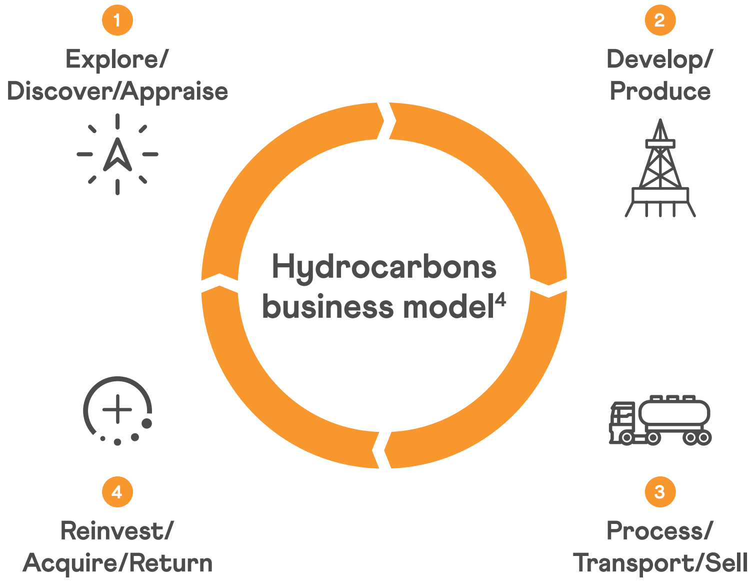
Total Group assets

- Combined 2P Reserves and 2C Resources of 164.9 MMboe with a reserve life of 23.7 years.
- Two producing oil and gas fields in Nigeria with 26.8 Kboepd average daily production in 2022.
- Nigerian midstream gas business comprising central gas processing facility with 200 MMscfpd production capacity and c. 260 km gas transportation and distribution network.
- Five undeveloped discoveries in Niger, with a total of 146 further potential exploration targets.

People[3]

277

What we do



1 Explore/Discover/Appraise

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

2 Develop/Produce

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

3 Process/Transport/Sell

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

4 Reinvest/Acquire/Return

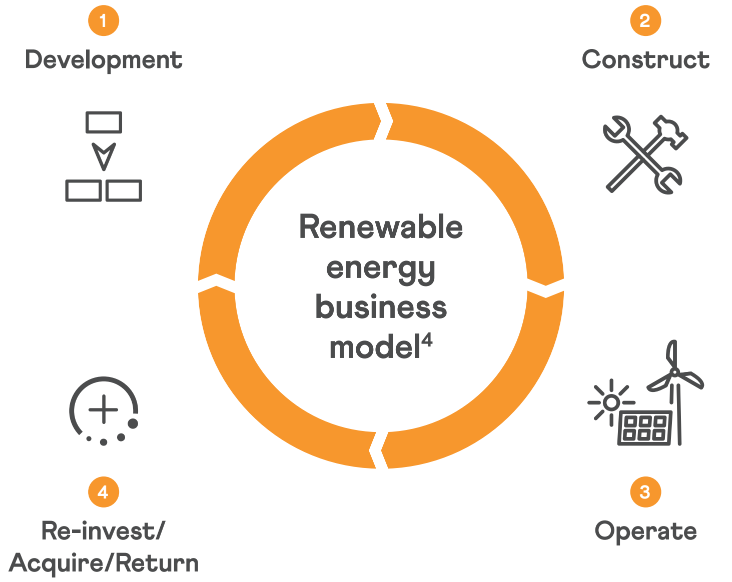
Our reinvestment strategy is to prioritise opportunities that have the potential to deliver high-quality cash flows and are net asset value-accretive. To this end, we expect to reinvest in projects that extend the economic life of our existing asset base and we plan to acquire assets that either have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

Our values

Sustainability

Excellence

# of material energy projects in Africa



1 Development

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

2 Construct

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

3 Operate

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

4 Reinvest/Acquire/Return

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

Entrepreneurialism Integrity Teamwork

The value we create for our stakeholders

Our people

- Our employees received a total of 12,754 hours of training in 2022, equating to an average of 46 training hours per employee.
- Lost Time Injury Rate ("LTIR") of 0.34 recorded in 2022 and a 2022 Total Recordable Incident Rate ("TRIR") of 0.68 per 200,000 working hours.

Our host countries and communities

- We supplied gas to enable approximately 24% of Nigeria's thermal power generation capacity.
- US$1.6 billion[5] investment in Nigeria and Niger assets since 2014.
- US$681 million Total Contributions[(d)] to Nigeria and Niger since 2014.
- 26 local communities positively impacted by our 26 social impact projects in 2022.

Governments, local authorities and regulators

- US$199 million of payments to governments in Nigeria and Niger since 2014[6].

Our shareholders and lenders

- Cash flow from operating activities of US$75.7 million in FY 2022.

Our customers, suppliers and partners

- New gas sales agreements signed with the Central Horizon Gas Company Limited, TransAfam Power Limited, Notore Chemical industries PLC and Shell Petroleum Development Company of Nigeria Limited.
- Agreed a contract extension with First Independent Power Limited to supply three of its power plants, FIPL Afam, Eleme and Trans Amadi.
- To date, three renewable energy projects currently in motion, amounting up to 525 MW.
- Successful ongoing partnerships with AIIM, a leading African-focused private equity firm, and Sinopec, the Chinese national oil company.

Developing renewable energy in Africa

Energy poverty is Africa's most significant economic problem. Developing hydrocarbons AND renewable energy is critical to addressing this issue.

It is estimated that Africa's renewable energy potential will amount to 242 GW by 2030[1]. Following its inception in late 2021, Savannah's Renewable Energy Division now has up to 525 MW of renewable energy projects in motion and is targeting over 1 GW of projects in motion by the end of 2023. We have a large pipeline of further renewable energy projects at various stages of maturation being negotiated with stakeholders.

We provide a selection of our current projects in motion in the following pages.

Strategy in action

Case study: Niger Solar Projects

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

Savannah signed an agreement post-year end with the Government of the Republic of Niger on 11 May 2023 for the development of two solar photovoltaic power plants, with an expected combined installed power generation capacity of up to 200 MW. A signature ceremony was held in Niamey, attended by: His Excellency Ibrahim Yacoubou, Minister of State for Energy and Renewable Energies; Her Excellency Catherine Inglehearn, British Ambassador to the Republic of Niger; and Yacine Wafy, Savannah's Vice President West Africa.

The two proposed solar plants are expected to be located within 20 km of the cities of Maradi and Zinder, respectively, in southern Niger. Each plant is expected to have an installed capacity of between 50 and 100 MW, for a total potential installed capacity of up to 200 MW.

The solar projects are expected to generate reliable, affordable energy for Niger, increase overall grid connected power generation in the country by over 20%, and avoid an estimated up to 260,000 tonnes of annual CO_2 emissions . The solar projects are expected to be connected to the South Central section of Niger's electricity grid, which is forecast to be interconnected to the Western electricity grid zone (which serves Niamey) by 2026, as part of a World Bank funded project. Following the anticipated completion of the required project feasibility studies over the course of the next 12 months, the solar projects are expected to receive project sanction in 2024, with first power targeted in the 2025 to 2026 window.

Strategy in action

Case study: Parc Eolien de la Tarka wind farm project, Niger

L–R: Ahmed Samrata from the Commune of Galma Koudawatche, Niger; and Sofiane Ferdjani, Head of Renewable Energy Niger, Savannah

Savannah's up to 250 MW Parc Eolien de la Tarka wind farm project in Niger, which has the potential to increase Niger's on-grid electricity supply by over 40% has made significant progress. An agreement for the project was signed on 28 March 2022 in London by His Excellency Mahamane Sani Mahamadou, the former Minister of Petroleum, Energy and Renewable Energies and current Minister of Petroleum for the Republic of Niger, and Savannah's CEO, Andrew Knott.

Since the signing of the agreement, all key studies required to achieve project sanction have either been completed or are in progress:

- A meteorological mast was installed in September 2022 to record wind speed data. The preliminary results appear highly encouraging and in line with expectations;
- The grid integration study has been completed which has confirmed that the Niger Grid has the capacity to receive the additional up to 250 MW of power that is planned to be delivered by the new wind farm;
- The cartography study of the wind farm area was concluded in December 2022. This has provided detailed mapping of the proposed site area and has revealed useful information regarding the nature and location of buildings, tracks, and water bodies etc;
- A desktop study of birds and bats, supported by a field visit was conducted in January 2023. The ongoing field work will span a year of observations to establish the extent to which the project may impact birds and bats, and, in particular, any endangered or protected species, and what mitigating actions should be taken if necessary. The initial findings have identified very little biodiversity interest and no significant concerns regarding birds and bats in the area;
- Consultants were commissioned in February 2022 to conduct an Environmental and Social Impact Assessment Scoping Study. This is a comprehensive study to evaluate a broad spectrum of potential environmental and social impacts of the project, and to highlight the main issues requiring further investigation. This study has been designed to be fully compliant with World Bank Guidelines, the International Finance Corporation Performance Standards and the United States' Development Finance Corporation's Environmental and Social Policy and Procedures;
- A transport study was completed in January 2023, covering the 1,400 km route from the port of Cotonou to the Tarka site. The study is expected to be the basis for route planning and coordinating the transport of the large wind turbines, which have blades over 80 metres long. The transportation of the wind turbines will require the correct specifications for trucks and trailers, while the upgrading of some roads may be necessary, including bridge reinforcements and modifications to roundabouts;
- A security study was concluded in April 2023, comprising three components: a strategic security study; tactical analysis and support; and risk mitigation; and
- An aviation study has also been commissioned to confirm that the project will not disturb air traffic in the region.

Strategy in action

Case study: Bini a Warak Hydroelectric Project, Cameroon

Savannah's Bini a Warak hydroelectric project (the "Bini Project") in Cameroon involves the construction of a hydroelectric dam on the Bini River, located in the northern Adamawa region of Cameroon.

The up to 75 MW Bini Project is expected to provide clean, stable and affordable power to Cameroon's northern region. This is anticipated to both support existing local electricity demand and enable a number of energy-intensive industrial projects, principally in the cement and metallurgy industries, within the region. The Bini Project is expected to increase current on-grid electricity generation capacity in northern Cameroon by over 50%. There is also the potential for power to be dispatched into Cameroon's southern electricity grid, upon completion of the interconnection, financed by the World Bank, of the northern and southern electricity networks that is planned by the Government for completion in 2026.

The Bini Project involves the construction of a dam on the Bini River, together with an 82 km^2 reservoir and associated penstock, powerhouse, substation and 45 km transmission line connecting the Bini Project to Cameroon's northern electricity grid. It is intended to be developed on an independent power project basis with project sanction expected in 2024 and first power targeted in the 2027 to 2028 window.

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

"The Government of Cameroon is delighted to partner with Savannah Energy in order to deliver clean and affordable electricity to our people and support our industrialisation plans for northern Cameroon. The Bini a Warak hydroelectric project is expected to address the current electricity shortage in this region, caused by the hydrology deficit of the Ladgo Dam. Although the Government is supplying alternative thermal generated power to the region, this is costly to the system and we are, therefore, keen to progress the Bini a Warak hydroelectric project as soon as possible. Our partnership with Savannah is in line with our long-term "Vision 2035" master plan for increasing the electrification of the country and, as a government, we will do everything we can to support the delivery of first power from the project in the 2027 to 2028 window."

His Excellency Gaston Eloundou Essomba

Minister of Water and Energy
for the Republic of Cameroon

L-R: His Excellency Kildadi Taguieke Boukar, Governor of the Adamaoua Region, Cameroon; Julian Horn, Managing Director, Savannah; Hadidja Goggo, Renewable Energy Consultant for Savannah.

The two Paramount Chiefs from the Districts of Nganha and Mbang Mboum, attending a Bini a Warak project meeting, Cameroon

Mr Awalou Mohamadou, Mayor of Nganha, speaking during the Bini a Warak project site visit, Cameroon

Strategy and KPIs

Strategic objectives and key risks	2022 KPIs	2022 performance	2023 KPIs
Deliver value safely and sustainably 11 12 13 14 15	• Operate safely and in an environmentally appropriate manner. • Maintain social licence to operate. • Maintain investment in the training and development of our people to support our medium and long-term growth plans. • Publish disclosure reports for our chosen ESG standards.	• A Lost Time Injury Rate ("LTIR") of 0.34 (2021: zero) and a Total Recordable Incident Rate ("TRIR") of 0.68 per 200,000 working hours (2021: 0.34 per 200,000 working hours). • Total Contributions[d] to host country stakeholders (governments, employees and suppliers) of US$56.9 million (2021: US$55.1 million). • Continued the roll-out across our whole business of the multimillion dollar, world class training scheme established in 2021, resulting in a 74% increase in training hours per employee from 26.5 hours per employee in 2021 to 46 hours per employee in 2022 and a 109% increase in total working hours of training. • Published our maiden ESG disclosure reports post-year end.	• Operate safely and in an environmentally appropriate manner. • Maintain social licence to operate. • Maintain investment in the training and development of our people to support our medium and long-term growth plans. • Publish disclosure reports for our chosen ESG standards.
Optimise existing portfolio performance 5 6 7 9	• Progress the compression project in Nigeria for completion in 2024. • Maintain gas production capacity in Nigeria at required levels.	• Front-end engineering design of the new compression system project completed and the project remains on track for completion in 2024. • Gas production successfully increased by 23% year-on-year in order to enable operationalisation of new gas sales agreements.	• Progress the compression project in Nigeria for completion in 2024. • Maintain gas production capacity in Nigeria at required levels.
Deliver organic growth 1 3 4 5 9 15	• Progress large-scale greenfield renewable energy deals targeting up to 500 MW+ of power generation. • Add further new customer(s) to Accugas. • Progress the R3 East development towards first oil in 2023.	• Signed agreements in 2022 to progress up to 750 MW of renewable energy projects[1]. • Signed four new agreements in 2022 with the Central Horizon Gas Company Limited, TransAfam Power Limited, Notore Chemical Industries PLC and Shell Petroleum Development Company of Nigeria Limited as well as a contract extension with First Independent Power Limited. • Decision taken to reconfigure the R3 East development project to enable export sales, given the progress made on the construction of the Niger-Benin pipeline. Therefore, first commercial oil now anticipated in 2024 as opposed to 2023.	• Reach up to 1 GW+ of renewable energy projects in motion. • Commence the R3 East well testing programme.
Other significant achievements		• Total production increased by 20% year-on-year[2].	

2022 performance vs. financial guidance

Total Revenues[a]
(US$m)

+35%

Actual	290.4
Guidance	215.0

Group operating expenses plus administrative expenses[g]
(US$m)

-12%

Actual	66.2
Guidance	<75

Key risk legend

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

Strategic objectives and key risks	2022 KPIs	2022 performance	2023 KPIs
Deliver value accretive inorganic growth (2)	• Actively review >20 potential inorganic opportunities. • Deliver at least one materially accretive growth opportunity. • Completion of Chad and Cameroon acquisition.	• 22 new business opportunities reviewed in nine countries. • Share Purchase Agreement ("SPA") signed with PETRONAS International Corporation Limited ("PETRONAS") relating to the purchase of PETRONAS' entire oil and gas business in South Sudan. • Completion of Chad and Cameroon acquisition in December 2022[3].	• Deliver at least one significant M&A opportunity. • Completion of the acquisition of the South Sudan Assets[m].
Provide cash returns to shareholders (8) (9) (10)	• Deliver Group financial guidance for 2022. • Refinance our US$371 million Accugas debt facility. • Pay a minimum dividend to shareholders of US$10 million in respect of FY 2022.	• Strong operational and financial performance in 2022, significantly ahead of the financial guidance set for the year. • Significant progress made on the refinancing of the Company's existing approximately US$370.6 million Accugas Term Facility. • No dividend being declared for FY 2022 and dividend strategy currently under review.	• N/A
Maintain financial strength and flexibility (2) (8) (9) (10)	• N/A	• N/A	• Refinance the Accugas debt facility. • Deliver group financial guidance for FY 2023. • Articulate corporate strategy.

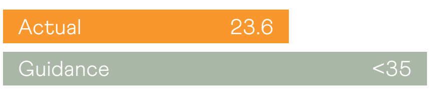
Read more about our remuneration policy on pages 116 to 120

Group depreciation, depletion and amortisation (based on actual 2022 production) (US$m)

-7%

Capital expenditure (cash) (US$m)

-33%



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

Section 172 statement

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

In the following pages we set out our key stakeholder groups and how we engage with each of them. Each type of engagement is designed to foster effective and mutually beneficial relationships, so that we continue to work effectively with: our people; our host countries and communities; governments, local authorities and regulators; our shareholders and lenders; and our customers, suppliers and partners.

Acting in a fair and responsible manner is a core element of our business practice. More details can be found in our Sustainability Review on page 46. Information on how the Board works and makes decisions can be found on page 108.

Our people

L–R: Itoro Idiakod, Field Operator; Emmanuel Ukpong, Graduate Intern; Peter Bassey, Mechanic Technician; Emmanuel Edet, Graduate Intern; Michael Ekong, Student Intern, City Gate Gas Receiving Facility, Nigeria

As of 31 December 2022, we employed 277[1] people across the Group.

Why we engage

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

How we engage

We have an open, collaborative and inclusive management structure and engage regularly with our employees. We do this through a variety of methods, including a continuous feedback performance management process, structured career conversations, CEO internal announcements, town hall sessions, employee surveys, a corporate intranet site, Company presentations, away days, an employee newsletter, and our training and wellbeing programmes. In particular, we held a successful strategy event in September 2022, attended by over 50 of our senior managers and executives across the Group. During the year we also engaged through our Group-wide intranet site and continued our monthly "Lunch and Learn" sessions for all Group employees, which included external guest speakers.

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

The key material issues for our stakeholders are that Savannah:

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

Outcomes of engagement

The Company's initiatives supported, informed and motivated our employees through a year of growth and transformation. Our employee engagement helped the business to continue to function successfully during 2022.

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

Our host countries and communities

Our current host countries are Cameroon, Niger and Nigeria. During 2022, we worked closely with the local communities in our areas of operation in Niger and Nigeria.

In South East Nigeria our footprint covers 22 Local Government Areas ("LGAs") in Akwa Ibom and Cross Rivers states. Within the 22 LGAs, there are 22 paramount rulers, 252 local communities, each with a village head, and 50 clan heads. Key stakeholders also include various local interest groups representing youths and women, opinion leaders, social cultural groups and government agencies.

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

In Cameroon, COTCo holds several community awareness and consultation meetings per week with many of the 231 villages both along and nearby the COTCo pipeline.

Why we engage

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

How we engage

We take a constructive and positive approach to working with local communities, seeking to maintain good relationships with them all.

We engage with the local communities in which we operate via our social impact programmes. We maintain our social licence to operate by ensuring that our policies on safety, the environment and human rights are followed to the highest standards in our operations, projects and activities.

Our social impact investment focuses on improving local living standards via health, education and agricultural initiatives, as well as the provision of drinking water and local infrastructure projects. Our projects also provide training to foster future economic self-sufficiency. In addition, we have implemented a local content policy designed to ensure that, wherever possible and appropriate, we prioritise qualified employees and suppliers from our local communities.

Regular engagement meetings are held with the local communities in which we operate to discuss and manage any concerns proactively. These meetings also help us keep local stakeholders updated as we progress in our operations and projects. This process is also applicable to our local project contractors who engage with the communities as often as required. The regular interaction, through both formal and informal engagement meetings with local stakeholders, allows us to address any actual and/or perceived issues or concerns they may have, ensuring that our social licence to operate is maintained. The participatory principle is always applied, and wherever it operates, Savannah deploys stakeholder engagement and grievance management procedures in all engagement forums.

The key material issues for our stakeholders are that Savannah:

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

Outcomes of engagement

The engagement process in 2022 further strengthened the existing relationships between the Company and the local communities in which we operate.

L-R from the top: Yacine Wafy, Vice President West Africa, Savannah; The Rt Hon Vicky Ford MP; Mr Laurence Robertson MP, Bottom: Andrew Knott, Chief Executive Officer, Savannah; and His Excellency Mahamane Sani Mahamadou, Minister of Petroleum for the Republic of Niger, at the signing ceremony of Savannah's Parc Eoilen de la Tarka wind farm project in Niger, at the Houses of Parliament, UK

Governments, local authorities and regulators

We engage with over 49 stakeholders within the federal, state and local government as well as other national entities in Nigeria. In Niger, we engage with over 50 stakeholders within the national government and local authorities, including the chiefs of the 13 tribes located within our asset areas. In the UK, we engage with various governmental departments, primarily those providing assistance and support to UK companies operating abroad. COTCo engages with stakeholders from the Government and local authorities in Cameroon.

Why we engage

To maintain Savannah's social and legal licences to operate and to build collaborative partnerships with government agencies that generate value for both parties.

How we engage

In 2022 we took a proactive and constructive approach to working with national and local authorities, as well as regulators in Nigeria and Niger. We contribute to government and local authorities in the countries in which we operate in the form of royalties, taxes and fees. Our cumulative payments to local governments in Nigeria and Niger since 2014 total US$199 million.

The key material issues for our stakeholders are that Savannah:

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

Outcomes of engagement

Sustained cordial and productive working relationships were maintained with the various government agencies we interacted with in both Nigeria and Niger. As a result of our successful engagement, in March 2022 we signed an agreement with the Government of the Republic of Niger for the country's first wind farm expected to consist of up to 60 wind turbines with a total power generation capacity of up to 250 MW.

Canary Wharf, London, UK

Our shareholders and lenders

Our shareholders include both institutional and retail investors who are principally based in the UK and US. Our top ten institutional shareholders hold approximately 57% of our shares. We have a group of 10 lenders consisting of African, US and UK-based banks and institutions, plus a listed bond.

Why we engage

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

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

How we engage

Our investor relations programme is designed to answer investor queries and provide public disclosure on results and other material developments within the business. It also ensures that shareholders' views are communicated to our Board and are considered in the Company's decision making. Our investor relations programme includes regular updates, calls, meetings, investor roadshows and our Annual General Meeting, as well as participation in investor and industry conferences. We also engaged with several of our investors' ESG and stewardship teams during the year, including ahead of the 2022 AGM, and also in the second quarter of 2023 for our updated ESG materiality assessment.

The key material issues for our stakeholders are that Savannah:

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

Outcomes of engagement

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

In recognition of our engagement efforts, Savannah was shortlisted in May 2022 for "Best ESG Materiality Reporting (Small-cap)" by the IR Magazine Awards – Europe 2022. We were also shortlisted for "ESG Initiative of the Year" by the Chartered Governance Institute UK & Ireland ("CGI") Awards held in November 2022.

Stakeholder engagement continued

Savannah's customers account for 24% of Nigeria's thermal power generation capacity

Our customers, suppliers and partners

Our customers in Nigeria include Calabar Generation Company Limited, Lafarge Africa PLC, Ibom Power Company Limited and First Independent Power Limited ("FIPL"). We also signed four new GSAs in 2022 with the Central Horizon Gas Company Limited, Notore Chemical Industries PLC, Shell Petroleum Development Company of Nigeria Limited and TransAfam Power Limited. as well as executing an addendum to the GSA with FIPL. We also agreed a contract extension with First Independent Power Limited to supply three of its power plants, FIPL Afam, Eleme and Trans Amadi.

Our partners in Nigeria include: AIIM, which holds a 20% interest in each of Accugas Limited and Savannah Energy Uquo Gas Limited; and Sinopec International Petroleum Exploration and Production Company Nigeria Limited, our 49% partner in the Stubb Creek Field.

In Cameroon, our partners in COTCo include: Doba Pipeline Investment inc.; SHT, the Chad national oil company; the Republic of Chad; and SNH, the Cameroon national oil company[2].

Why we engage

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

How we engage

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

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

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

The key material issues for our stakeholders are that Savannah:

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

Outcomes of engagement

The strength of our customer relationships and gas supply reliability is underscored by our expanded customer base, with the signing of additional GSAs with four new customers. As a result, Savannah supplies gas to enable approximately 24% of Nigeria's thermal power generation capacity.

Strategy in action

Case study: Savannah's life-long learning philosophy

L-R: Yetunde Onabule, Head of Human Resources, Nigeria; and Oge Peters, Head of Commercial, Nigeria

We are an organisation with a purpose at heart – delivering ***Projects that Matter*** – and every employee has a role to play in making an impact within the countries in which we operate by doing what they do to the best of their abilities.

As we grow it is important that we continue to support our employees to align themselves to this purpose.

With the introduction of SAP SuccessFactors in 2022, we now have a great opportunity to use a single source platform across all our office locations, aligning employees with the Savannah strategy and ensuring every employee understands the part they play within the business and why their contribution matters.

Employees' objectives are now directly linked to the strategic goals of Savannah by optimising how we work, grow the business or explore new opportunities. No matter where an employee sits within the organisation, achieving their objectives has an impact.

How we work together is as important as what we do. We use the Savannah values as a signpost for a common way of working, no matter the function or location. These values allow us to speak a common language and hold each other to account for how we work together. We encourage our employees to challenge each other and deliver the best solutions with impactful results.

We believe every employee's contribution is essential to achieving Savannah's overall success.

In September 2022 we held a four-day Strategy Event session for our senior management across the business. During the Strategy Event, Savannah's current strategic plan was reviewed and, through collaboration and discussion, the senior management team developed a clear vision of the future of the Company and created a roadmap to achieve our goals.

Following the Strategy Event, we have launched several initiatives identified to drive our specific goals and priorities for the year, including the implementation of new procedures to capture areas of improvement in the Company's operations, processes and systems.

As part of the Strategy Event, Savannah identified areas where employee skills and knowledge could be enhanced to better support the Company's goals and further develop a life-long learning philosophy.

In addition, we continue to hold regular employee workshops and "Lunch and Learn" presentations, where our employees are encouraged to engage, share knowledge and empower each other.

Embedding our sustainability strategy

At Savannah, sustainability underpins everything we do.

Introduction

We developed our sustainability strategy in 2021 based on an in-depth materiality assessment, involving extensive consultations with our internal and external stakeholders, which identified 12 material issues and an additional eight to report on. The 12 material issues are grouped into our four core sustainability pillars, which are set out below, together with our ambitions for each. Our four sustainability pillars are linked to a range of key sustainability metrics that we measure across our business and are aligned with 13 specific UN Sustainable Development Goals ("UN SDGs"), where we aim to make a positive impact.

We are pleased to publish our first disclosure report in accordance with the requirements of the Task Force for Climate-Related Financial Disclosures ("TCFD"), on page 62.

Basis of reporting

In 2022 we have chosen to adopt the net equity basis for emissions reporting purposes, having previously reported our emissions on an operational control basis. In practical terms, as we had operational control over all of our hydrocarbon assets in previous reporting periods this resulted in Savannah reporting 100% of all of our assets' emissions as our own. However, as we prepare to incorporate additional assets into our portfolio, where for example we may not have operational control, our previous approach to emission accounting would have resulted in our emissions being under reported by Savannah.

Accordingly, our environmental emissions data is expected to be reported on an equity share basis for all assets where we have a financial interest, regardless of whether we have operational control or not. This is consistent with the World Resources Institute Greenhouse Gas Protocol (Equity Share Approach) and is also in line with our financial reporting approach and is also in line with our financial reporting.

Where we refer to 2021 emissions in this report, we have restated them according to our new equity share organisational reporting boundary standard. Data relating to Pillar 1, 2 and 3 will continue to be reported on an 100% basis for all assets.

All data covers the period from 1 January to 31 December 2022, unless otherwise noted. As the acquisition of the Cameroon assets was completed on 9 December 2022, Cameroon data is not included in this review but will be included for the 2023 reporting period.

Pillars	1. Promoting socio-economic prosperity	2. Ensuring safe and secure operations	3. Supporting and developing our people	4. Respecting the environment
Material issues	• Socio-economic prosperity. • Tax transparency and contribution. • Community engagement and development. • Local content and responsible procurement.	• Operational health and safety. • Security and human rights.	• Workplace culture and engagement. • Training and development. • Diversity and equality. • Compliance.	• GHG emissions. • Climate change and the energy transition. • Biodiversity. • Water management.
Ambitions	• Make a positive difference to the socio-economic development of our host countries. • Build strong and meaningful relationships with our local communities based on mutual trust and benefit. • Enhance value creation potential by championing the development of local content.	• Continually prioritise and improve upon the safety and security of our work environment.	• Cultivate a winning and inclusive culture to position our employees and the business for success. • Recruit, develop and retain the best talent through our commitment to professional development.	• Deliver a cleaner performance by minimising our GHG emissions. • Monitor and manage our impacts on biodiversity and water.
UN SDGs	1 No Poverty 4 Quality Education 7 Affordable and Clean Energy 8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 10 Reduced Inequalities 11 Sustainable Cities and Communities 12 Responsible Consumption and Production 16 Peace, Justice and Strong Institutions	3 Good Health and Well-being 8 Decent Work and Economic Growth	4 Quality Education 8 Decent Work and Economic Growth	6 Clean Water and Sanitation 9 Industry, Innovation and Infrastructure 12 Responsible Consumption and Production 13 Climate Action 15 Life on Land

Fayama Yellowe, Senior Electrician at Savannah's City Gate Gas Receiving Facility, Nigeria

2023 materiality assessment

In line with peer practice, post-year end we conducted a fresh materiality assessment of the key ESG issues relevant to Savannah. We conducted a stakeholder engagement exercise with key investors and media, together with an evaluation of the material issues for the stakeholders in the countries in which we operate. This was conducted in order to ensure that we continue to focus on the issues that matter to our stakeholders as we grow our business in the region. The stated view of our key investors and media was that issues such as GHG emissions, climate change & the energy transition, compliance, and diversity & inclusion have increased in significance for Savannah since the previous assessment was conducted in 2020. GHG emissions and diversity & inclusion were already included in our 12 material issues, while climate change & the energy transition and compliance were included in the additional eight topics which we already chose to report on. However, reflecting the increase in their materiality to investors and media, going forward we plan to include climate change & the energy transition and compliance as material issues within our four pillars.

The materiality assessment also identified some suggestions for improving Savannah's sustainability strategy and reporting - including the potential to rationalise the number of reporting standards we align to - which we will take under consideration.

Governing sustainability at Savannah

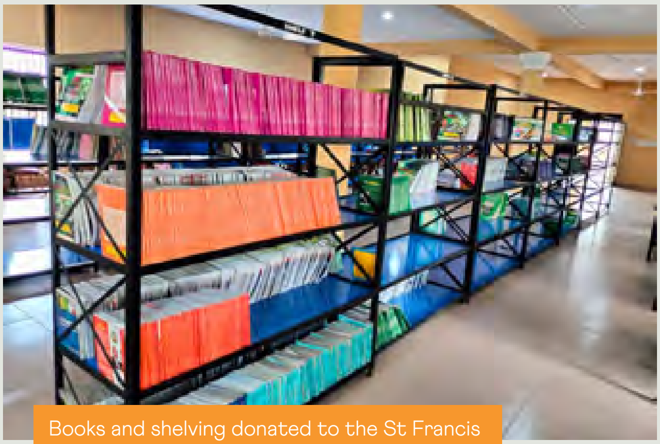
Responsibility for the implementation of the strategy in each of our four sustainability pillars lies with Savannah's CEO, supported by the relevant members of the senior management team. The Group is structured in such a way that we seek to embed sustainability in all our business practices. Together with the Health, Safety, Environment and Security ("HSE&S") Committee, the senior management team promotes behaviours and a culture that supports our sustainability strategy, through communicating the Company's commitments to our people, contractors, and other stakeholders. This embeds sustainability as part of our corporate culture and values.

Responsibility for sustainability strategy oversight in 2022 lay with the HSE&S Committee, while the Audit and Risk Committee assisted the Board in discharging its oversight responsibilities with regards to the system of internal controls and management of risk. The HSE&S Committee oversees compliance with the Company's framework of policies, procedures, systems and controls in place around sustainability. This Committee, which meets quarterly, receives reports on progress and performance from the relevant members of the senior management team and liaises with the Audit and Risk Committee of the Board on the mitigation of sustainability-related risks[1].

Looking ahead to 2023

Savannah is committed to identifying and adopting best practice across the Company, as well as implementing our Sustainability Strategy in our expanded portfolio. In 2023, we are integrating our Cameroon assets into our sustainability and performance reporting framework, as well as any other assets we may acquire during the year.

1 Promoting socio-economic prosperity



Books and shelving donated to the St Francis Secondary School, Nigeria

The first pillar of our sustainability strategy is to promote socio-economic prosperity within the countries in which we operate. Savannah's gas enables approximately 24% of Nigeria's thermal power generation capacity. In Niger, we are participating in a wider energy sector project which is forecast to contribute up to 24% of Niger's GDP by 2025[2]. In addition, we provide a positive economic contribution through tax payments, payments to our people, suppliers and contractors.

2022 performance

- We supplied gas enabling approximately 24% of Nigeria's thermal power generation capacity and continued to play a strategic role providing a stable and reliable supply of gas to power stations and industrial users, adding four new gas customers.
- Our Total Contributions[d] to our host countries increased by 3% to US$56.9 million in 2022 (2021: US$55.1 million).
- Our social impact investment increased by 23% to US$304,000 in 2022 (2021: US$246,000) across 26 projects (2021: eight).
- We spent US$22.9 million in 2022 with local suppliers and contractors in Nigeria and Niger (2021: US$26.2 million).

2023 objectives

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

Strategic objectives

1 2 3 4

Principal risks

4 5 7 9 11 12 14

Contribution to UN SDGs

Reporting metrics

- Total Contributions[d] in US$
- Social impact investment in US$
- Number of social impact projects
- Payments to local suppliers and contractors in US$

Creating a positive impact

Our approach

Our ambition in the first pillar of our sustainability strategy is to make a positive difference to the socio-economic prosperity in our host communities and countries. Extreme poverty alleviation is the most important issue facing African countries today, with 32% of Sub-Saharan Africans classified as suffering from extreme poverty[3]. The World Bank also calculates that only 56% of Africans have access to electricity[4]. Studies have shown the strong relationship between power consumption, income levels and broader human development metrics; ceteris paribus, the higher a country's per capita power consumption, the higher GDP per capita, human life expectancy and those metrics are expected to be. Therefore, energy poverty alleviation would substantially contribute to solving Africa's extreme poverty problems. That is why we focus on providing our host countries with energy to drive socio-economic prosperity.

Read more about Why we do what we do on page 8.

Using energy to drive prosperity

Savannah supplies gas to enable approximately 24% of Nigeria's thermal power generation capacity, playing a strategic role in providing a reliable supply to power stations and industrial users. In 2022 we expanded our customer base, and signed GSAs with four new customers, delivering gas to eight customers in total.

In Niger, we are participating in a wider energy sector project which is forecast to contribute up to 24% of Niger's GDP by 2025 and up to 45% of tax revenues[2]. The expected completion of the Niger-Benin pipeline in 2023 will facilitate the export of up to 110 Kbopd of oil from Niger to the international market. Savannah expects to tie our planned production directly into the Niger-Benin export pipeline.

In March 2022, we announced plans to build and operate Niger's first wind farm, which is expected to increase Niger's on-grid national electricity consumption by up to 40%, create 500 jobs in the construction phase alone and reduce the cost of electricity for ordinary Nigeriens.

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

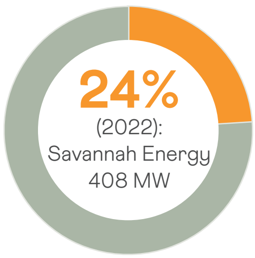
At a local and regional level, Savannah creates significant socio-economic impact. Our impact includes payments to employees, contractors and suppliers as well as social impact investment in community projects. This contribution has a multiplier effect, creating economic impacts in the wider community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

Our performance in 2022

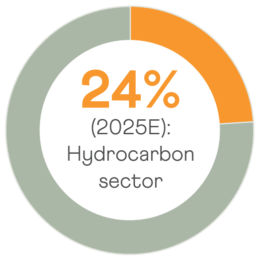
In 2022, our Total Contributions[(d)] increased by 3% to US$56.9 million (2021: US$55.1 million). This is primarily the result of an increase in tax and royalty payments to local governments as we increased production in Nigeria.

Our economic impact

Contribution to Nigeria's thermal power generation capacity 2022



Estimated contribution to Niger's GDP 2025[2]



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

+3%

Strategy in action

Case study: Investing in a library

Saint Francis Secondary School, Nigeria

As part of our programme of investment in social impact projects, we constructed, furnished and commissioned a library at Saint Francis Secondary School in Akwa Ibom State, Nigeria. This project was executed in collaboration with our joint venture partner, Frontier Oil. The project supports Pillar 1 of our sustainability strategy, to make a positive difference to the socio-economic prosperity in our host communities and countries.

Access to a library is a major challenge that students face in many public secondary schools in Akwa Ibom State and across Nigeria. There was no existing library at Saint Francis Secondary School, and the leadership of both the community and the school identified the rectification of this issue as a major objective for improving the school.

Savannah invested approximately US$100,000 in the library project, comprising a new building with two staff offices, bookshelves and reading desks.

The new library is expected to support the work of the classroom teachers and ensure that students have access to quality resources, facilitating academic performance and helping to contribute to local socio-economic prosperity.

Making a local and regional difference

We give first consideration to local people in our areas of operation. We also advocate promoting local employment and development opportunities to drive local socio-economic prosperity. In 2022 we employed 177 people in Nigeria (2021: 174), of whom 99% were local, and in Niger we employed 17 people (2021: 15), all of whom were local. Through formal training and on-the-job development with experienced Savannah employees, we continue to build the capability of the local workforce in our host countries.

Savannah operates a global procurement policy across the Group as we have a significant supply chain impact. In 2022, we spent US$22.9 million (2021: US$26.2 million) with local contractors and suppliers. The fall in spending in 2022 reflects the fact that spending in 2021 was unusually higher due to the drilling of the Uquo-11 well. The policy ensures all our contractors and suppliers meet the same standards and practices for all our operations, with some exceptions for specific local regulations. This approach affords opportunities for shared optimisation across regions but also enforces high standards because we recognise that the nature and context of our business exposes us to the potential risk of fraud, bribery, modern slavery and human trafficking. In our centralised vendor performance management system, we actively monitor the performance of all our suppliers and require re-qualification every four years.

Investing in social impact

In 2022, we completed 23 social impact projects in Nigeria and three in Niger (2021: eight). We invested US$304,000 in these projects, up 23% on the previous year (2021: US$246,000), amounting to a cumulative total of US$2.2 million in social impact investment since 2014.

Contributing to the UN SDGs

Our approach to local content, responsible procurement and tax payments plays an important role in achieving the goals of UN SDG 8 Decent Work and Economic Growth. Our commitment to sourcing talent from the surrounding communities creates stability through long-term employment engagement and supplier relationships.

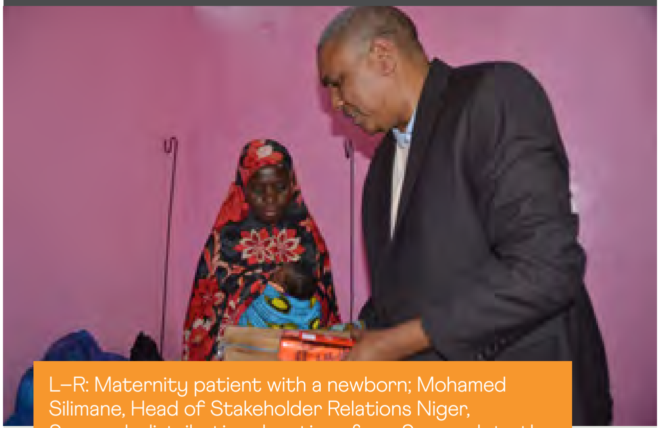
Looking ahead to 2023

Savannah is committed to further strengthening our contribution to socio-economic prosperity in our host communities and countries. For 2023, we plan to:

- Develop targeted socio-economic impact metrics that reflect Savannah's expanded portfolio for 2023 and that further measure Savannah's contribution to socio-economic prosperity in our host communities and countries.

Strategy in action

Case study: Marking International Women's Day in Niger



L–R: Maternity patient with a newborn; Mohamed Silimane, Head of Stakeholder Relations Niger, Savannah distributing donations from Savannah to the Issaka Gazobi Central Maternity Hospital, Niger

Savannah marked International Women's Day on 8 March 2023 in Niger by supporting the incredible work that is being done to help disadvantaged women and children at the Issaka Gazobi Central Maternity Hospital in the capital, Niamey. The hospital was founded in 1929 and its mission is to provide gynaecological, obstetrical, neonatal, post-natal and family planning services. With more than 8,000 deliveries per year, it is the largest maternity hospital in Niger and mainly supports low-income and/or vulnerable patients. As well as ensuring maternal-foetal protection, the hospital is a leading centre in Niger for training and research in gynaecology, obstetrics and neonatology. The hospital has 183 beds and employs a total staff of 638. While the hospital faces several difficulties due to lack of funding, it manages to offer 24-hour care and emergency services to all patients who require them.

Savannah was welcomed by the General Director of the hospital, Dr. Madi Nayama, and his team. We were also honoured to have the opportunity to meet with the patients for whom we arranged much needed donations of healthcare, hygiene and baby products.

2 Ensuring safe and secure operations

Engineers arriving at Savannah's Uquo Central Processing Facility, Nigeria

Ensuring a high standard of health and safety throughout our operations is a top priority for Savannah and we firmly embed this culture across the business. Our robust health and safety policies are accompanied by strong security practices.

2022 performance

- Our Lost Time Injury Rate ("LTIR") was 0.34 per 200,000 working hours in 2022 (2021: zero).
- Our Total Recordable Incident Rate ("TRIR") was 0.68 per 200,000 working hours (2022: 0.34).
- We recorded 11 security incidents in 2022 (2021: one).
- In 2022, we covered 1.38 million transport kilometres with only one transport-related incident (2021: two in 1.63 million km).
- Our Road Traffic Accident Rate ("RTAR") was 0.14 (2021: 0.25).
- During the year, we rolled out our new SAP HSE business information system, a new QR system for reporting incidents and refreshed Life Saving Rules.
- We continued to act in accordance with internationally recognised human rights standards.

2023 objectives

- Continue to develop and implement training and knowledge transfer to embed a zero-harm culture.
- Maintain the current high level of performance for human rights within the Voluntary Principles on Security and Human Rights ("VPoSHR") framework.

Strategic objectives

1 2 3

Principal risks

12 14

Contribution to UN SDGs

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

Reporting metrics

- LTIR
- TRIR
- Number of security incidents
- Number of transport incidents
- Total length of journeys safely managed
- RTAR (new for 2022)

Further strengthening our HSE&S culture

Our approach

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

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

> "With a focus on maintaining a strong HSE&S culture, Savannah's health and safety performance remains robust."

Antoine Richard
Chief Operating Officer, Savannah

Our performance in 2022

Key achievements in 2022 include the optimisation of the Health, Safety and Environment ("HSE") reporting system with the rollout of our new SAP HSE business information system to all operating assets. This system is designed to streamline and standardise all HSE data collection and reporting. We also introduced a QR code system for reporting HSE incidents across the Group.

Additionally, in 2022 we undertook an initiative focusing on improving road transport safety to all Savannah assets and rolled out our refreshed Life Saving Rules to all employees across the Group.

Savannah continued its strong health and safety record in 2022 with a 0.34 LTIR per 200,000 working hours within our operations (2021: zero). Our TRIR increased to 0.68 per 200,000 working hours (2021: 0.34). Our new digitalised HSE reporting system has resulted in improved accuracy in the reporting of some minor incidents, which has contributed to the increases in the LTIR and the TRIR.

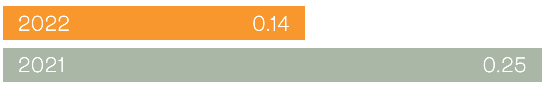
In 2022 we strengthened our HSE function with the appointment of a new Group HSE Manager and a new HSE Manager in Nigeria.

Ensuring transport safety

In 2022 there was one transport-related incident, as compared to two the previous year. This year, for the first time, Savannah is reporting a new Road Traffic Accident Rate ("RTAR") metric of 0.14 (2021: 0.25) based on 1.38 million kilometers driven (2021: 1.63 million) in Nigeria and Niger in 2022. This will be included in our reporting metrics going forward.

Number of transport incidents

RTAR
(number of incidents per 200,000 km driven)



Prioritising security at Savannah

We recognise the security challenges in the regions where we operate. Savannah's main focus is identifying the security risks which our people and business face and then implementing appropriate plans to mitigate these risks. We reported 11 security incidents in 2022, which were principally in relation to opportunistic, small-scale attempted thefts along the gas pipeline in Nigeria. In response, we have increased the deployment of patrols along the pipeline and fostered the increased involvement of the local communities in monitoring and reporting incidents.

In 2022, we conducted regular security risk and threat assessments for our areas of operation and project locations, both for predictive and preventive purposes. We further developed our crisis management and emergency response planning.

Our Asset Protection Team, tasked with continually monitoring security threats and risks, works closely with local and host governments to conduct conflict analysis in our operational and project areas.

In ensuring safety, as well as engaging with all our stakeholders, we are committed to acting in accordance with internationally recognised human rights standards. Savannah has a stringent set of policies, regulations and work practices, underpinned by our Human Rights Policy and our Code of Ethics.

Nameer Lotfy, Firnas Shuman Engineer, conducting maintenance work on the meteorological mast, Parc Eoilen de la Tarka wind farm project, Niger

> "Savannah has introduced numerous improvements and technological advancements that will ensure risks are identified and controlled in line with as low as reasonably practicable ("ALARP") principles. Savannah continues to look at industry best practice and adopt this where we can to ensure that our workers go home safe and healthy to their families and loved ones each and every day".

Moussa Chetima
Health, Safety and Environment Officer, Niger, Savannah

Contributing to the UN SDGs

Our approach to human rights inside and outside the workplace makes a contribution to achieving UN SDG 3 Good Health and Wellbeing. Our commitment to maintaining a strong HSE&S culture safeguards the human rights of our people, contractors, suppliers and visitors. Together this protects lives and livelihoods by avoiding accidents, incidents and near misses.

Looking ahead to 2023

Savannah is committed to ensuring safe and secure operations. For 2023, we plan to:

- Continue to develop and implement comprehensive training, best practice and knowledge transfer in relation to HSE&S;
- Promote the greater involvement of the local communities to assist with security-related issues along the gas pipelines in Nigeria; and
- Continue to focus on transport-related activities and ensure the safety of our workers.

3 Supporting and developing our people

Funmilola Ogunmekan, Head of Finance, Nigeria, Savannah at the Strategy Event, UK

Our people bring a broad range of experience, expertise and perspectives that are essential to the delivery of our strategic objectives. We recognise that recruiting, developing and retaining the best talent, and cultivating a winning culture are critical to maintaining a sustainable business. As such, they are important factors in Savannah's ongoing and long-term success.

2022 performance

- At the end of 2022, Savannah employed a total of 277 people[5], a 20% increase on the prior year (2021: 230).
- We provided 12,754 working hours of training (2021: 6,104), an increase of 109%.
- Senior management gender diversity decreased to 32% (2021: 35%) and our female representation across the Group rose from 19% to 22% in 2022.
- We maintained our local content ratios, with 99% local employees in Nigeria and 100% local employees in Niger (2021: 99% and 100%).
- In the UK, we substantially increased our ethnic minority representation from 24% to 38% in 2022.

2023 objectives

- Contribute to Savannah's growth strategy through the provision of proactive high-end compliance support and solutions.
- Help Savannah sustain a positive reputation to support its growth ambitions.
- Protect Savannah by continuing to embed fit for purpose controls and a compliance culture that is both competitive and values based.
- Introduce graduate programmes.
- Optimise ongoing recruitment programmes to appoint staff and support the growth of the business.

Strategic objectives

1

Principal risks

11 14 15

Contribution to UN SDGs

4 8

Reporting metrics

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

Empowering our colleagues to thrive

Our approach

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

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

Our performance in 2022

A key achievement in 2022 was the implementation across the business of SAP SuccessFactors, a human resources ("HR") information system which is part of the Group-wide enterprise resource planning tool (SAP) that was introduced during the year. SuccessFactors provides our HR team with the latest technology to manage all aspects of the employee experience in an integrated way, including recruitment, employee onboarding, performance management, training and development.

Savannah expanded the HR team to meet the expected future needs of the business, adding a Head of Talent Acquisition and a Head of Reward, which is expected to further enhance our ability to attract and retain the best talent.

Our HR business partners work with our in-country teams to recruit the best talent for each role. We have a range of vendors in place locally that support our strategic objectives around diversity, helping us reach talent from disadvantaged groups. We work with the Sequoia Platform, a not-for-profit organisation, which looks to provide employment opportunities, together with entrepreneurship and education support for young people from diverse and under-represented backgrounds in the UK. In 2022, two individuals who had previously joined as interns via the Sequoia Platform, were both offered permanent positions. We also offered another two individuals internships in the Health, Safety and Environment Department and the Administration Department. We participate in local school and university initiatives to reach the next generation of talent. We offer tailored training programmes, both external and "on-the-job", for new starters and existing employees alike.

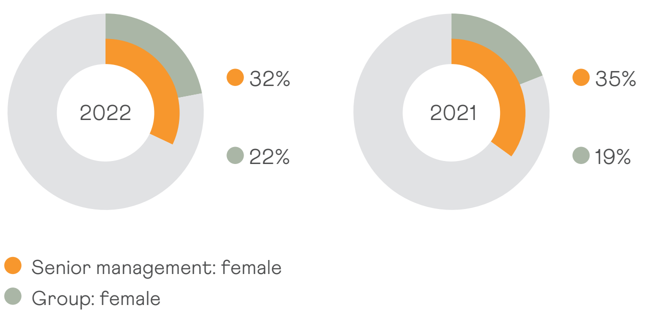
We provided 12,754 working hours of training (2021: 6,104), an increase of 109%. This translates into an average of 46 hours per person per year (2021: 26.5), delivered through a mix of in-person and online channels. The substantial increase in training hours in 2022 is mainly due to increased IT training in connection with the rollout of the new SAP system across the business, as well as other new training initiatives.

Creating a diverse workplace

Savannah strongly believes that diversity throughout the organisation builds a strong workforce and improves business performance. We are committed to being an equal opportunities employer, with policies in place to ensure that the best person, irrespective of gender, race, disability, ethnicity, religious belief or sexual orientation, is appointed to a particular role or position within the organisation. Our senior management female gender diversity ratio fell to 32% in 2022 (2021: 35%). However, our gender diversity for the organisation as a whole increased, with female representation across the Company rising from 19% to 22%. Two new female Non-Executive Directors joined the Board in December 2022 and another new female Non-Executive Director joined post-year end in February 2023, which has resulted in a 30% female representation on the Board.

We maintained our commitment to local content in 2022, prioritising the hiring of local talent, with 99% local employees in Nigeria and 100% local employees in Niger (2021: 99% and 100% respectively). In the United Kingdom, we increased our ethnic minority representation from 24% in 2021 to 38% in 2022. This is a proud achievement given that the 2021 UK census benchmark for a non-white ethnic background is approximately 18.4%.

Gender diversity (%)



Employee and contractor numbers

"Compliance and ethics are embedded into the fabric of our organisation, fostering a culture where our people and business partners understand their role and obligation in driving and sustaining an ethical culture within Savannah."

Titilayo Okoye
Group Chief Compliance Officer, Savannah

Fostering employee engagement and ethical behaviours

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

We foster strong ethical behaviours and, as part of that, Savannah sets clear guidelines as to what is acceptable and what is not acceptable. Our Anti-Corruption and Anti-Money Laundering, and Anti-Bribery Policy, for instance, and our Group Code of Ethics, set out responsibilities shared between the Company and the employee to uphold high standards of behaviour. We provide a confidential "Speak Up" whistleblowing service where employees can report unethical behaviour without fear of penalty or punishment.

Embedding our values

Our five core SEE-IT values of Sustainability, Excellence, Entrepreneurialism, Integrity and Teamwork represent the essence of Savannah and fundamentally underpin our corporate culture.

They represent what we want our Company to be known for, how we want others to remember us, our core competitive advantages and the basis upon which our staff are rewarded.

Contributing to the UN SDGs

Our approach to training and development in the workplace makes a contribution to achieving UN SDG 4 Quality Education. Our commitment to delivering a full programme of on-the-job and classroom-based learning, inside and outside the Company, maintains the focus on life-long learning and equips our people for their development, wherever it may take them.

Looking ahead to 2023

Savannah is committed to supporting and developing our people. For 2023, we plan to:

- Contribute to Savannah's growth strategy through the provision of proactive high-end compliance support and solutions;
- Help Savannah sustain a positive reputation to support our growth ambitions;
- Protect Savannah by continuing to embed fit for-purpose controls and a compliance culture that is both competitive and values based;
- Support Executive MBAs to develop our pipeline of future leaders and partner with top-ranking global universities to provide an accessible outstanding education;
- Enhance our knowledge base offering specific training courses to key employees;
- Introduce a focused graduate programme, which will provide graduates with an outstanding opportunity to build their careers and provide experiences that are unique to our culture and the way we work; and
- Optimise our ongoing recruitment programmes to appoint staff and build business growth.

4 Respecting the environment

Camels of Tarka, Niger
Photo credit: Abdoul Razack, Sahara Conservation

Savannah believes that fossil fuels have a critical role to play in the energy transition in Africa. Recognising the threat of climate change, we are committed to the responsible stewardship of our assets and operations – both existing and those we seek to acquire in the future – by reducing our greenhouse gas ("GHG") emissions where possible and managing our other environmental impacts such as biodiversity and water use. At the same time we are also focusing on the growth of our renewable energy business, investing in the construction and operation of large-scale renewable solar, wind and hydroelectric power projects in Africa.

2022 performance

- Our total direct GHG emissions (Scope 1) increased by 7% to 71,543 tonnes of CO_2e in 2022 (2021: 66,877 tonnes of CO_2e).
- Our total indirect GHG emissions (Scope 2) remained stable at 88 tonnes of CO_2e in 2022 (2021: 88 tonnes of CO_2e).
- Our carbon intensity ratio decreased by 13% to 9.7 kg CO_2e/boe in 2022 (2021: 11.2 kg CO_2e/boe).
- Our g CO2eMJ^{-1} carbon intensity ratio was stable at 52.6 in 2022 (2021: 52.8 g CO₂eMJ^{-1}).
- In the United Kingdom, we consumed 112,586 kWh of energy in 2022 (2021: 164,638 kWh), a year-on-year decrease of 32%.
- Zero hydrocarbon spills (2021: zero).
- 11,314 m^3 of freshwater usage (restated 2021: 11,645 m^3).

2023 objectives

- Identify opportunities to improve the performance and efficiency of our plants.
- Implement measures to end routine flaring at Uquo by 2025.

Strategic objectives

1 2 3

Principal risks

12 14

Contribution to UN SDGs

Reporting metrics

- Scope 1 GHG emissions in CO_2e
- Scope 2 GHG emissions in CO_2e
- Carbon intensity ratio in kg CO_2e/boe
- Carbon intensity ratio in g CO_2eMJ^{-1}
- Energy consumption in the United Kingdom in kWh
- Number of hydrocarbon spills
- Freshwater usage in m^3

Managing our environmental impacts

Our approach

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

Our GHG emissions consist of a range of gases which are all included in our carbon inventory. However, we realise that our environmental impacts extend beyond our GHG emissions and so we also track other aspects, such as biodiversity and water impacts. Our focus is on meeting our regulatory obligations in the countries where we operate through a robust framework of policies, procedures, processes and controls. Since its establishment in 2021, we have grown our Renewable Energy Division and currently have up to 525 MW of projects in motion.

Read more about our Renwable energy projects on page 34.

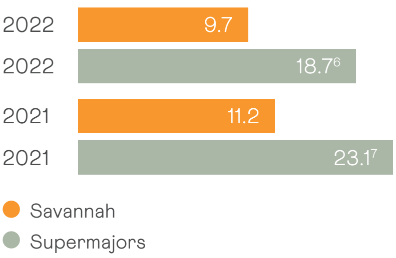
Scope 1 CO_2e GHG emissions (tonnes)

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

Scope 2 CO_2e GHG emissions (tonnes)

Emissions resulting from the purchase of third-party electricity or national grid company electrical power related to Savannah's offices and headquarters in our three principal countries of operation in 2022.

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

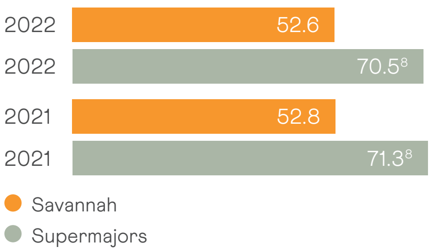


Scope 1 carbon intensity (tonnes of CO_2e/'000 tonnes of hydrocarbons)

Scope 1 carbon intensity (kg CO_2e/boe)

Scope 1, 2 and 3 carbon intensity (g CO_2eMJ^{-1})

Savannah vs. Supermajors' carbon intensity (g CO_2eMJ^{-1})



Our performance in 2022

Our commercial focus in 2022 was to increase gas production in Nigeria in line with growing domestic Nigerian demand for power. Our total direct GHG emissions (Scope 1) consequently increased by 7% to 71,543 tonnes of CO_2e (2021: 66,877 tonnes of CO_2e), largely reflecting the increase in gas production during the year. Our total average production per day increased by 24% from 16.4 to 20.2 Kboepd adjusted to equity share percent.

Our total indirect GHG emissions (Scope 2) remained stable at 88 tonnes of CO_2e in 2022 (2021: 88 tonnes of CO_2e).

The carbon intensity of our Scope 1 emissions decreased by 13%, to 9.7 kg CO_2e/boe in 2022 (2021: 11.2 kg CO_2e/boe) attributable to the fact that, while our total emissions were predominantly associated with increased production, there was more stable production from our Uquo Central Processing Facility ("CPF") which improved efficiency.

We continue to focus on projects to reduce flaring, which contributed 40% of our Scope 1 emissions in 2022 (2021: 50%). A project to upgrade the compressors and reduce flaring was implemented in Q4 2022 and its impacts were evaluated in Q1 2023.

In 2022 we implemented a comprehensive sustainability supplier screening process to improve sustainability within our supply chain and to communicate the importance of sustainability considerations to our vendors and contractors. In addition, we have incorporated more detailed ESG due diligence into the business development process when assessing the acquisition of new assets.

Mitigating our environmental impacts

Beyond our GHG emissions, we recognise that oil and gas production can have other environmental impacts. We are pleased to report that in 2022 we had zero (2021: zero) hydrocarbon spills (defined as not greater than one barrel) reaching the environment. We remain focused on avoiding any unplanned discharge that has negative environmental impacts.

We used approximately 11,314 m^3 of freshwater in 2022 from boreholes and mains supply (2021: 11,645 m^3). The figures for 2021 have been restated, the increase is due to more accurate estimates of water consumption and an improved data collection.

We aim to minimise any negative impacts on biodiversity. We operate four sites (2021: four) near or adjacent to protected areas of specific biodiversity value. As a result, we have put in place Biodiversity Action Plans to minimise any impacts from our operations.

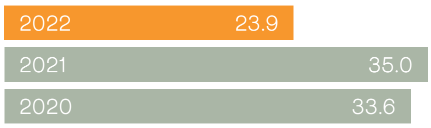
Savannah is exploring the potential of selling carbon credits from the renewable energy projects on the voluntary carbon market. There is a strong interest in credits from high quality renewables projects, particularly those based in Africa. We are working with consultants to establish the best strategy for converting our emissions reduction projects into revenues to fund future projects.

Our performance in the United Kingdom

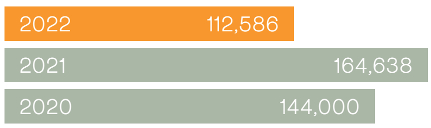
In accordance with the Streamlined Energy and Carbon Reporting ("SECR") regulations, we specifically provide an overview of our environmental performance in the United Kingdom. Our reporting covers the 2022 financial year and relates to our operations in the United Kingdom. We did not have any direct Scope 1 GHG emissions last year, or in previous years. In terms of indirect Scope 2 GHG emissions, we consumed 112,586 kWh of energy in 2022 (2021: 164,638), translating to 23.9 tonnes of CO_2e (2021: 35.0 tonnes of CO_2e). Our carbon intensity decreased by 61% to 1,481 kWh/person in 2022 (2021: 3,829 kWh/person). This reduction is primarily due to more accurate electricity meter readings provided by our supplier. CO_2 emissions from UK operations make only a very minor contribution (0.02%) to Savannah's total CO_2 emissions.

SECR data[9]

Scope 2 emissions (tonnes of CO_2e)



Energy consumption (kWh)



Carbon intensity (kWh/person)

Contributing to the UN SDGs

Our approach to respecting the environment makes a contribution to achieving UN SDG 13 Climate Action. We are committed to minimising our GHG emissions where practicable and this makes a direct contribution to tackling climate change, which is a cornerstone of the climate action goals.

Looking ahead to 2023

Savannah is committed to respecting the environment. For 2023, we plan to:

- Identify opportunities to improve the performance and efficiency at our plants; and
- Implement measures to end routine flaring at our Uquo CPF by 2025.

Strategy in action

Savannah's Anthony Ejuaye explains how Savannah is reducing flaring at Stubb Creek

Associated gas is a form of natural gas found with deposits of oil. Historically the energy industry has treated associated gas as a waste product and burned it off in gas flares. Although this practice is still common in many countries around the world, Savannah, in step with leading energy companies, is making efforts to reduce gas flaring in order to both minimise our GHG emissions and avoid wasting this fuel resource.

The export gas compressor at Stubb Creek compresses associated gas from the production separator and exports it via a 6 inch 31 km pipeline to our Uquo CPF to reduce the amount of gas flared to the atmosphere. The exported gas is also used to generate power for the plant.

The compressor was originally commissioned in August 2019. In 2022 we designed a new maintenance strategy to anticipate and avoid potential compressor failure, including:

- A renewed focus by Savannah's Maintenance Team to ensure that the compressor continues to work efficiently;
- Constant monitoring of the equipment's operating parameters in line with the Original Equipment Manufacturer ("OEM") manual;
- A review of the existing maintenance programme to understand the potential causes of equipment failure and establish a new maintenance schedule;
- Increased engagement with the compressor OEM representatives in-country to train our Maintenance Team on how to carry out preventive maintenance of the equipment and to establish a call-out service; and
- Ensuring the availability of critical spares and tools on site.

Execution of the new maintenance strategy commenced at the end of Q4 2022 and was completed with a reliability test of the compressor undertaken post-year end in January 2023. Since the implementation of this strategy, the compressor has been functioning with little or no downtime. Recent production records show a daily average of approximately 0.8 MMscfpd is being exported to our Uquo CPF rather than being flared, which avoids approximately 44 tonnes CO_2e per day of GHG emissions. Since the implementation of the new maintenance strategy, the compressor has been functioning with little or no downtime."

Anthony Ejuaye

Pipeline and Infrastructure Manager, Savannah, Nigeria

Savannah's Stubb Creek Early Production Facility, Nigeria

Task Force on Climate-Related Financial Disclosures Report

The Taskforce for Climate-Related Financial Disclosures ("TCFD") was created by the Financial Stability Board to develop recommendations on the types of information that companies should disclose to support investors, lenders and insurance underwriters in appropriately assessing and pricing climate climate-related risks. This 2022 TCFD Report is our first disclosure under the recommendations of the Taskforce and, as such, we expect our disclosures on these topics to evolve and mature over time.

In the United Kingdom, where our shares are quoted on the AIM market of the London Stock Exchange, both the government and the Financial Conduct Authority have been taking steps to make reporting in line with the TCFD framework mandatory for listed companies. Accordingly, to ensure that we are following best practices, our work on this report has been informed by the October 2021 guidance on climate reporting provided by the London Stock Exchange, and by the latest observations from the TCFD itself as set out in its 2021 Status Report.

All data covers the period of 1 January to 31 December 2022, unless otherwise noted. It includes all of Savannah Energy PLC's ("Savannah", "the Company" or "the Group") wholly and partially-owned entities as at 31 December 2022.

The structure of this report follows the recommendations of the TCFD disclosure, key sections include:

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

Governance

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

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

Climate change issues are discussed regularly at Board and Board Committee meetings. Responsibility for sustainability strategy oversight in 2022 lay with the HSE&S Committee while the Audit & Risk Committee assisted the Board in discharging its oversight responsibilities with regards to the system of internal controls and management of risk. Senior management can be called upon to provide relevant information to the Board and/or Board Committee as and when required[1].

The HSE&S Committee ensures that there is an appropriate framework of policies, procedures, systems and controls in place in relation to the health, safety, operational integrity, security and environmental risks arising from the operations of the Company. It oversees compliance with, and effectiveness of, the HSE&S framework. It oversees the quality and integrity of any reporting to external stakeholders regarding health, safety, operational integrity, security and environmental matters. It receives operational updates on the progress and performance of the Company's sustainability strategy on a regular basis. The HSE&S Committee meets at least three times a year and reports to the Board after every meeting.

The Audit & Risk Committee reviews the Group's processes and procedures for ensuring that material risks, threats and opportunities are properly identified, assessed, managed and reported, and that appropriate systems of monitoring and control are in place. The Audit & Risk Committee meets at least four times a year and reports to the Board after every meeting.

Where there is an overlap of responsibilities between the Audit & Risk and HSE&S Committees, the respective Committee Chairs have the discretion to agree which is the most appropriate committee to fulfil any obligation.

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

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

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

Strategy

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

The climate-related risks and opportunities are set out in Tables 1, 2 and 3 on pages 64 and 65.

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

Understanding of climate related risk and opportunities is integral to our business, strategy and financial planning. An example of this was the establishment of our Renewable Energy Division in late 2021.

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

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

Risk management

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

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

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

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

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

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

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

We seek to mitigate climate related risks through the ongoing implementation of our sustainability strategy, and through our monitoring and reporting systems and policies. We also promote efficient energy use in our activities with business partners and service providers.

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

At Savannah, risk registers that identify, assess and have clear mitigation plans are maintained at the business and functional levels, which are consolidated into the corporate risk register managed by the Risk Manager. Climate-related risks are fed into business and functional risk registers and are consolidated into the corporate risk register, where climate change is one of the 15 principal risks.

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

Metrics and targets

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

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

- Scope 1 GHG emissions in metric tonnes CO_2e
- Scope 2 GHG emissions in metric tonnes CO_2e
- Scope 1 GHG emissions intensity in kg CO_2e/boe and metric tonnes CO_2e/000' metric tonnes hydrocarbons
- Scope 1 + Scope 2 + Scope 3 GHG emissions intensity in g CO_2eMJ^{-1}

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

Our ESG and climate-related metrics are disclosed in the Sustainability Review section of our Annual Report and Accounts, and are available on our website. A trend analysis of our key GHG metrics is provided within our Pillar 4 "Respecting the Environment" reporting. For 2022:

- Scope 1 GHG emissions: 71,543 metric tonnes of CO_2e
- Scope 2 GHG emissions: 88 metric tonnes of CO_2e
- Scope 1 GHG emissions intensity: 9.7 kg CO_2e/boe
- Scope 1 GHG emissions intensity: 71.1 metric tonnes CO_2e/000' metric tonnes hydrocarbons
- Scope 1 + Scope 2 + Scope 3 GHG emissions intensity: 52.6 g CO_2eMJ^{-1}

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

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

TCFD continued

Transition risk

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

Transition opportunity

Opportunity	Timeframe	Potential impact	Action
Shift to natural gas as a transition fuel in the energy transition.	Short to medium-term	Increased demand for gas will provide growth and new business opportunities for Savannah to exploit our 503 Bscf of gross natural gas 2P Reserves and our further 598 Bscf of gross 2C Resources in Nigeria.	• Support the gas transition in Africa through our long-term gas contracts and utilise our existing infrastructure to bring other gas projects to market.
Becoming a 'responsible steward' of managing existing assets in an environmentally friendly way.	Short to medium-term	Savannah solidifies its position as an operator of choice in our focus countries and beyond.	• Implement GHG emissions reduction initiatives and ensure strong ESG management.
Develop carbon credits from our renewable energy projects.	Medium term	Reduce net emissions by developing carbon credits from Savannah's large-scale renewable energy projects or monetise credits.	• Explore the potential to trade carbon credits from our proposed renewable energy projects.
Diversification to different energy sources.	Medium to long-term	The transition provides an opportunity to expand into other and new sources of energy.	• Grow our Renewable Energy Division. • Monitor the development of new energy sources.
Potential for Carbon Capture, Utilisation and Storage ("CCUS").	Medium to long-term	CCUS could provide opportunities to capture and store carbon to allow the production of hydrocarbons in an environmentally neutral way.	• Monitor developments in CCUS
Growth of hydrogen	Long term	Gas production and renewable energy provides opportunities to produce blue and green hydrogen, which potentially could become key parts of the future global energy mix.	• Monitor developments in hydrogen.

Acute risks (driven by climatic events)

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

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

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

Stakeholder testimonies

“Sahara Group’s partnership with Accugas continues to propel the operations of First Independent Power Limited (a Sahara Group company) through the seamless supply of up to 65 MMscfpd of gas to our Afam, Trans Amadi and Eleme power plants. This has been crucial in helping FIPL provide electricity to millions of homes in Nigeria – helping us bring energy to life responsibly as a foremost energy utility hub.”

Engr. Dr. Kenechukwu K. Nwangwu
CEO & MD, First Independent Power Limited, Nigeria

“Savannah Energy through its research and exploration work on the R1234 license area and, in particular, the drilling of five exploration wells, perfectly illustrates the positive response of international private sector investors to the Government’s plans to bring diversified partners and competition to the Nigerien oil industry. The Government is focused on Niger’s oil sector as the key driver of economic and social development in Niger. The soon-to-be operationalised Niger-Benin pipeline will allow the monetisation of Niger’s abundant hydrocarbons.”

Zouberou Maazou
Secretary General of the Ministry of Petroleum, Republic of Niger

“The objective of CLC is the employment of local workers, those from the Diffa region and particularly from the Municipality of N’Gourti, the oil exploitation area. Since the start of the work, Savannah Energy has put in place a partnership strategy which consists of supporting local players throughout the process of implementing the oil exploitation works. This is perfectly in line with the spirit of Niger’s petroleum law, which clearly stipulates the application of the provisions relating to local content. Thus, as part of the recruitment of qualified and unqualified employees, Savannah Energy in partnership with the Cabinet LARDU Consult responded to local demand by recruiting mostly local employees.”

Elhadj Oumar Mamane
MD of Cabinet LARDU Consult (CLC – SARLU) for the provision of staff to Savannah

Savannah Energy has consistently supplied gas to Lafarge Africa Plc's power and cement plants at Mfamosing, Cross River State. Our business relationship has spanned over five years, and they have been very efficient and co-ordinated with their service delivery."

Khaled El Dokani

Group Managing Director & Chief Executive Officer of Lafarge Africa Plc, Nigeria

Savannah Energy's support is multi-faceted. Most social sectors are included: education, access to water, support for health and support for livestock. We are happy with this collaboration with Savannah Energy which meets the expectations and needs of the communities, because it is based on mutual listening and proximity."

Issa Adam

Secretary General of the Municipality of N'Gourti, Niger

We are very satisfied with the collaboration with Savannah Energy in the field of hydraulic support through the construction of several modern pastoral wells, which has made it possible to increase the rate of access to drinking water in the Municipality and we wish that the collaboration continues for the wellbeing of the communities of N'Gourti."

Abdourahamane Moustapha Mamane

Departmental Director of Hydraulic and Sanitation of the Municipality of N'Gourti, Niger

Expansion into Cameroon

Antoine Richard
Chief Operating Officer, Savannah

"COTCo and our proposed development of the Bini a Warak Hydroelectric project are key assets and projects for Cameroon. COTCo transported approximately US$4.6bn of oil last year, while Bini a Warak has the potential to increase on-grid electricity generation in northern Cameroon by over 50%. We are actively working on further hydrocarbon AND renewable energy asset opportunities in country, which we see as a key source of long-term growth potential for Savannah."

Antoine Richard

2022 performance highlights

Pipeline throughput[1]

124 Kbopd +6.2%

An example of a dam, similar to that envisaged for Savannah's Bini a Warak project in Cameroon

COTCo's Export Transportation System

Key facts and figures

250 Kbopd

COTCo pipeline capacity

2.2 MMstb

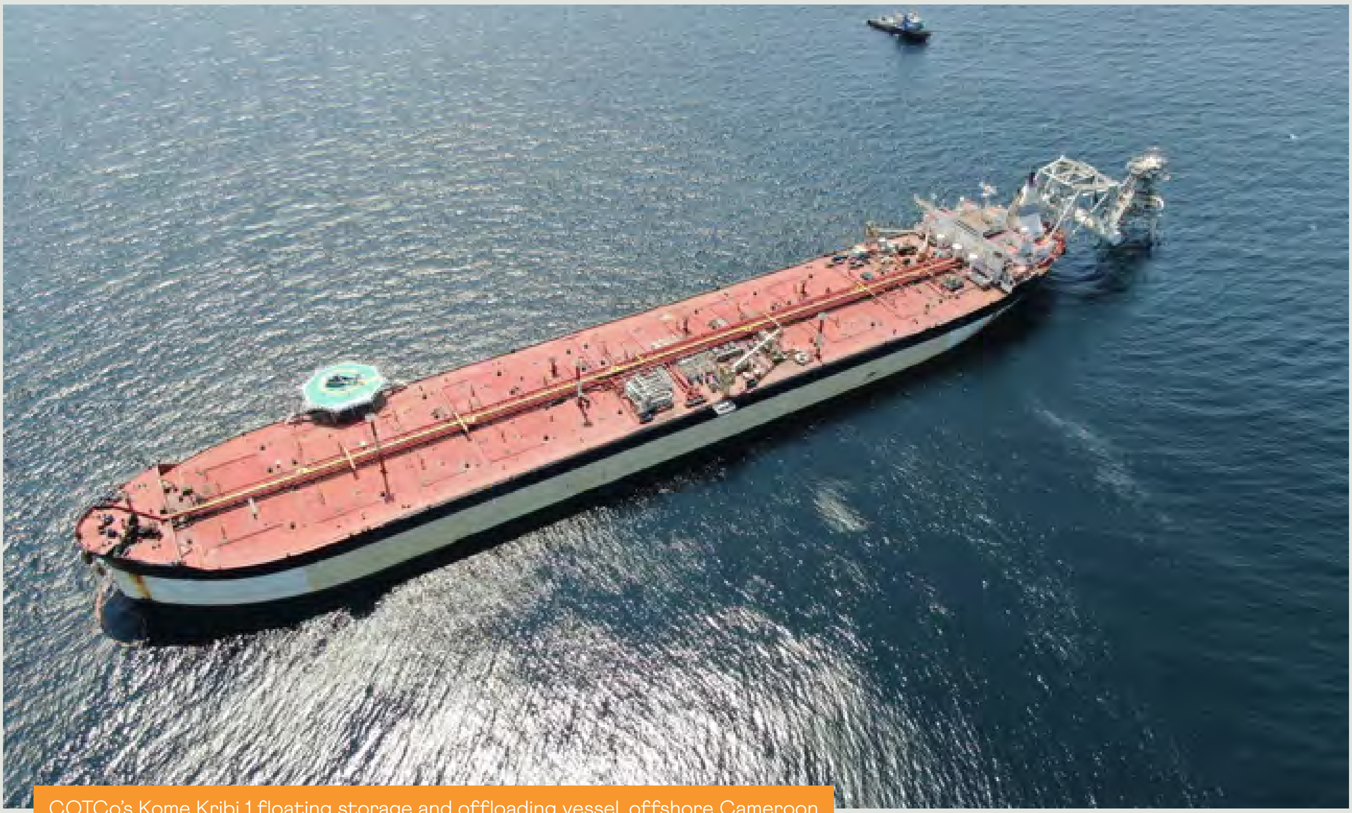
COTCo FSO nameplate storage capacity

903 km

Length of COTCo oil export pipeline

up to 75 MW

Bini a Warak Hydroelectric Project in motion



COTCo's Kome Kribi 1 floating storage and offloading vessel, offshore Cameroon

Country review: Cameroon

Cameroon country facts

Population[2]
27.9m

2022 GDP growth[2]
3.4%

GDP[2]
US$43.7bn

GDP per capita[2]
US$1,570

Economy

Cameroon has one of the largest economies of the West-Central African states due to its oil resources, favourable agricultural conditions and strong service sector. The oil industry accounts for approximately 40% of export earnings, while the commodity and service sectors contribute to more than 15% and 51% of GDP, respectively.

Over the last decade, Cameroon's GDP has grown at an average rate of 4% per annum. Since the late 1980s, Cameroon has been following programmes advocated by the World Bank and IMF to reduce poverty, privatise industries and increase economic growth.

According to the IMF, Cameroon's economic outlook for 2023 is favourable. Economic growth is expected to accelerate to 4.3% in 2023 while inflation is projected to remain at about 6% at end of 2023.

Government and political environment

In 1960, French Cameroon became the independent Republic of Cameroon, with British Cameroon voting to merge with the new country to form the Federal Republic of Cameroon in 1961. Cameroon is a member of the Economic and Monetary Community of Central Africa ("CEMAC").

Cameroon is a unitary presidential republic whereby the President of Cameroon is both head of state and head of government, and of a multi-party system. The President is elected for a mandate of seven years with no term limits on re-election. In 2018, President Paul Biya won a seventh term.

The legislative structure in Cameroon is made up of a parliament consisting of the Senate and the National Assembly. There are 100 seats in the Senate with 30 members appointed by the President and 180 members of the National Assembly with all members serving a five-year term.

The country has generally enjoyed stability, which has enabled the development of agriculture, roads and railways, as well as a petroleum industry.

Savannah's renewable energy team, visiting the existing equipment at the Bini a Warak project site, Cameroon

Our assets

Savannah acquired a 41.06% indirect equity interest in COTCo on 9 December 2022. This was followed by an agreement, announced post-year end on 20 April 2023, to sell a 10% stake to Cameroon's national oil company, Société Nationale Des Hydrocarbures ("SNH").

Also post-year end on 20 April 2023, we announced the signing of a Memorandum of Agreement ("MOA") with the Government of the Republic of Cameroon for the development of the up to 75 MW Bini a Warak Hydroelectric Project located in the northern Adamawa Region of Cameroon.

COTCo ETS

The COTCo ETS comprises a 903 km export pipeline and the Kome Kribi 1 FSO, offshore Cameroon, which transport and store oil on behalf of its customers who are in turn charged a transportation tariff.

The COTCo ETS, combined with the export pipeline in Chad, is the only international export route for oil production in Chad, which is used by the Doba Consortium and other third-party shippers including CNPC, Perenco and OPIC, a wholly owned subsidiary of CPC Corporation.

The COTCo pipeline has a diameter of 30" and a total length of 903 km with a nameplate capacity of 250 Kbopd which can transport relatively heavy crude. It includes two pumping stations, a small pressure reduction station and three maintenance areas and is equipped with a leak detection system.

Construction of the pipeline, which is buried below the ground, started in 2000 and was completed in 2003, a year ahead of schedule. The total cost of the pipeline project was US$2.2 billion.

The Kome Kribi 1 is an offshore moored FSO vessel and is part of the ETS infrastructure. The FSO is a converted crude tanker with a nameplate storage capacity of 2.2 MMbbl and is connected to a single-point mooring system. The Kome Kribi 1 FSO is able to accommodate tandem-berthed export tankers up to 320,000 tonnes deadweight.

Bini a Warak Hydroelectric Project

Savannah's up to 75 MW Bini a Warak hydroelectric project is expected to provide clean, stable and affordable power to Cameroon's northern region. It involves the construction of a dam on the Bini River, together with an 82 km^2 reservoir and associated tunnels, powerhouses, substations and a 225 kV transmission line connecting the Bini Project to Cameroon's northern electricity grid.

Under the terms of the MOA, Savannah plans to supplement existing feasibility studies and work with power industry authorities and development finance institutions to finalise the development, financing and resumption of construction of the Bini a Warak hydroelectric project. It is intended to be developed on an independent power project basis with project sanction expected in 2024 and first power targeted in the 2027 to 2028 window.

For more information, turn to page 36.

On board COTCo's Kome Kribi 1 FSO, offshore Cameroon

Opening up new horizons in Niger

Yacine Wafy
Vice President West Africa, Savannah

“We continue to progress our plans in Niger for delivering the R3 East development. Our intention is to continue to work on the Early Production Scheme (“EPS”) and tie it into the soon-to-be-completed Niger-Benin pipeline.

In addition, we are progressing up to 450 MW of renewable energy projects. Our Parc Eolien de la Tarka project, Niger’s first wind farm, continues to make significant progress. The project is expected to create over 500 jobs during the construction phase, while it has the potential to increase Niger’s on-grid electricity supply by over 40% and avoid an estimated 400,000 tonnes of CO_2 emissions annually. Savannah’s recently announced up to 200 MW of solar projects are expected to increase on-grid electricity supply by over 20% and avoid an estimated up to 260,000 tonnes of annual CO_2 emissions.”

Yacine Wafy

2022 performance highlights

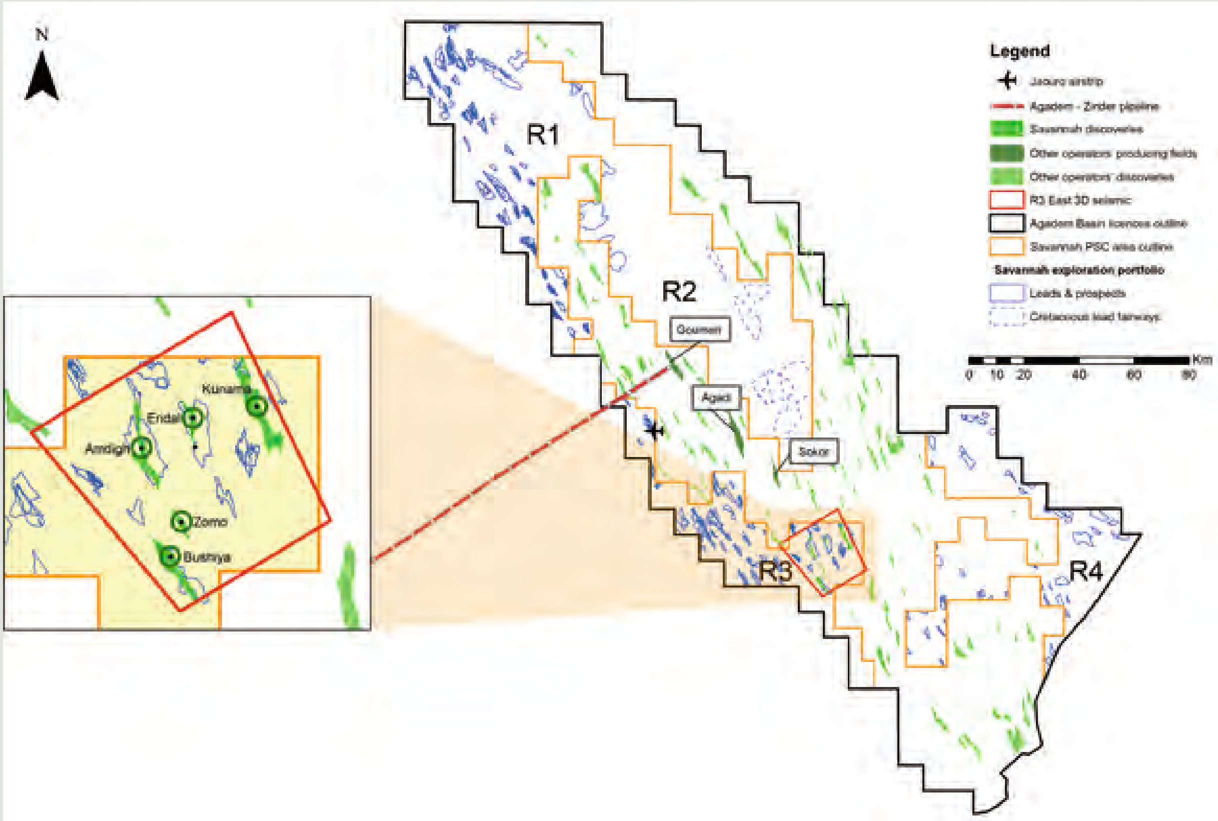
Agreement signed for Niger’s first wind farm with
250 MW capacity

All key wind farm studies have been completed or are underway

Plans progressed for the EPS on the
R3 East development

L–R: Andrew Knott, Chief Executive Officer, Savannah; Yacine Wafy, Vice President West Africa, Savannah; His Excellency President Mohamed Bazoum for the Republic of Niger

Savannah's licence area in Niger



Key facts and figures

Hydrocarbon licence covers 50% of the ARB

Savannah's hydrocarbon licence interests cover approximately 13,655 km^2, equating to 50% of Niger's main petroleum basin, the Agadem Rift Basin ("ARB") in South East Niger[1]

100% exploration success rate

achieved to date with five discoveries from the five wells drilled

35 MMstb

of Gross 2C Resources for our R3 East discoveries

90 MMstb

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

146 potential exploration targets

Up to 450 MW

of renewable energy projects in motion

2022 update

In March 2022, we announced our inaugural renewable energy project for the construction and operation of the up to 250 MW Parc Eolien de la Tarka, Niger's first wind farm.

2023 outlook

In 2023 we are continuing to progress our plans in Niger for delivering the R3 East development with the intention to continue work on the Early Production Scheme ("EPS"). Bottomhole pumps and completion equipment were ordered in the first quarter of 2023, and a work-over rig solution has been identified for a well test programme, which we expect to carry out in the fourth quarter of 2023. Following the results of the well test, we expect to issue a comprehensive field development plan with first oil targeted in 2024 and production is expected to ramp up to a plateau rate of approximately 5 Kbopd for the initial development. The crude is expected to be evacuated via the new Niger-Benin pipeline, which is currently under construction, reported to be 75% complete and estimated to be fully operational in the fourth quarter of 2023.

In May 2023 we announced the signing of a Memorandum of Agreement ("MOA") with the Government of the Republic of Niger for the development of two solar photovoltaic power plants with a combined installed power generation capacity of up to 200 MW.

We are continuing to progress the remaining key studies required to achieve project sanction for the Parc Eolien de la Tarka wind farm project. The preliminary on-site wind speed data measurements have proven to be highly encouraging and we expect project sanction in 2024.

Our upstream assets

The Agadem Rift Basin ("ARB"), which forms part of the larger Central African rift system, has proven to be one of the world's most successful and prolific exploration provinces since 2008, with an estimated one billion barrels 2P reserve base established and an exploration success rate of 80%. This can be explained by the high probability of all petroleum system elements (i.e. source rock and migration, reservoir presence, trap and seal) being present within this Tertiary play. Savannah's acreage covers approximately 50% of the ARB, an area equivalent to the Central North Sea Basin. The ARB evolved in two main rift phases (early Cretaceous and Tertiary), resulting in sediments of up to 10 km being deposited in the basin centre.

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

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

Parc Eolien de la Tarka Niger's first wind farm

In March 2022, Savannah was delighted to announce our inaugural renewable energy project for the construction and operation of Niger's first wind farm.

The signing ceremony was held at the House of Commons, London, UK, with His Excellency Mahamane Sani Mahamadou, the then Minister of Petroleum, Energy and Renewable Energies for the Republic of Niger and in the presence of The Rt Hon Vicky Ford MP, the then Minister for Africa.

Parc Eolien de la Tarka, to be located in the Tahoua Region of southern Niger, is expected to consist of up to 60 wind turbines with a total power generation capacity of up to 250 MW, producing up to 600 gigawatt hours per year of electricity. This would represent approximately 40% of Niger's current annual electricity consumption. The construction phase is expected to create over 500 jobs, while it has the potential to reduce the cost of electricity for Nigeriens and avoid over an estimated 400,000 tonnes of CO_2 emissions annually[1].

The project is expected to take advantage of the development of the West African Power Pool ("WAPP"), a high-voltage interconnection network allowing power exchanges between countries in the region and increased grid stability. Niger is scheduled to be connected to the WAPP in 2023, via a 330 kV line financed by the World Bank, the African Development Bank, the European Union and the Agence Française de Développement.

Savannah either has completed, or is progressing a number of key studies, that are required to achieve project sanction. Parc Eolien de la Tarka is also intended to be capable of exporting power to neighbouring countries at competitive tariffs and will significantly diversify Niger's energy mix.

For more information, turn to page 35.

Solar projects

Post-year end in May 2023 we announced the signing of an MOA with the Government of the Republic of Niger for the development of two proposed solar plants, expected to be located within 20 km of the cities of Maradi and Zinder, in southern Niger.

Each plant is expected to have an installed capacity of between 50 and 100 MW, for a total potential installed capacity of up to 200 MW. The solar projects are expected to: generate reliable, affordable energy for Niger; increase overall grid connected power generation in the country by over 20%; and avoid up to an estimated 260,000 tonnes of annual CO_2 emissions[1].

For more information, turn to page 34.

Niger country facts

Population[2]	2022 GDP growth[2]
26.1m	11.1%
GDP[2]	GDP per capita[2]
US$15.2bn	US$584

Economy

Niger has made significant economic progress in the last decade, now reaching a GDP per capita of US$584[2], ranking 237th out of 245 countries by the World Bank, but significant social, economic and demographic challenges remain.

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

This 2035 Strategy is currently in its second phase, being implemented by the Plan de Développement Économique et Social ("PDES") 2022–2026. It sets into place the Government's General Policy Plan and aims to significantly improve the living conditions of the Nigerien population, in accordance with the Renaissance Programme Act III of His Excellency President Mohamed Bazoum.

The PDES 2022–2026 is also structured around the international commitments made by Niger and the challenges that it might face. It consists of three components:

- The development of human capital, inclusion and solidarity;
- The consolidation of governance, peace and solidarity; and
- The structural transformation of the economy.

Operation

Hydrocarbons have become the driving force of the Nigerien economy, and the growth of the hydrocarbons sector is the principal basis on which the Nigerien Government plans to implement its social and economic strategy. Hydrocarbon revenues are being reinvested in basic social sectors, such as public health, education, agriculture and infrastructure.

Potential of the oil industry

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

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

Strategy in action

Niger-Benin pipeline 75% completed

Construction site of the Niger-Benin pipeline, March 2023, Niger

General overview on the progress of the Niger-Benin pipeline

During 2022 there was significant progress on the construction of the Niger-Benin pipeline project. As of March 2023 more than 75% of construction has been completed.

His Excellency Mahamane Sani Mahamadou, Minister of Petroleum for the Republic of Niger and His Excellency Hon. Samou Seidou Adambi, Minister of Mines and Water for the Republic of Benin, visited key construction sites along the Niger-Benin pipeline, post-year end in March 2023. The objective of this visit was to see the progress of the work on this huge undertaking launched in 2019.

The Niger-Benin pipeline, with a total length of 1,950 km, including 1,275 km in Niger and 675 km in Benin, will be the longest oil pipeline in Africa and will have eight pumping stations. The initial export pipeline capacity will be 110 Kbopd. In the longer term, the addition of eight pumping stations would increase pipeline capacity to 300 Kbopd in four phases.

His Excellency Mahamane Sani Mahamadou, Minister of Petroleum for the Republic of Niger, said: "The overall progress of the pipeline and surface works is estimated at 75% and will allow us to increase our production from 20 Kbopd to 110 Kbopd by the end of the year."

His Excellency Samou Seidou Adambi, Minister of Mines and Water for the Republic of Benin, said: "The people of our two countries eagerly await the benefits that the export of oil will bring about in their daily lives."

Q&A with His Excellency Ibrahim Yacoubou, Minister of State and Minister of Energy and Renewable Energies for the Republic of Niger

His Excellency Ibrahim Yacoubou
Minister of State, Minister of Energy and Renewable Energies for the Republic of Niger

Q What is Niger's policy for the promotion of renewable energies?

"The National Electricity Policy Document ("DPNE") specifically aims to provide access to electricity for all, through the development of national energy resources for the purpose of producing electricity by mobilising the private sector.

Renewable energies will have to play a key role in achieving these DPNE objectives. Indeed, we plan that by 2030, most of the electrical energy consumed in Niger will be produced from national energy resources, with a minimum share of renewable energy of 30% in the energy mix.

In this context, we have a programme to deploy large-capacity solar power plants in all regions of the country and a wind farm project in a favourable area in the centre of the country. We also intend to exploit the hydroelectricity potential on the Niger River to complement the planned works.

The objective of these projects goes beyond satisfying our national needs for electricity. It is to make our country a major player in the regional electricity market of ECOWAS (Economic Community of West African States) by exporting our surplus production to the countries of the sub-region. In this regard, it should be noted that we are already engaged in a programme to develop the national electricity transmission network and regional interconnection. In such a context, the ECOWAS common electricity market will eventually offer potential investors who choose to develop electricity production projects in Niger, particularly in the field of solar energy, in which the country has significant potential, opportunities to inject their production, beyond the Nigerien market, to neighbouring countries thanks to regional interconnections.

In terms of improving access to electricity, the strategy put in place for this purpose, the SNAE, provides for the electrification of the country by decentralised mini networks supplied by mini solar or hybrid power stations to the tune of 5% and 10% by individual systems, notably solar kits. It should be noted that within this framework, particular emphasis will be placed on the promotion of private operators, who will contribute to the development of mini grids in economically significant localities far from the public grid, and to the dissemination of individual systems such as solar photovoltaic kits in small localities.

A reform of the legislative and regulatory framework governing the electricity sub-sector in Niger is underway. It will lead to the adoption of a new Electricity Code, which will be more favourable to private investment, particularly in energy production, especially from renewable energy sources."


Meteorological Mast at Savannah's Parc Eoilen de la Tarka wind farm project, Niger

Q How should the Tarka project positively impact access to electricity in Niger?

"The Tarka wind farm project is in line with the Act III Renaissance Programme of the President of the Republic His Excellency Mohamed Bazoum, in its section "facilitating access to energy for the populations", while placing particular emphasis on the development of renewable energies.

This project will contribute to significantly increasing the electricity supply in Niger. It will offer the possibility of having more electrical energy to develop access to electricity thanks to the extension and densification of the electrical network."

Q How will making electricity more widely available and cheaper contribute to prosperity and improve the lives of Nigeriens?

"By making energy available and affordable to meet the needs of households, industry, the agricultural sector and trade, the conditions for economic and social development are created for the country. The availability of electrical energy sets the stage for many opportunities. It improves the living conditions of populations, and promotes the development of productive activities, private initiatives and employment creation. So, we can observe that when electricity is there, living conditions improve and activities develop; in short, it changes life, and it transforms the economy."

Q What do you think should be the benefits of the project to local communities?

"This project is of great importance to local communities. This is an opportunity to electrify more rural localities. It will provide a better supply of electricity to meet the needs of households and economic activities, and it will create the conditions for the development of income-generating activities within these communities. As the project area is an agricultural area, it will certainly benefit the production, processing, and conservation of agricultural products."

Q What is the government's motivation for accepting this project proposed by Savannah?

"The State of Niger was convinced by the project given the experience and involvement of Company officials. In addition, Savannah, present in Niger since 2014, is making its merry way to help Niger to develop its potential despite the difficulties, in a fruitful partnership. We place a lot of hope in this partnership.

It should furthermore be emphasised that this project is part of the government's policy of developing national energy resources, with a view to securing the country's electricity supply and strengthening national electricity production capacity. This project will also provide a production capacity that will position our country on the regional electricity market, set up by ECOWAS, as an exporter, thus making electricity an export product for our country with the spin off."

Savannah's Eridal discovery, Niger

Savannah intends to continue work on its Early Production Scheme for the remainder of 2023.

The first phase is expected to deliver an initial production of c. 1.5 Kbopd. In this first phase, following well testing, raw crude will be processed in a 5 Kbopd capacity Early Production Facility ("EPF"), and the processed crude will be exported via a c. 30 km pipeline connected to the Niger-Benin pipeline. Savannah then anticipates a second phase to drill more wells and build a gathering system (of mainly flowlines) to produce from adjacent fields and process the crude at the EPF. Production is then expected to ramp up to c. 5 Kbopd. The construction of the Niger-Benin pipeline by China National Petroleum Corporation ("CNPC"), which is expected to be completed in 2023, will provide an important export route and the ability to monetise further our existing and future oil discoveries in the ARB.

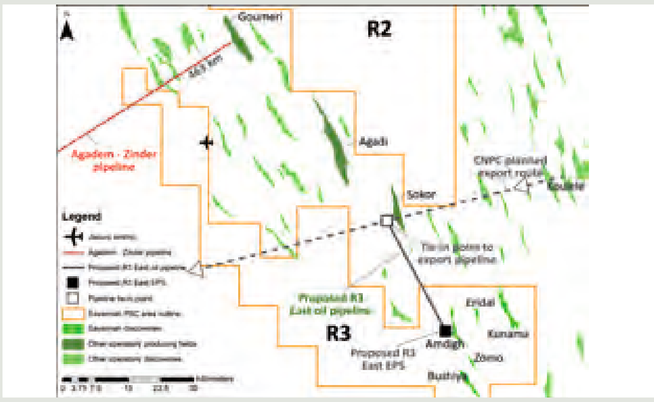
First oil from Savannah's Bushiya well, Niger

Proposed Early Production Scheme ("EPS")

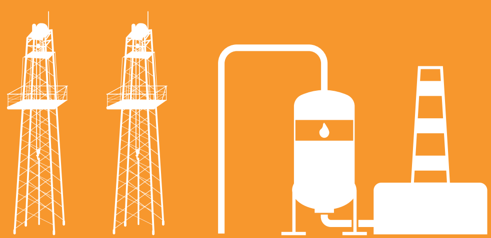
Phase 1 – First oil

- Expected to deliver up to 1.5 Kbopd.
- 5 Kbopd capacity EPF to be built on site at Amdigh.
- c. 30 km pipeline to be laid between the EPF and Niger-Benin pipeline.
- Oil to be piped to the Niger-Benin pipeline, then sold on the international market.

1.5
Kbopd



Further exploration and development



Phase 2 – Ramp up to 5 Kbopd

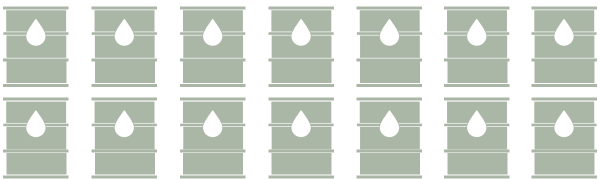
- Use of existing EPF and c. 30 km pipeline.
- Construction of a gathering system to enable adjacent discovered fields (e.g. Bushiya, Eridal and Kunama) to be tied into the EPF.
- Drilling additional appraisal and development wells.
- Production expected to ramp up to c. 5 Kbopd.

5.0
Kbopd

Further long-term potential

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

- Firstly, with 146 further potential exploration targets having been identified for future drilling consideration, the addition of further resources to Savannah's portfolio through the next phase of the planned exploration programme.
- Secondly, the initial export capacity of the Niger-Benin pipeline will be 110 Kbopd. Taking into account CNPC's planned production, over 30 Kbopd of spare capacity is expected to be available for other operators. It is also planned that eight pumping stations will then be installed along the 20 inch Niger-Benin pipeline on average every 250 km, which will be linked to tie-in points every 40–50 km.
The addition of the pumping stations should ultimately increase pipeline capacity to 300 Kbopd in four phases.



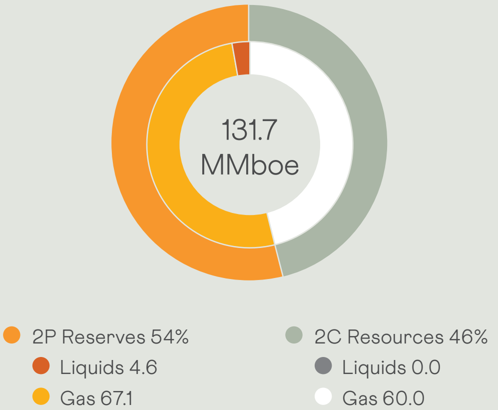
Added four new gas customers in 2022

Pade Durotoye
Managing Director, Savannah, Nigeria

"In 2022, our Nigerian assets continued to perform well, with average gross daily production up 20% year-on-year. We were also delighted to add four new gas customers during the year."

Pade Durotoye

Nigeria net 2P Reserves and 2C Resources (MMboe)



2022 performance highlights

Average gross daily production

26.8 Kboepd +20%

(2021: 22.3 Kboepd)

Average gross daily gas production

145.3 MMscfpd

24.2 Kboepd +23%

(2021: 118.0 MMscfpd/19.7 Kboepd)

New gas customers

Four

- Central Horizon Gas Company Limited
- Trans Afam Power Limited
- Notore Chemical Industries PLC
- Shell Petroleum Development Company of Nigeria Limited

Savannah's operations in South East Nigeria

Key facts and figures

Two large-scale oil and gas fields

Uquo and Stubb Creek, located in South East Nigeria

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

200 MMscfpd processing facility and an approximately 260 km pipeline network

Eight gas customers

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

US$3.8bn

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

15 years

Weighted average remaining contract life to 2037

71.7 MMboe

Net 2P Reserves as at end 2022

60.0 MMboe

Net 2C Resources as at end 2022

20 years

2P Reserves and 2C Resources life as at end 2022

2022 update

Our Nigerian assets continued to perform well throughout the year. Average gross daily production increased 20% to 26.8 Kboepd (2021: 22.3 Kboepd), of which 90% was gas. There was a 23% increase in gas production from the Uquo Field to 145.3 MMscfpd (24.2 Kboepd) compared to 118.0 MMscfpd (19.7 Kboepd) in 2021.

Operationally we were pleased to sign four new GSAs in 2022, commencing gas deliveries to the Central Horizon Gas Company Limited, Notore Chemical Industries PLC, the Shell Petroleum Development Company of Nigeria Limited and TransAfam Power Limited respectively. During the year, we also agreed a contract extension with First Independent Power Limited to supply three of its power plants, FIPL Afam, Eleme and Trans Amadi.

In early 2022, we successfully completed a pipeline maintenance programme to help ensure the integrity and operational lifetime of our pipeline infrastructure.

In order to advance the Company's ability to maintain and grow our gas production levels over the course of the coming years, Savannah also progressed the US$45 million compression project at the Uquo CPF, completing the front-end engineering design of the new compression system and the ordering of long lead items.

2023 outlook

Operationally we are progressing the compression project at the Uquo CPF. The detailed design work for the new compression system commenced in the first quarter of 2023 and is scheduled to be completed in the fourth quarter of 2023.

Our assets

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

Accugas

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

In 2022, gas was sold to eight customers at a weighted average realised price of US$3.69/Mscf. Three of the GSAs 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 an aggregate maintenance-adjusted take-or-pay volume of 132 MMscfpd. Customers may opt to take make-up gas at a later date according to their contractual arrangements.

Savannah's eight current GSAs are:

- GSA to supply Calabar Generation Company Limited, which owns and operates the Calabar power station, with 131 MMscfpd of gas for a 20 year period which ends in September 2037, with a take-or-pay commitment of 80% of the contracted volume. This GSA benefits from a World Bank supported Partial Risk Guarantee which guarantees payment to Accugas for gas invoiced. The Calabar power station has installed capacity of 560 MW;
- GSA to supply Lafarge Africa PLC, a wholly owned subsidiary of Lafarge Holcim, with 24 MMscfpd of gas to its Mfamosing cement plant in Cross River State, Nigeria, with an 80% take-or-pay commitment. This contract was revised in December 2020 with an extension for a further five years to January 2037, giving a remaining contract life of over 14 years. The Daily Contracted Quantity ("DCQ") of gas was reduced from 39 MMscfpd to 24 MMscfpd, compensated by an advanced payment of US$20 million in December 2020 and a new pre-payment structure to 2027. The revised structure also allows Lafarge to utilise its accumulated make-up gas balance, whilst we have preserved the capacity to supply higher volumes when these are required. Lafarge's commitments under the revised GSA continue to be guaranteed by an international investment grade[e] bank guarantee;
- GSA to supply 20 MMscfpd of gas to Ibom Power Company Limited, operator of the Ibom power station, for a ten-year period which ends in December 2023 with a take-or-pay commitment of 80% of the contracted volume. The GSA is expected to be renewed and discussions are ongoing. The Ibom power station has a current installed capacity of 191 MW and is owned by the Akwa Ibom State of Nigeria.
- GSA with FIPL to supply a maximum nominated daily quantity of 65 MMscfpd of gas initially for a one-year period to the FIPL Afam, Eleme and Trans Amadi power stations, which have a total generation capacity of 391 MW. FIPL is an affiliate company of the Sahara Group, a leading international energy and infrastructure conglomerate with operations in over 42 countries across Africa, the Middle East, Europe and Asia;
- GSA with the Central Horizon Gas Company Limited to supply up to a maximum daily quantity of 5 MMscfpd, initially for a one-year period but extendable by mutual agreement;
- GSA with TransAfam Power Limited to supply up to a maximum daily quantity of 35 MMscfpd to its power plants in Rivers State, initially for a three-month period but extendable by mutual agreement;
- GSA with Notore Chemical Industries PLC to supply up to 10 MMscfpd of gas to augment its current supplies. The contracted supply is on an interruptible and reasonable endeavours basis, based on gas availability and nominations, for an initial term of one year, with the option to extend for a mutually agreed period; and
- New Interim Agreement signed with Shell Petroleum Development Company of Nigeria Limited to supply up to 3 MMscfpd of gas for use in off-grid power generation at the Shell Industrial Area, Port Harcourt, Nigeria.

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

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

Uquo

Savannah holds an 80% economic interest in the exploration, development and production of gas within the Uquo Field. The Uquo Field is a non-associated gas field, with gross 2P Reserves of 503 Bscf as at the end of 2022. It produces gas that is processed and transported through Accugas' infrastructure to end customers. Condensate produced from the Uquo Field is exported via ExxonMobil's Qua Iboe terminal. The remaining 20% economic interest in the Uquo Gas Project is held by AIIM.

In 2022, gas production from the Uquo Field averaged 145.3 MMscfpd, an increase of 23% compared to 118.0 MMscfpd in 2021. In 2022, peak production was 210 MMscfpd and cumulative production since first gas in the fourth quarter of 2013 was 276 Bscf as at the end of 2022.

Stubb Creek

Savannah holds a 51% operating interest in the Stubb Creek Field with the remaining 49% interest held by Sinopec. Stubb Creek is an oil field with a considerable undeveloped, non-associated 2C gas resource of 515.3 Bscf. Commercial production started in 2015, and 6.4 MMstb has been produced to 31 December 2022. Gross remaining 2P Reserves are 12.7 MMstb, of which 4.0 MMstb are attributable to Savannah's economic interest.

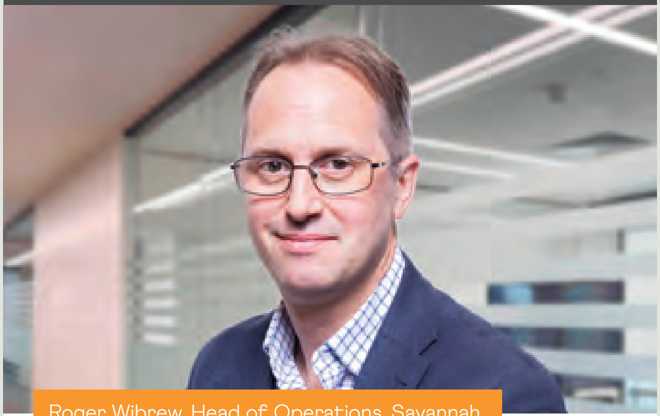
Oil produced at Stubb Creek is processed through production facilities which have a capacity of c. 3.0 Kbopd and is exported to the ExxonMobil Qua Iboe terminal via a 25 km pipeline. It is expected that the existing Stubb Creek production facilities will be debottlenecked in 2024 to increase oil production capacity to c. 5.0 Kbopd.

Development of the contingent gas resources at Stubb Creek is anticipated to begin in 2032 as the Uquo Field gas production comes off plateau to meet Accugas' contracted gas sales volumes.

Savannah's Stubb Creek, Oil Processing Facility, Nigeria

Strategy in action

Uquo CPF Export Compression System



Roger Wibrew, Head of Operations, Savannah

In order to advance the Company's ability to maintain and grow our gas production levels, we are installing a new compression system at the Uquo CPF which is expected to be completed in 2024. The front-end engineering design of the new compression system was completed in 2022, while the detailed design work commenced post-year end in the first quarter of 2023 and is scheduled to be completed in the fourth quarter of 2023. The detailed design work includes four weeks of front-end engineering verification, followed by 28 weeks of detailed engineering.

The compression system will have two parallel trains, each consisting of a gas scrubber vessel, a single-stage centrifugal compressor with a gas turbine driver, and an after-cooler. A new fuel gas conditioning skid will also be provided. Each compression train has a design capacity of 110 MMscfpd and is designed to increase the gas export pressure up to a maximum of 81 bar gauge. The compressors and gas turbine drivers will be supplied by Solar Turbines. The gas turbines will be Solar Taurus 70 type and come equipped with low-emission burners and an exhaust gas silencer. A suitable plot space has been allocated for the new equipment in the northern corner of the CPF, inside the existing fence line.

The detailed engineering contractor will supply all the documentation that the construction contractor will require to install the new compression system and integrate it with the existing piping, electrical, control, and safety systems at the CPF. The detailed engineering scope includes a 3D model, safety studies, control system modifications, geotechnical survey report, three-dimensional piping drawings, material requisitions, commissioning procedures and operating manuals. The engineering contractor will also provide all necessary project management and project control personnel to ensure the efficient execution, co-ordination and management of the project.

Our market

Nigeria has one of the largest proven natural gas reserves both in Africa and in the world. Nigeria is estimated to hold 193 Tscf of proved natural gas reserves, making it the tenth largest gas reserve holder in the world and the largest in Africa[1]. Nigeria has proven oil reserves of approximately 37 billion barrels, ranking as the second largest in Africa and the eleventh largest in the world[1]. In 2022 Nigeria produced on average 1.14 MMbopd.

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

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

Economy

Nigeria is ranked as Africa's largest economy[2]. It relies heavily on oil as its main source of foreign exchange earnings and government revenues, with crude oil accounting for an estimated 83% of total export earnings and 70% of fiscal revenues[1]. In 2022, revenues from oil accounted for 5.7% of GDP[3]. The Government's revenues from crude oil were negatively impacted in 2022 by an escalation in crude oil theft and sabotage of oil and gas infrastructure. Nonetheless, production volumes have ramped up following increased surveillance of pipelines. Largely as a result of the decline in government revenues from crude oil export, the GDP growth rate fell to 3.3% in 2022 from the 3.6% achieved in 2021[5].

Nigeria country facts

Population[4]
217m

GDP[4]
US$477.4bn

2022 GDP growth[4]
3.3%

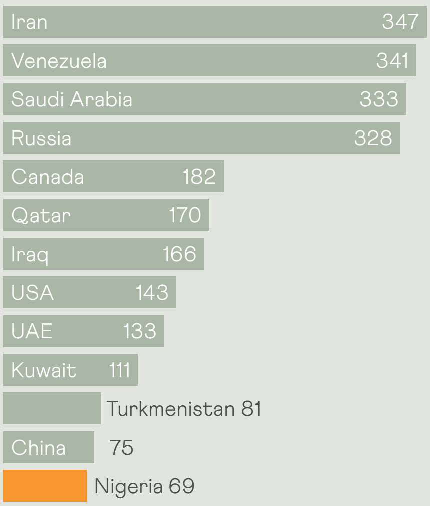
GDP per capita[4]
US$2,200

Presidential election in 2023

His Excellency President Bola Tinubu was sworn in as Nigeria's President on 29 May 2023. He succeeds His Excellency Muhammadu Buhari who served an eight-year term.

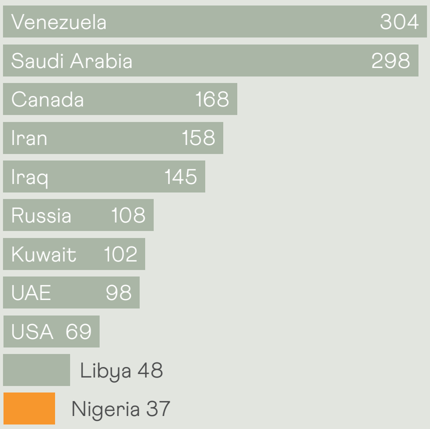
His Excellency President Tinubu, a former governor of Lagos State and candidate of the All Progressives Congress ("APC"), won the Presidential election held on 25 February 2023. He defeated his closest challengers, Atiku Abubakar of the Peoples Democratic Party ("PDP") and Peter Obi of the Labour Party ("LP"). The 2023 Presidential election was considered the most keenly contested since Nigeria returned to democratic governance in 1999. Each of the top three candidates won 12 states respectively in the election.

Nigeria ranks 13th globally in terms of total oil and gas reserves
(billion barrels of oil equivalent)



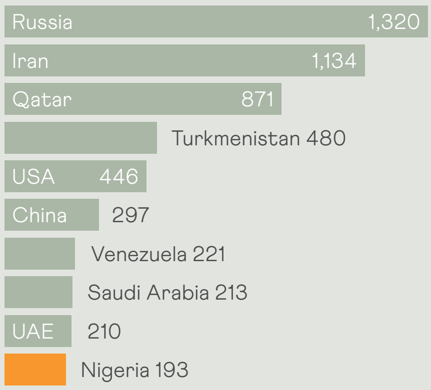
Source: BP Statistical Review 2021

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



Source: BP Statistical Review 2021

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



Source: BP Statistical Review 2021

The new President's administration is expected to focus on several economic challenges. Nigeria has recorded recessions in the last five years, predominantly caused by a fall in government's revenues due to crude oil theft, the fall in price of crude oil and fallout from the Covid-19 pandemic. The new President is expected to drive further reforms of the Nigerian oil and gas sector to attract more investment, increase the country's crude oil output, and deliver more gas for domestic and international markets.

Gas production and development

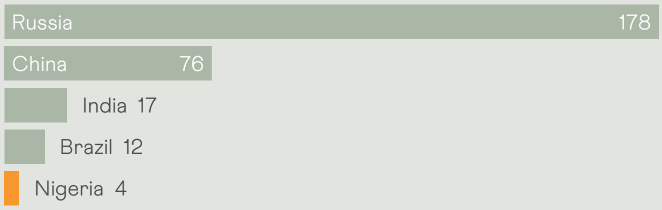
Nigeria has around 193 Tscf of proved gas reserves, yet only produces 4.4 Bscfpd[1], the majority of which is exported as LNG. Nigeria ranked as the world's sixth largest exporter of LNG in 2021 with about 824 Bscf[1]. With a gas reserve to production ratio of approximately 111 years[1], the under-developed gas resources of Nigeria represent a significant opportunity to be exploited, in particular for the benefit of the domestic economy.

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

Power sector

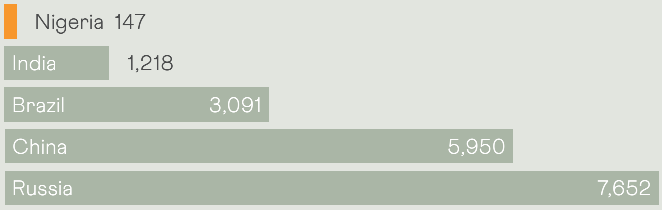
Nigeria has one of the lowest rates of grid-based electricity generation capacity per capita in the world, according to the Federal Government's Power Sector Recovery Programme Report of April 2017. Nigeria has a population of approximately 217 million[4] people with an installed power generation capacity of approximately 13,000 MW[6], but with a national electricity grid transmission capacity of 7,500 MW[6]. However, only approximately 4,100 MW is actually dispatched on a daily basis due to combined constraints in gas supply, electricity transmission and distribution. The young population is growing at a rate of 2.5% per annum and is forecast to reach 392 million people in 2050[7], becoming the world's fourth most populous country. The population is urbanising rapidly and the country is beset with chronic electricity shortages. Based on the country's GDP and global trends, electricity consumption is expected to grow to 90,279 MWh by 2040[8], approximately seven times higher than it was in 2018.

Gas pipelines ('000 km)



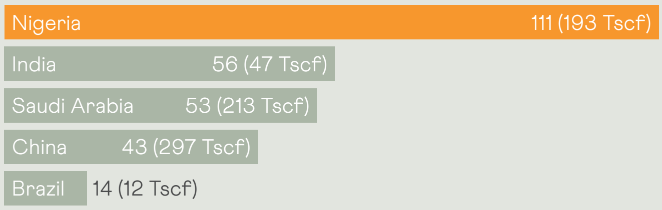
Source: The World Factbook CIA.gov

Electricity power consumption (KWh per capita)



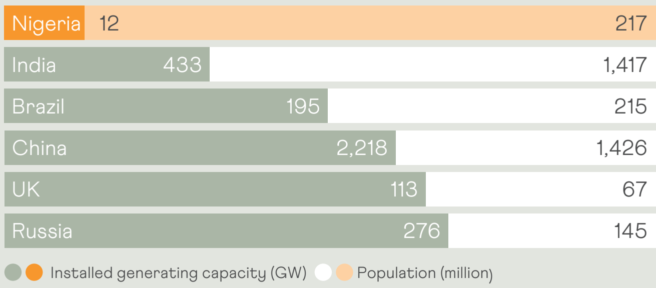
Source: ourworldindata.org

Gas reserves life at current production rates (years)



Source: BP Statistical Review 2021

Power capacity/population ratio



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

Financial review

Laying foundations for growth

"We delivered another strong year with the sixth consecutive year of growth in Total Revenues[(a)] and Adjusted EBITDA[(c)]. We are well positioned for further material growth."

Nick Beattie
Chief Financial Officer, Savannah

Performance against market guidance 2022

	Full Year 2022 Actuals	Full Year 2022 Guidance
Total Revenues[(a)] US$ million	**290.4**	>215
Operating expenses plus administrative expenses[(g)], US$ million	**66.2**	<75
Group depreciation, depletion and amortisation	**US$21 million for fixed assets plus US$2.0/boe**	US$21 million for fixed assets plus US$2.3/boe
Capital expenditure, US$ million	**23.6**	Up to 35

Year in Summary

Savannah delivered strong operational and financial performance in 2022, with results outperforming the guidance we set for the year, whilst also laying the foundations to support our ambitious growth plans.

Total Revenues[(a)] grew by over 25% to US$290.4 million (2021: US$230.5 million) with a resulting rise in Adjusted EBITDA[(c)] of over 27% to US$222.4 million (2021: US$175.0 million). The improvement seen in financial performance for 2022 is principally a reflection of the strength of the Nigerian business where we now deliver gas to eight (2021: seven) customers – this diversification of the customer base sees Savannah contracted to supply gas to enable approximately 24% of Nigeria's thermal power generation capacity (up from 10% at the time of our decision to acquire the Nigerian business in 2017) as well as key petrochemical and cement factories. We are clearly performing a critical service to the Nigerian economy.

Our Nigerian business continues to be underpinned by long-dated, take-or-pay contracts which have no linkage to commodity pricing and provide stable, predictable cashflows. At end 2022 we had over US$3.8bn of future contracted revenues with contracts having average weighted remaining life of 15 years.

We continued in our substantial investment in scaling up the business to support the growth ambitions in both the renewable energy and hydrocarbons businesses. We have made significant investments into new procedures and systems, and notably this included the successful implementation during the year of a new Enterprise Resource Planning ("ERP") solution. We also invested in our people with a growth in headcount of 20% to 277 and we expect this growth in headcount to continue in 2023. We continued to invest in the operating businesses with the progression of the compression project in Nigeria (which is due to complete in 2024) and we progressed plans for delivering the R3 East development in Niger (with orders for long-lead items having been placed in H1 2023).

2022 was also a significant year in terms of inorganic growth with key events including: (i) completion of the acquisition of the Chad and Cameroon Assets[(p)] (discussed in more detail below), (ii) signing of agreements to acquire PETRONAS' South Sudan Assets[(m)] and (iii) the notable scaling up of our Renewable Energy Division, which currently has up to 525 MW of projects in motion in Niger and Cameroon, with a target of reaching up to 1 GW by the end of 2023. Good progress was also made on the refinancing of the Accugas US$ Facility and this remains a priority for 2023.

Chad and Cameroon Assets[(p)]

We completed the acquisition of the Chad and Cameroon Assets[(p)] on 9 December 2022. However, the President of the Republic of Chad issued a Decree on 23 March 2023 nationalising Savannah Chad Inc's ("SCI") upstream production assets in Chad. Subsequently on 31 March 2023, the Government of Chad passed a law confirming the

Total Revenues[a]	Adjusted EBITDA[c]	Net debt[i]
US$290.4m	**US$222.4m**	**US$404.9m**
+26%	+27%	+9%
(2021: US$230.5m)	(2021: US$175.0m)	(2021: US$370.0m)

Adjusted EBITDA[c] margin	Leverage[k]	Interest cover ratio[h]
77%	**1.8x**	**3.4x**
(2021: 76%)	(2021: 2.1x)	(2021: 2.8x)

Nationalisation of SCI's upstream production assets and also providing for the Nationalisation of Savannah's c. 40% interest in TOTCo, the owner and operator of the Chad section of the ETS. The actions of the Republic of Chad are in direct breach of the upstream conventions to which SCI and the Republic of Chad are, amongst others, party, together with a direct breach of the convention between TOTCo and the Government of Chad.

Disputes under the upstream conventions are subject to the jurisdiction of an ICC arbitral tribunal, seated in Paris. The Company has commenced ICC arbitral proceedings against the Government of Chad to seek full recompense for the loss that it has and will suffer as a result of the Nationalisation of SCI's and TOTCo's assets.

As a direct result of the Nationalisation however, the Company has not been able to fully access all the underlying information, nor have access to the relevant Chad-based employees of the impacted entities in order to prepare the financial information for audit purposes; it has not therefore been possible to complete an audit of SCI or SMIL. Despite the acquisition only having completed approximately three weeks prior to the year-end, the Chad and Cameroon Assets[p] were material to the Group in 2022 and the limitations on having access to information and people has led to the Group's external auditors issuing a disclaimer of opinion. As detailed in the Audit & Risk Committee report on page 111, these matters have been considered by the Directors and due to the exceptional circumstances the Directors agree that a disclaimer of opinion is unavoidable. We believe it is important to highlight that it is the impact of the Nationalisation on SCI and SMIL that has led to this situation. The Group excluding Chad ("GEC"), continues to operate in the ordinary course and as discussed in this review, 2022 was a very strong year with the sixth successive year of growth in Total Revenues[a] and Adjusted EBITDA[c].

Despite the Nationalisation, the Group is still required under UK adopted International Accounting Standards to present the Financial Statements for the financial year 2022 without separately identifying the amounts which relate to the nationalised assets in Chad. To help in providing a clearer description of the continuing operations of the Group and to assist with understanding of the performance of the business in 2022, we have shown in the tables on the following page what we consider to be 'continuing operations' – this excludes the assets subject to the Nationalisation. This approach is further described in note 5 of the Financial Statements.

In 2022, the Chad assets were insignificant from a revenue or profitability perspective with a negligible profit of just US$1.0 million reflected in the Statement of Comprehensive Income for the Group and nil Revenue.

For the financial year ending 31 December 2023, we expect that these activities will be considered as a discontinued operation in accordance with IFRS 5 - Non-Current Assets for Sale and Discontinued Operations. This is without prejudice to Savannah's claims following the expropriation. With respect to the opinion of the Group's external auditors we do not anticipate that there will be any disclaimer opinion required for 2023 - this has only arisen for 2022 due to the specific and exceptional set of circumstances discussed above.

Key performance metrics summary - Group excluding Chad

	Full Year 2022	Full Year 2021
Gross production, Kboepd	**26.8**	22.3
Total Revenues[a], US$ million	**290.4**	230.5
Revenue, US$ million	**212.5**	185.8
Average oil and gas sales price, US$/Mscf	**4.14**	4.42
Operating expenses plus administrative expenses[g], US$ million	**66.2**	49.9
Operating expenses plus administrative expenses[g], US$/Mscfe	**1.2**	1.1
Closing cash balances, US$ million	**240.9**	154.3
Trade and other receivables, US$ million	**227.0**	231.6
Adjusted EBITDA[c]	**222.4**	175.0
Net debt[i], US$ million	**404.9**	370.0
Leverage[k]	**1.8x**	2.1x

Financial review continued

Segmental analysis of results

The following tables are extracted from note 5 in the Financial Statements. These show the results of the Group excluding Chad ("GEC"). These are highlighted to allow a useful comparison of performance to prior years and to provide greater clarity on the financial position and performance of the Group without the inclusion of the nationalised assets. We do also include the reported 2022 Group position so that this can be cross referenced with the Financial Statements.

Summary of Segmental Consolidated Statement of Comprehensive Income

Year ended 31 December	2022 Group excluding Chad(1) US$ million	2021 Group(2) US$ million	2022 Chad US$ million	2022 Group US$ million
Revenue	212.5	185.8	—	212.5
Cost of sales	(73.2)	(65.0)	1.1	(72.1)
Gross Profit	139.3	120.8	1.1	140.4
Administrative & other operating expenses	(39.5)	(25.7)	(0.1)	(39.6)
Gain on disposal	7.4	—	—	7.4
Transaction costs	(14.5)	(7.4)	—	(14.5)
Expected credit loss and other related adjustments	(39.5)	—	—	(39.5)
Operating profit/(loss)	53.2	87.7	1.0	54.2
Finance income	1.1	0.5	—	1.1
Finance costs	(78.9)	(76.6)	(0.1)	(79.0)
Share of net income from associates	0.2	—	(0.1)	0.1
Fair value adjustment	(8.1)	(0.6)	—	(8.1)
Foreign translation loss	(21.2)	(18.7)	—	(21.2)
Profit/(Loss) before tax	(53.7)	(7.7)	0.8	(52.9)

(1) This Financial review refers to the "Group Excluding Chad" column which excludes the Chad upstream and midstream operations which were subject to the Nationalisation.

(2) 2021 Group figures are as published in the 2021 Annual Report and Accounts and are the appropriate comparison for the 2022 Group excluding Chad.

Summary of Segmental Consolidated Statement of Financial Position

As at 31 December	2022 Group excluding Chad(1) US$ million	2021 Group(2) US$ million	2022 Chad US$ million	2022 Group US$ million
Property, plant and equipment	503	568	120	623
Exploration and evaluation	174	161	9	183
Investment in associates	183	—	5	188
Other assets	245	235	42	287
Trade and other receivables	227	231	12	239
Cash at bank	241	153	—	241
Total assets	1,573	1,348	188	1,761
Trade and other payables	125	117	162	287
Borrowings	646	524	—	646
Interest payable	106	80	—	106
Provisions	46	69	49	95
Contract liabilities	332	240	—	332
Other liabilities	13	12	38	51
Total liabilities	1,268	1,042	249	1,517

An abbreviated tabulation of The Consolidated Statement of Financial Position is shown above consistent with the Consolidated Statement of Consolidated Income which enables the position for the continuing Group at 31 December 2022 to be compared to 31 December 2021. With effect from 31 March 2023 we expect that the Chad Assets will be accounted for it in accordance with IFRS 5 – Non-current Assets for Sale and Discontinued Operations during the year ending 31 December 2023. This is without prejudice to Savannah's claims following the expropriation.

Statement of Comprehensive Income – Group excluding Chad

Revenue

Revenue in 2022 was US$212.5 million (2021: US$185.8 million), of which US$181.1 million (2021: US$169.1 million) was for gas, US$29.8 million (2021: US$ 15.0 million) was for oil, condensate sales and US$1.6 million (2021: US$1.7 million) was for processing of third-party crude oil.

85% of 2022 revenue was from the sale of gas, sold under a mixture of short and long-term gas sales agreements, all of which have individually agreed prices defined in US Dollars, with certain long-term contracts adjusted annually for consumer price indexation. 85% of gas sales contracts are supported by investment grade[(e)] guarantees, including a World Bank Partial Risk Guarantee for the Calabar power station gas sales contract.

The weighted average sales price for the year was US$24.9/boe (2021: US$26.5/boe), or US$4.14/Mscfe (2021: US$4.42/Mscfe), down 6%, mainly driven by the broader mix of gas customers.

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

Revenue recognition for our gas sales agreements is impacted by the take-or-pay accounting rules under IFRS 15. Under take-or-pay contracts, customers agree to buy a minimum amount of gas from us each year. This gas is either delivered to them, or the volume not taken (which is described as make-up gas) is effectively prepaid for by the customer for potential delivery in future periods. During 2022, our customers took on average 43 MMscfpd less gas than they had contracted to buy, so there was a difference between invoiced oil and gas sales of US$290.4 million (Total Revenues[(a)]) and Revenue as reported in our Consolidated Statement of Comprehensive Income of US$212.5 million.

Revenue in our Consolidated Statement of Comprehensive Income of US$212.5 million only reflects the value of oil and gas actually delivered, with the difference of US$77.9 million reported as an increase in Contract liabilities ("deferred revenue") in the Consolidated Statement of Financial Position, net of any make-up gas that is consumed, plus other invoiced amounts.

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

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

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

Operating expenses plus administrative expenses[(g)]

Operating expenses plus administrative expenses[(g)] for the year were US$66.2 million (2021: US$49.9 million) which compared to 2022 guidance of up to US$75 million. Significant time and resources were invested during the year in both completing the acquisition of the Chad and Cameroon Assets[(p)] and in completing due diligence to get to the point of signing a binding agreement to acquire the PETRONAS South Sudan Assets[(m)] in December 2022. These costs are reported separately as Transaction Costs totalling US$14.5 million (2021: US$7.4 million) and have been shown separately in the Consolidated Statement of Comprehensive Income.

Unit cost basis Operating expenses plus administrative expenses[(g)] increased by 8% to US$1.2/Mscfe (2021: US$1.1/Mscfe), which compares very favourably with our average sales price of US$4.14/Mscf for oil and gas during the year.

Depreciation, depletion and amortisation ("DD&A") amounted to US$39.0 million (2021: US$36.2 million) made up of US$18.5 million (2021: US$17.7 million) for infrastructure assets, which are depreciated on a straight-line basis over their estimated useful life and US$18.3 million (2021: US$16.7 million) for upstream assets, which are depreciated on a unit of production basis, plus US$2.2 million (2021: US$1.8 million) for other assets and right-of-use assets.

Total DD&A costs in 2022 on a unit of production basis are down from the prior year at US$0.7/Mscfe (2021: US$0.8/Mscfe).

Adjusted EBITDA[(c)]

Adjusted EBITDA[(c)] was US$222.4 million (2021: US$175.0 million) continuing the six-year upward trend of performance.

A reconciliation of the calculation of Group excluding Chad Adjusted EBITDA to Group Adjusted EBITDA is shown below.

Reconciliation of Adjusted EBITDA[(c)] for Group excluding Chad to Group

	2022 US$ million
Group excluding Chad Adjusted EBITDA[(c)]	222.4
Adjust for: Chad operating profit	1.0
Adjust for: Chad DD&A	1.6
Group Adjusted EBITDA[(c)]	225.0
Adjusted EBITDA[(c)] %	77%

Refer to Note 5 and Note 35(g) in the Financial Statements.

Statement of Comprehensive Income – Group excluding Chad continued

Finance costs

Finance costs for the year amounted to US$78.9 million (2021: US$76.6 million), of which US$62.3 million (2021: US$53.4 million) related to bank and loan note interest expense. The average interest rate on debt for the Group was 12.0% (2021: 10.2%), due to higher US LIBOR rates in 2022.

The interest cover ratio(h) was 3.4 times, up from 2.8 times in 2021.

Foreign exchange losses

Foreign exchange losses amounted to US$21.2 million (2021: US$18.7 million).

US$12.4 million (2021: US$9.8 million) are unrealised losses on Naira cash balances held in Nigeria primarily arising from devaluation of the Naira/ US Dollar exchange rate.

Realised losses of US$8.8 million (2021: US$8.9 million) resulted from US Dollar gas sales invoices which are settled in local currency and from translation of Naira to US Dollars to service US Dollar denominated obligations.

Statement of Financial Position – Group excluding Chad

Receivables and payables

Trade and other receivables amounted to US$227.0 million (2021: US$231.6 million). This primarily consists of amounts due from gas customers in Nigeria under the gas sales agreements in place.

Trade and other payables amounted to US$122.1 million (2021: US$116.8 million), the majority of which will be settled in the normal course of business.

Debt

The net debt(i) at year-end was US$404.9 million (2021: US$370.0 million), an increase of 9% compared to year-end 2021. The increase in net debt is principally a result of the new debt facility established to support the acquisition of the Chad and Cameroon Assets.

During the course of 2022, US$44 million of debt was repaid across the Group and combined with increased cash balances, resulted in the net debt(i) increase being limited to just US$34.9 million.

Work continued during the year on the proposed refinancing of the Accugas US$ Facility. The intention remains for this to be refinanced into a multi-tranche, Naira denominated borrowing structure with an average anticipated tenor in excess of 10 years. As an initial step in the refinancing it is expected that the current facility will be refinanced into a medium-term Naira bank debt facility (the "Transitional Facility") and this Transitional Facility will then be progressively paid down from the issuance of longer-dated debt instruments. The existing Accugas lenders have agreed terms for the Transitional Facility and we continue to work with financial advisers to then enable implementation of the intended final structure. it is expected that the Transitional Facility will be utilised during 2023 and the existing US$ Facility repaid. Once fully completed, this refinancing would align the currencies of Accugas' principal revenue streams with its debt service obligations and would significantly reduce the Group's foreign exchange exposure. It would also bring further benefits through the increase in tenor and enhancements to the structure of the debt facilities.

Pending completion of the Transitional Facility, the Group continues to hold significant Naira denominated cash balances in order to cover US Dollar denominated debt.

As shown in the following table, the Leverage (k) position of the Group has improved compared to the prior year and this is considered to be a conservative level given the long-dated (>15 year) gas sales contracts in place and the high quality, long-life asset base which supports the supply contracts:

Leverage(k)

	2022 US$ million	2021 US$ million
Adjusted EBITDA(c)	**222.4**	175.0
Net debt(i)	**404.9**	370.0
Naira held in cash to pay interest	**98.3**	75.5
Adjusted net debt(f)	**503.2**	445.5
Leverage(k) (times)	**1.8**	2.1
Adjusted Leverage(l) (times)	**2.2**	2.5

Details of the debt facilities available to the Group are in Note 30 of the Financial Statements.

Consolidated Statement of Cash flows – Group Cash flows

The cash flow results are for the Consolidated Group.

During 2022 total cash balances increased by US$88.2 million (2021 increase: US$48.3 million). This increase arises from a combination of continued strong operating performance in Nigeria and cash balances within SCI upon acquisition of the Chad and Cameroon Assets(p). This is offset by capital expenditures for the year of US$23.6 million (2021: US$32.5 million), deposits advanced for acquisitions of US$19.7 million and taxes paid of US$35.1 million (US$2.4 million). The majority of taxes paid were in Chad and aside from this payment there was only minimal other expenditure in Chad during the period following completion of the acquisition until the year-end. No revenues were received from Chad as no oil liftings took place in the period.

L-R: Ayotunde Oludemi, Assistant Financial Controller; Funmilola Ogunmekan, Head of Finance; Ifeanyi Onyekwelu, Treasury Accountant, Savannah, Nigeria

Going Concern

The Group places significant importance in managing its liquidity position and ensuring that all parts of the business have appropriate funding as needed to meet their obligations. The Directors have considered the Group's forecasted cash flows and funding requirements for the period to 30 June 2024. Cash flow forecasts are prepared on a "bottom-up" basis, at each major asset and at corporate level, and it reflects the Group's best estimate of its operating and capital expenditure and revenues for the period. Cash forecasts are regularly produced, and sensitivities run for different scenarios including, but not limited to, changes in commodity prices, different production rates and timing of our customer cash collections. The Directors recognise that the Group faces a range of risks (including those laid out in the Risk Management section on page 92) and there are a number of inter-dependencies across the Group which can create inherent risks and uncertainties – the Group actively monitors the risks facing the business and implements mitigating actions when required.

The Group's forecasts show that the Group has sufficient financial headroom for the going concern assessment period and based on the analysis above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they have adopted the going concern basis of accounting in preparing the year end result.

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

2023 Financial Guidance and outlook

In 2023, we are providing the following guidance in relation to the Group. This guidance does not include any contribution from the proposed acquisition of the South Sudan Assets[m]:

- Total Revenues greater than US$235 million;
- Operating expenses and administrative expenses of up to US$75 million; and
- Capital expenditures of up to US$60 million.

Nick Beattie
Chief Financial Officer, Savannah
7 June 2023

Our approach to risk management

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

In this section of the Annual Report we discuss the Group's approach to risk management and how the risk environment has changed over the course of 2022 and to date in 2023.

Risk management framework

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

Read more about our strategy on page 38.

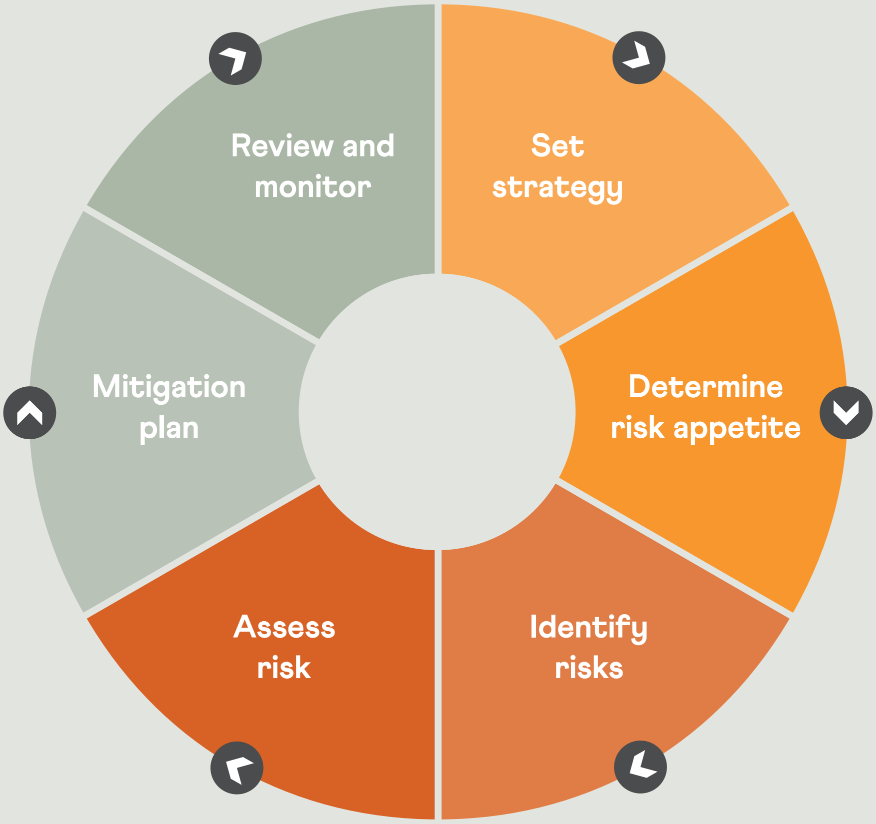
Whilst the Board is ultimately responsible for the management of risk, the Group is structured in such a way that risk management is conducted at all levels of the Group and is embedded in our business practices:

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

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

L–R: Emmanuel Ukpong, Graduate Intern; Itoro Idiakod, Field Operator, City Gate Gas Receiving Facility, Nigeria

Risk management framework



Assessment of our principal risks

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

Trending of principal risk factors

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

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

Risk movement legend

↗ Increased
→ Stable
↘ Reduced

Assessment of our principal risks continued

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

Principal risks – strategic

1. Country risk

Description

The Group's assets and operations are located in Cameroon, Niger and Nigeria, countries which are classified as emerging markets. These markets are typically seen as being at heightened risk of adverse changes to the political, economic, fiscal or regulatory environments and for the rule of law to be less predictable than in developed markets.

Savannah's entry into Cameroon through the acquisition of an indirect 41.06% interest in COTCo increases the number of countries in which the Group operates and provides greater portfolio diversification.

Country risk has been assessed as stable compared to last year.

Strategy link: 1 2 3 4 5

Risk movement: →

Direct oversight: Chief Executive Officer

Potential impact

A change in the political, fiscal or regulatory environment in our countries of operation may result in us being unable to meet one or more of our strategic objectives.

In Nigeria, the Group is particularly sensitive to any changes impacting the country's gas and power sector.

Key mitigants

- Continuous, open engagement with regulators and other authorities and agencies in our countries of operation, particularly in the Nigerian power sector.
- Principal contractual arrangements subject to international arbitration provisions where possible.
- Largest Nigerian gas sales agreements benefit from credit enhancements supported by investment grade[e] international bank guarantees.
- Various state sponsored (and World Bank assisted) initiatives to improve operating efficiency in the power sector.

2. Acquisitions

Description

The success of the Group's acquisition strategy depends on identifying suitable targets, procuring the necessary financing and obtaining any consents or authorisations required to carry out the acquisition. Furthermore, there is a risk in M&A transactions that they do not close and the Group suffers aborted transaction expenses, which can be material. There is also a risk that actual performance of the acquired assets or businesses does not meet expectations.

This has been assessed to be stable this year

Strategy link: 4 5

Risk movement: →

Direct oversight: Chief Executive Officer

Potential impact

If anticipated benefits are not realised or performance of the acquired businesses is below expectations, this may affect the Group's overall financial performance.

Key mitigants

- Structured and appropriate due diligence undertaken on potential targets.
- Appropriate vendor risk and reward sharing arrangements embedded in the acquisition agreements.
- Strong operating platform designed to enable successful asset or business integration to deliver transaction benefits.
- Experienced Board and management team.

2023 objectives or KPIs

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

Strategic objectives legend

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

Risk movement legend

↗ Increased
→ Stable
↘ Reduced

3. Reserves and resources

Description

Hydrocarbon reserve and resource estimates are highly subjective and no assurance can be given that the hydrocarbons will be recovered at the rates, or in the quantities, estimated or that they can be brought into profitable production. Hydrocarbon reserve and resource estimates can, therefore, be subject to revision.

Group 2P Reserves reduced due to production in the year from 78 MMboe (YE2021) to 72 MMboe (YE2022). In Niger, the proposed R3 East development is based upon an unchanged estimated 2C resource base of at least 30 MMstb.

This risk has been assessed as unchanged.

Strategy link: 1 2 3 5

Risk movement: →

Direct oversight: Chief Operating Officer

Potential impact

In Nigeria, if the Group's gas reserve and resource estimates were to be revised downwards, it could impact on production and revenue, and the Group might be unable to meet its downstream contractual commitments.

In Niger, if the R3 East oil resources are lower than currently estimated, the field development could prove to be uneconomic.

Key mitigants

- Extensive internal and independent sub-surface and engineering studies undertaken throughout the assets' life cycles.

2023 objectives or KPIs

- Business development activities to access additional gas resources or supply sources.
- Commence R3 East well testing programme.

4. Exploration and appraisal

Description

Exploration and appraisal of oil and gas is speculative and involves a high degree of subjectivity in the assessment of risk.

Strategy link: 3 5

Risk movement: →

Direct oversight: Chief Operating Officer

Potential impact

The Group may not discover hydrocarbons in anticipated commercial quantities and those discovered may not be developed into profitable production.

Key mitigants

- The Group has rigorous processes and procedures in place to assess the risks associated with its exploration and appraisal activities and engages appropriate consultants to supplement its in-house expertise.

2023 objectives or KPIs

- Commence R3 East well testing programme.

Risk management continued

Strategic objectives legend

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

Risk movement legend

↗ Increased
→ Stable
↘ Reduced

Principal risks – operational

5. Capital projects

Description

There are both operational and financial risks to the delivery of capital projects safely, on time and budget. In Nigeria, the CPF compression project commenced in 2021 and is ongoing to sustain the production capacity from the Uquo Field.

This risk was upgraded in 2021 due to the planned increased in capital expenditure and is unchanged for 2022 in view of the ongoing compression project over the next 12 months.

Strategy link: 1 2 3 5

Risk movement: →

Direct oversight: Chief Operating Officer

Potential impact

Capital projects typically bring additional HSE&S risks with third party contractors. Failure to manage these risks could lead to an HSE&S incident, additional costs and reputational damage.

Project delays may result in a negative impact on future anticipated cash flows.

Key mitigants

- Robust project execution planning, scope of work definition and project management procedures over the full project life cycle.
- Competitive tendering for services and contractor selection.

2023 objectives or KPIs

- Progress the compression project in Nigeria for completion in 2024.

6. Industrial action

Description

Labour disputes, unrest or strike activity ("Industrial Action") could adversely affect the Group's ongoing operations and the Group's ability to produce and market oil and gas production. Industrial Action in our countries of operation could be on a company, industry or national scale.

Due to continued employee engagements and other initiatives this risk has been evaluated as stable this year.

Strategy link: 1 2 3

Risk movement: →

Direct oversight: Group Head of HR

Potential impact

Business interruptions caused by Industrial Action could have a negative impact on anticipated future cash flows.

Key mitigants

- The Group actively engages with its staff and has in place competitive remuneration packages for its employees.
- The Group has made and will continue to make significant investments in employee training and development programmes.

7. Supply interruption

Description

The integrity of the Group's wells, processing facilities and pipelines is central to our ability to continue to supply hydrocarbons in a safe and socially responsible manner and to meet contractual obligations.

We assessed this risk to be higher in 2021 due to the risk of delays to major capital projects in Nigeria and longer than anticipated shutdowns during maintenance programmes that could impact on our ability to meet contractual supply obligations.

The risk is unchanged this year.

Strategy link: 1 2 3

Risk movement: →

Direct oversight: Chief Operating Officer

Potential impact

Failure to proactively maintain the Group's assets could lead to HSE&S issues (see Risk Factor 12) and/or a failure to meet contractual obligations, leading to a negative impact on future anticipated cash flows.

Key mitigants

- Comprehensive maintenance programme in place to ensure integrity of facilities and continuous operations.
- Regular inspection, clearing and maintenance of pipelines and their rights of way.
- Additional gas wells to be drilled and compression to be installed to maintain gas production capacity to meet contractual obligations.

2023 objectives or KPIs

- Progress the compression project in Nigeria for completion in 2024.

Principal risks – financial

8. Foreign exchange

Description

The Group is exposed to fluctuations in foreign currency exchange rates and liquidity, particularly as it relates to the Nigerian Naira, the West African CFA, the Central African Franc XAF, the US Dollar and the British Pound. Of particular significance for the Group is the Nigerian Naira and the ability to convert Naira into US Dollars because, under the terms of our GSAs, our customers are able to pay in Naira even though the contracts are US Dollar-denominated.

This risk is assessed to have increased this year as the Naira continues to see an extended period of relative illiquidity compared to other currencies. This is somewhat offset by greater USD-denominated income from Cameroon operations.

Strategy link: 5

Risk movement: ↗

Direct oversight: Chief Financial Officer

Potential impact

Significant movements in the exchange rates of our operating currencies may result in exchange rate losses and consequently may impact our anticipated cash flows.

Key mitigants

- Foreign exchange true-up mechanism in the Calabar gas sales agreement reduces exposure to foreign exchange losses.
- Significant proportion of Nigerian cost base is currency matched.

Risk management continued

Strategic objectives legend

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

Risk movement legend

↗ Increased
→ Stable
↘ Reduced

Principal risks – financial continued

9. Gas sales agreements

Description

The Group's revenues from gas production in Nigeria are currently principally derived from two long-term contracts with Calabar NIPP and Lafarge Africa PLC. The contract counterparties may fail to fulfil their contractual obligations, particularly in respect of the payment of invoices in accordance with the contractual terms.

The signing of four new gas sales agreements with new customers diversifies the sources of revenue and as a result this risk is assessed lower this year.

Strategy link: 1 2 3

Risk movement: ↘

Direct oversight: Managing Director, Savannah, Nigeria

Potential impact

The delayed or non-payment of invoices could have a material impact on the Group's anticipated cash flows.

Key mitigants

- The Group has credit support arrangements with investment grade[e] banks covering c. 85% of its contracted gas sales revenues.
- The Calabar gas sales agreement, representing c. 65% of contracted gas sales revenues, is supported by an IDA World Bank Partial Risk Guarantee.
- Regular engagement at operational and executive level with counterparty executives and other key stakeholders.

10. Liquidity

Description

The Group manages its liquidity to be able to fund its ongoing operations, capital expenditure programmes and to service its debt facilities, but there is a risk that it is unable to meet its financial obligations as they fall due or to fund growth projects in a timely manner.

Strategy link: 1 2 3 5

Risk movement: →

Direct oversight: Chief Financial Officer

Potential impact

If the Group is unable to fund its activities and to service its debt, this could lead to financial restructuring. If the Group is unable to fund new projects or acquisitions it will not realise its strategic objectives.

Key mitigants

- Close monitoring of the liquidity position and forecast cash flows to manage its risk exposures at both a Group and individual entity level.
- Project specific financing allows tailoring of repayment profiles and contributes to effective liquidity management.
- Regular engagement with the Group's lenders.
- Tight cost control and working capital management.

2023 objectives or KPIs

- Refinancing of the Accugas debt facility.
- Completion of the proposed acquisition of the South Sudan Assets[m] will provide further diversity of income streams.

Principal risks – sustainability

11. Ethical conduct

Description

Ethical conduct, including compliance with relevant anti-bribery and corruption laws, is a risk common to the global energy industry and to the Group, which operates in some of the lower ranking countries on the Transparency International Corruption Index.

Strategy link: 1 5

Risk movement: →

Direct oversight: Chief Compliance Officer

Potential impact

A major breach of our values or code of conduct could damage the Company's reputation, have legal implications or impact our financial position.

Key mitigants

- Integrity is one of Savannah's core "SEE-IT" values and is placed at the heart of everything we do.
- The Group has robust compliance policies and procedures in place, including a Compliance Committee at Board level, and the Group operates a confidential whistleblowing service accessible to all employees.
- Staff and contractors are given regular and extensive training in these policies and procedures to raise awareness at all levels.
- Savannah is an active member of the Extractive Industries Transparency Initiative ("EITI").

12. HSE, Security and our social "licence to operate"

Description

The Group's operations are subject to all the health, safety and environmental hazards and risks common to the global energy industry.

Political instability, religious differences, ethnicity, internal security, militant activity and labour unrest pose security risks that could also impact the Group's operations.

Strategy link: 1 5

Risk movement: ↗

Direct oversight: Chief Operating Officer

Potential impact

A failure to adhere to the Group's HSE&S policies could result in significant non-financial and financial impacts and harm to our people, our host communities or our contractors.

If the business was unable to operate in a safe and secure and HSE&S compliant manner, we would have to suspend operations at the impacted locations. This could have an adverse effect on the Company's earnings and cash flow and be reputationally damaging.

Key mitigants

- Standards and clear policies defined in our Health, Safety, Security, Environment and Social Management Systems.
- Regular engagement with local communities and memoranda of understanding in place for employment, capacity building and infrastructure development.
- 24/7 security on all assets, security monitoring and intelligence.
- Comprehensive insurance in place.

2023 objectives or KPIs

- Operate safely and in an environmentally appropriate manner.
- Maintain social licence to operate.

Risk management continued

Strategic objectives legend

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

Risk movement legend

↗ Increased
→ Stable
↘ Reduced

Principal risks – sustainability continued

13. Cyber security and data protection

Description

The threats from cyber-attack on the Group's digital infrastructure, information technology security breaches and data protection are ongoing risks that are continuously evolving and could increase as the Group's continues to grow. Keeping cyber defences fit for purpose is increasingly important given the rapid advances in artificial intelligence ("AI").

This risk was assessed higher last year given the implementation of a new Enterprise Resource Planning ("ERP") system. The risk is assessed as stable this year.

Strategy link: 1 2

Risk movement: →

Direct oversight: Chief Information Officer

Potential impact

Failure to prevent or respond to a cyber-attack could have far reaching consequences and could result in business interruption through disruption to networks and industrial control systems. It could also result in the loss of sensitive personal or business data, reputational damage and financial loss.

Key mitigants

- 24/7 network, email and device monitoring, access authentication and controls in place to protect against phishing attacks.
- GDPR and Acceptable Use device policies.
- Continued research and monitoring of the latest and most sophisticated cyber security threats including from AI.
- Increased staff training relating to data security and GDPR.

14. ESG and climate change

Description

There continues to be increased attention from stakeholders on climate change, greenhouse gas emissions and sustainability ratings generally. We recognise that this is a material risk for the business and that there is the potential for climate related risks including regulatory constraints, carbon pricing mechanisms or access to capital to affect our ability to implement our strategy.

This risk has been assessed as stable.

Strategy link: 1 2 3 4 5

Risk movement: →

Direct oversight: Chief Executive Officer

For more information, on TCFD turn to page 62.

Potential impact

This is likely to lead to increased regulations which could impact on our financial performance. Poor sustainablity ratings could result in reputational damage, increased costs, including the costs of capital and issues with retaining and attracting talent. Limited access to capital could result in us being unable to meet one or more of our strategic objectives. Change in climate could result in operational downtime affecting future anticipated cashflows.

Key mitigants

- Ongoing implementation of our sustainability strategy and monitoring and reporting systems and policies.
- Promotion of efficient energy use in activities with business partners and service providers.
- Robust operational planning and budgeting processes in place.

2023 objectives or KPIs

- Up to 1GW of renewable energy projects in motion.
- Publish disclosure reports for our chosen ESG standards.

15. Organisation

Description

The ongoing growth and success of Savannah is driven by a strong performance-based culture and the quality of talent that we can attract and retain. We have significantly strengthened the team over the course of the last 30 months but it is recognised that strength and depth in organisational competence is critical to delivering our strategy and that the impact of this risk could still be significant.

Our focus in the short term is on the recruitment of the in-country management team ahead of completion of the proposed acquisition of the South Sudan Assets[(m)].

Risk is assessed to be stable this year.

Strategy link: 1 2 3 4 5

Risk movement: →

Direct oversight: Group Head of HR

Potential impact

The loss of key personnel, or the failure to plan adequately for succession, or to develop and recruit new talent has an opportunity cost, is a barrier to growth and may, therefore, impact on the Group's ability to deliver its strategic objectives.

Key mitigants

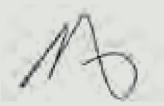
- The Group has a competitive compensation and retention package in place which is reviewed against the market regularly.
- Key employees participate in equity and performance-based reward schemes that contribute towards retention.
- Contractual arrangements and personal development plans have been put in place to support the retention and development of key employees.
- Key employees are part of ongoing talent review processes to ensure the risk of leaving is mitigated.
- Management document and reflect on lessons learned from each project undertaken to ensure continuous process improvement.

2023 objectives or KPIs

- Recruitment of in-country management team for the proposed acquisition of the South Sudan Assets[(m)].
- Continued focus on developing our people through employee engagement, training and talent management.

The Strategic Report was approved for and on behalf of the Board on 7 June 2023.

For and on behalf of the Board



Andrew Knott
Chief Executive Officer, Savannah
7 June 2023

Governance at a glance

Recent Board appointments

"I am pleased to have joined Savannah at this key point in its growth and look forward to applying my experience to the role. I would like to thank the outgoing Chair, Steve Jenkins, for his tenure in guiding this Company since 2014 and look forward to working with him, the rest of the Board and the executive management team towards our many and wide-ranging goals.

It is very clear to me that Savannah is ambitious but fuelled by a passion to do good in the world. The benefits Savannah has brought to African communities in Nigeria and Niger and plans for Cameroon are impressive and evident."

Joseph Pagop Noupoué
Non-Executive Director and Chair Designate, Savannah

"Having been involved in high-performance sports, I am excited to be bringing a different perspective to the boardroom. I am passionate about bringing out the best in people and eager to take the positive learnings from elite sports and support the fast-paced and transformative environment that Savannah is operating in."

Sarah Clark
Non-Executive Director, Savannah

"It is a great honour for me to have joined the Savannah Board because I share the same essential values which are at Savannah's core: integrity, excellence, entrepreneurialism, the search for sustainable and beneficial solutions for all, and teamwork."

Dr. Djamila Ferdjani
Non-Executive Director, Savannah

"I am very happy to be part of this young, successful, fast-growing company, which is committed to providing Africa's people with access to competitive energy, including through large-scale renewable energy projects. African development is key for the future of our world, and it is an exciting prospect working with the Savannah Board to help achieve this."

Sylvie Rucar
Non-Executive Director, Savannah

Board of Directors

Experienced and entrepreneurial leadership

Steve Jenkins
Chair of the Board
Appointed: July 2014
H

Experience

Steve joined Savannah as Non-Executive Chair in July 2014. He is widely recognised as one of the most capable oil and gas executives in the UK. Steve was the CEO of Nautical Petroleum Limited and led the company's £414 million sale to Cairn Energy in 2012. Prior to this, Steve held a variety of senior roles at Nimir Petroleum Limited, a private company focused on emerging markets with extensive global exploration and production interests.

In June 2022, Steve announced that he had decided to step down from his role as Chair at the 2023 AGM while remaining a Non-Executive Director.

Key strengths

Geologist by profession; significant experience in emerging markets, transactions and M&A; deep understanding of commercial, operations and strategic aspects of managing an oil and gas company.

External appointments[1]

Chair of the Oil and Gas Independents Association; Non-Executive Director of Viaro Energy Ltd, Microenergy Generation Services Limited, Terrain Energy Limited and Evoterra Limited.

Joseph Pagop Noupoué
Non-Executive Director and Chair Designate
Appointed: April 2023
R H CC

Experience

Joseph Pagop Noupoué is a senior partner at EY, the leading global professional services firm, whose work is focused around corporate (including contract, M&A and dispute resolution) and fiscal law matters, as well as major client relationship management in the French speaking and North African regions. He was formerly Head of the Africa Department of EY Société d'Avocats France and is presently EY Managing Partner for Cameroon and Tax Leader for French speaking Africa, leading more than 400 professional service providers located in nine countries..

Key strengths

Attorney at Law by profession; strong advisory expertise in the oil and gas, mining, electricity, and general energy sectors, including advising leading FTSE 100, CAC40 and Fortune 500 energy and mining services companies and major private equity house; significant experience in Africa.

External appointments[1]

Ernst & Young Europe LLP, Ernst & Young Cameroon S.A., Ernst & Young Cameroon SARL.

Sir Stephen O'Brien
Vice Chair
Appointed: December 2017
A CC H

Experience

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

Key strengths

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

External appointments[1]

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

Board of Directors continued

Committee memberships

A Audit and Risk Committee

R Remuneration and Nomination Committee

CC Compliance Committee

H Health, Safety, Environment & Security Committee

Denotes Chair

Further details on Directors who served during the year and the membership of the Board Committees are included on page 108.

Andrew Knott

Chief Executive Officer
Appointed: July 2014

Experience

Andrew is the principal founder of Savannah and has been the Chief Executive Office ("CEO") since inception. As such, he has led all of the Group's key growth initiatives. Prior to establishing Savannah, Andrew held a series of leading roles in the European oil and gas sector, including Head of Global Energy Investments for GLG Partners/MAN Group and Head of Upstream Oil & Gas Research at Merrill Lynch.

Key strengths

Passion for Africa and deep knowledge of and contact network within the global energy industry; experienced leader with a proven track record of identifying, financing and successfully managing projects in emerging market environments.

External appointments[1]

None.

Nick Beattie

Chief Financial Officer and Company Secretary

Appointed: June 2022

CC

Experience

Nick was appointed as Group Chief Financial Officer ("CFO") in June 2022. Nick joined the Group in April 2019 as Group Treasurer and was appointed Interim Group CFO and Company Secretary in August 2021.

During his time at Savannah, Nick has been actively involved in all finance and business development activities for the Group. Nick has an extensive background in financing energy companies, including seven years with BNP Paribas where he was a Managing Director in the Upstream Oil and Gas team in London, responsible for leading the bank relationships with UK-focused independent E&P companies. Nick is a Fellow of the Chartered Banker Institute and a Member of the Chartered Institute for Securities and Investment.

Key strengths

Significant experience in corporate finance, M&A and capital markets including debt funding of energy projects across EMEA.

External appointments[1]

None.

Sarah Clark

Non-Executive Director
Appointed: December 2022

A

Experience

Sarah was an elite level athlete for 18 years and is a former British, European and Commonwealth champion in the sport of judo, who competed at three Olympic Games for Great Britain.

Sarah has worked extensively in mentor, role model and leadership positions with organisations such as the Dame Kelly Holmes Trust, the Youth Sport Trust and the Winning Scotland Foundation. In these roles her focus has been to deliver personal and group development programmes to young people from disadvantaged backgrounds and communities. She has also worked extensively with individuals and companies delivering programmes around the positive learnings businesses can take from the elite level sport world.

Key strengths

Highly experienced in the training and development of people, and mentoring and coaching high-performance teams.

External appointments[1]

None.

David Clarkson

Non-Executive Director
Appointed: December 2017

H R CC

Experience

David initially served on the Board as an independent Non-Executive Director from December 2017 to June 2018 and then acted as COO of the Company from June 2018 to December 2019. Upon appointment of the new COO, David resumed his role as a Non-Executive Director in December 2019. David was formerly a member of BP's Group Leadership Team and Senior Vice President for Projects and Engineering (Upstream) at BP. Throughout a 34-year career with BP, he was responsible for delivering safe, reliable, industry-leading projects in challenging frontier locations.

Key strengths

Chartered Engineer; extensive knowledge of the oil and gas industry, including safety operational, commercial and strategic aspects of running oil and gas companies.

External appointments[1]

Director of Adergy Limited.

Dr. Djamila Ferdjani

Non-Executive Director
Appointed: December 2022

R H

Experience

Djamila is a medical doctor, entrepreneur and social activist. She founded the then largest private medical hospital in Niger, the Pro-Santé Polyclinic, of which she was President and CEO. Djamila formerly served as a technical consultant to the Islamic Development Bank and as a Professor of Health Prevention and Promotion at the African Development University.

She is a founding Board member of Afrikajom (the leading pan-African human rights focused think tank) and is the founder and President of MEDCOM (a Niger focused medical and educational NGO). She is a former member of the executive committee of the Orange Niger Foundation. Djamila is a regular speaker at African focused Human Rights events.

Key strengths

Extensive emerging markets experience particularly in West Africa. Significant background in social affairs and working with NGO and development focused organisations.

External appointments[1]

None.

Mark Iannotti

Non-Executive Director
Appointed: July 2014

A R CC

Experience

Mark is an experienced capital markets professional with over 20 years' experience in EMEA equities, largely focused on the oil and gas sector. Previously, he acted as Managing Director and Head of Securities, UK & Europe of Canaccord Genuity Group Inc., and was a member of Bank of America Merrill Lynch's EMEA Executive Committee.

Key strengths

Experienced in capital markets, including equities markets, corporate financing, debt and M&A; strong understanding of institutional investor perspectives.

External appointments[1]

Non-Executive Director of Rocksteady Restaurant Enterprises Limited and Djado Gold plc.

Sylvie Rucar

Non-Executive Director
Appointed: February 2023 (post-year end)

A

Experience

Sylvie is a former CFO of PSA Groupe (the CAC 40 automotive company now known as Stellantis), Deputy CFO of Societe Generale (the CAC 40 bank) and senior adviser to leading global professional services firm Alix Partners. She is presently a Non-Executive Director of Alstom (the CAC 40 railway and services equipment company), CFAO (the €5.8 billion revenue African-focused automotive and pharma retail company) and Avril Gestion (the €6.2 billion revenue private vegetable oil and protein company). Sylvie serves as Treasurer of Les Amis De Bassiata et des Enfants du Niger (a Niger focused education charity).

Key strengths

Sylvie is a seasoned professional in finance, with significant expertise across multinational businesses both in an executive management and a non-executive capacity as board member and audit committee chairwoman.

External appointments[1]

Non-Executive Director of Alstom, CFAO and Avril Gestion.

Chair's introduction to Corporate Governance Report

Building long-term sustainable growth

Steve Jenkins
Chair of the Board, Savannah

The Board remains committed to:

- Driving the Company's long-term objectives and setting strategy;
- Oversight of operations to ensure competent and prudent management;
- Sound financial planning and internal control;
- Developing leadership and succession plans; and
- Maintaining strong relationships with key stakeholders.

This report describes how our governance framework helps us meet our objectives, realise our strategy and achieve long-term, sustainable success. Savannah adopts the 2018 Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies (the "QCA Code") as the basis of the Group's governance framework. The Corporate Governance Report on page 108 explains in detail my role, the role of the Board and Committees, and how Savannah has applied the principles of the QCA Code.

In 2022 the Board and its Committees continued to oversee the operations and governance of our assets. During 2022 a number of key changes were effected at board level. I am retiring as Chair at the 2023 AGM and will be succeeded as Chair by Joseph Pagop Noupoué who joined the Board as a Non-Executive Director in April 2023. In addition, we have welcomed three new Non-Executive Directors and one Executive Director to the Board. During 2022, David Jamison also retired from the Board having been with Savannah since 2014. We were delighted that David agreed to assume the role as Honorary President of Savannah.

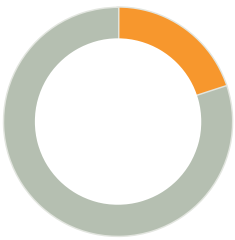
The Committee structure has been assessed and changes are being introducted this year to the terms of reference and membership of all Committees. On the strategic front, the Board oversaw the new acquisitions of the Chad and Cameroon Assets in December 2022 and in the same month also approved the proposed acquisition of the South Sudan Assets[m] which is expected to complete in the second half of 2023.

The Directors take seriously their responsibility for the proper management of the Company, achieving a high standard of corporate governance, and engaging with our shareholders and wider stakeholders. The following pages describe how this is carried on through the work of the Board and its Committees.

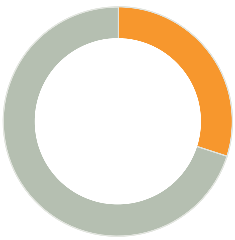
Steve Jenkins
Chair of the Board
7 June 2023

Our Board

Board tenure
- <4 years 50%
- >4 years 50%



Composition of the Board
- Executives 2
- Non-Executives 8



Board diversity
- Male 70%
- Female 30%

Applying the Quoted Companies Alliance Corporate Governance Code (the "QCA Code")

(Responsible for the effective oversight of the Company)

Introduction to the QCA Code

The Board is collectively responsible to the shareholders of Savannah for the effective oversight and long-term success of the Company, and has adopted the QCA Code as the basis of the Group's governance framework and reviewed its existing governance policies and procedures to align them with the recommendations of the QCA Code. The Corporate Governance Report on page 108 explains the key features of the Company's governance structure and describes how Savannah applies the QCA Code principles.

The Company has chosen not to establish a separate Nomination Committee or to appoint a Senior Independent Director as, at present, the Board considers that this would be unnecessarily burdensome in the context of the current size and complexity of the business. The Board intends to continue to keep these decisions under review as the business evolves.

Principle 1

Establish a strategy and business model for shareholders.

See Strategic Report, in particular Business Model and Strategy and Performance

Principle 2

Seek to understand and meet shareholder needs and expectations.

See Corporate Governance Report, in particular Chair's Introduction to Governance, and Section 172

Principle 3

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

See Strategic Report, in particular Section 172 and Sustainability Review

Principle 4

Embed effective risk management, considering both opportunities and threats throughout the organisation.

See Strategic Report, in particular Principal Risks, and Uncertainties and the Audit and Risk Committee Report in the Governance section

Principle 5

Maintaining the Board as a well-functioning, balanced team led by the Chair.

See Corporate Governance Report, in particular Composition and Qualifications of the Board and Independence of the Board

Principle 6

Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.

See Board of Directors and Corporate Governance Report, in particular Composition and Qualifications of the Board and Independence of the Board

Principle 7

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

See Corporate Governance Report, in particular the Remuneration and Nomination Committee Report

Principle 8

Promote a culture that is based on ethical values and behaviours.

See Our Values, Sustainability Review and Corporate Governance Report, in particular Ethical Conduct and Culture

Principle 9

Maintain governance structures and processes that are fit for purpose and support good decision making by the Board.

See Corporate Governance Report, in particular Chair's Introduction to Governance, How the Board Works and Composition and Qualifications of the Board

Principle 10

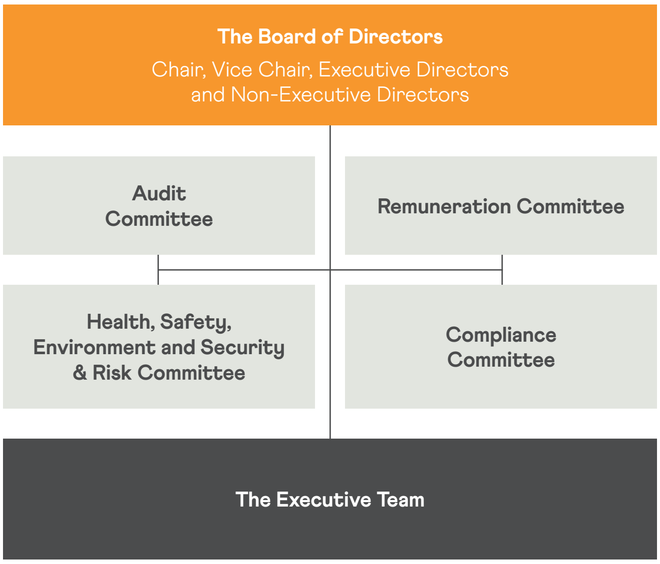
Communicate how the Company is governed and is performing by maintaining dialogue with stakeholders.

See Strategic Report, in particular Section 172 and Corporate Governance Report – Stakeholders section

A governance structure promoting long-term sustainable growth

How the Board works

The Board has overall responsibility for the Company's purpose, strategy, business model, performance, capital structure, approval of key contracts and major capital investment plans, the framework for risk management and internal controls, governance matters and engagement with shareholders and other key stakeholders. The Board remains committed to understanding the needs of our shareholders and the wider stakeholders and it always considers how the Board's decisions impact them in the longer term. In the Section 172 Report on page 40 we explain who the key stakeholders are and how the Directors engage with them. The Board's full responsibilities are set out in a formal schedule of matters reserved for its decision.



Board composition

The Board delegates certain responsibilities to its Committees, so that it can operate efficiently and give an appropriate level of attention and consideration to relevant matters. Each committee operates within a scope and remit defined by specific terms of reference determined by the Board. The Annual Report includes a report from each of these Committees and describes the work each Committee has undertaken during the year. The composition and role of each Committee is summarised from page 111. The terms of reference of each Committee are available on the Company's website at https://www.savannah-energy.com/about/corporategovernance/board-committees/.

Board meetings

The Board has established a schedule of quarterly meetings, with additional meetings convened when required. The Board addresses several recurring items at each Board meeting, including strategic, operational and financial performance updates, reports from the Board Committees, risk management, investor relations, corporate communications, governance matters, stakeholder engagement and ESG matters. The Directors maintain a dialogue between Board meetings on a variety of matters.

The Board and its Committees are supported by the Company Secretary and in-house team, which provided assistance with any governance, statutory and compliance matters, as well as with organising and circulating the meeting papers to ensure that the Directors receive appropriate materials in advance of the meetings. The table below sets out the attendance record of individual Directors at the Board meetings held during 2022.

Director	Board	Audit and Risk	Remuneration and Nomination	HSE&S	Compliance
Steve Jenkins	8/10	—	2/2	3/4	—
Sir Stephen O'Brien	9/10	4/4	—	4/4	4/4
Andrew Knott	10/10	—	1/2	—	—
Nick Beattie*	6/6	—	—	—	—
Sarah Clark**	2/2	—	—	—	—
David Clarkson	10/10	4/4	—	4/4	4/4
Dr Djamila Ferdjani**	1/2	—	—	—	—
Mark Iannotti	9/10	4/4	2/2	—	4/4
David Jamison ***	4/4	—	1/1	—	2/2

* Appointed in June 2022.

** Appointed in December 2022.

*** Retired in June 2022.

Composition and qualifications of the Board

The Board comprises of ten Directors, the Non-Executive Chair, the Non-Executive Vice Chair, six Non-Executive Directors and two Executive Directors (the CEO and the CFO). The names and responsibilities of all current Directors are set out on page 108. Steve Jenkins plans to step down as Chair of the Board at the close of the 2023 Annual General Meeting and Joseph Pagop Noupoué, appointed Non-Executive Director and Chair Designate in April 2023, will take over as the new Chair of the Savannah Energy Board.

The Directors' biographies on page 103 to 105 illustrate the wide range of skills, experience and diversity of perspective that the Directors bring to the Board to lead and support the Executives in the development and execution of the Group's strategy. The composition of the Board continues to be reviewed in the context of the Company's changing circumstances, goals and future strategy. The Directors receive regular updates on market and regulatory developments and are provided training as required to ensure that their skills and experience are kept up to date.

The roles of the Chair and the Chief Executive Officer

The roles of the Chair and Chief Executive Officer are separate, with a clear division of responsibilities. The separation of authority enhances independent oversight of the Executive Management by the Board and helps to ensure that no one individual on the Board has unfettered authority.

In accordance with the principles of the QCA Code, the Chair is responsible for leading the Board and ensuring that it remains effective in fulfilling its role. He sets the Board's agenda and ensures that there is appropriate focus on strategic issues and the monitoring of performance. The Committee Chairs perform the same role for their respective Committees. The CEO is responsible . He is responsible for managing the day-to-day operations and the implementation of the strategy of the Company on behalf of the Board. The Company's performance and development planning are considered by the Directors in the context of the Company's overall strategy and goals, within the Company's risk and governance frameworks and taking into account their impact on stakeholders in the longer term. With a culture of openness and debate, the Directors can discuss and challenge the actions of the Executive management, as well as the views of all Directors, promoting sound decision making and ultimately supporting the Company's long-term, sustainable success.

Independence of the Board

The Board has considered and reviewed the independence and effectiveness of each Non-Executive Director, taking into account any factors that might, or could appear to, affect a Director's judgement and, therefore, their independence. The Board considers that the performance-related shares and options awarded to certain Non-Executive Directors encourage the alignment of their interests with those of the Company's shareholders and are not material enough to compromise their independence, character and judgement. In line with the QCA Code, the Board is therefore of the view that the Non-Executive Directors each continue to be, independent in character and judgement and free from relationships or circumstances that could affect their independence. Steve Jenkins, the outgoing Chair of the Board, was deemed to have met the criteria for independence set out in the QCA Code upon his appointment and continues to be considered an independent Non-Executive Director.

Directors' conflicts of interest

Directors have a statutory duty to avoid situations in which they have, or could have, interests that conflict with those of the Company, unless that conflict is first authorised by the Board. The Company's Articles allow the Board to authorise any potential or actual conflict of interest that a Director may have and a process to identify and deal with any such conflicts is in place. Should a Director become aware that they, or their connected parties, have a new potential or actual conflict of interest, they must notify the Board. The Board then deals with each conflict on its merits, taking into consideration all the relevant circumstances. All potential and actual conflicts approved by the Board are recorded in a Register of Interests, which is reviewed by the Board at each Board meeting.

Appointments and approach to tenure

Appointments are made on merit and taking into account the balance of skills, experience and knowledge required on the Board. After their appointment by the Board, Directors offer themselves for election at the first AGM following their appointment. Directors then stand for re-election at three-year intervals.

All Non-Executive Directors, including the Chair, have letters of appointment which are available for inspection at the Company's registered office. The letters of appointment set out the time commitment expected from Non-Executive Directors who, on appointment, undertake that they will have sufficient time to fulfil their duties. Subject to continued satisfactory performance, the Board does not believe that it would be beneficial to limit the term of appointment of the Non-Executive Directors at this time.

The Executive Directors' service contracts are available for inspection at the Company's registered office. Further details on the service agreements can be found on page 118.

Time commitment

During the year under review, the Directors have considered the amount of time necessary to commit to the affairs of the Company to fulfil their roles. The Executive Directors are expected to devote substantially the whole of their time to their duties . The Chair is anticipated to spend five days per month on the Company's business, The other Non-Executive Directors are expected to spend a minimum of 30 days per annum. The Board concluded that all Directors continue to be effective and committed to their roles and have sufficient time available to fulfil their responsibilities.

Meeting format

The Board welcomed the return to physical meetings in 2022. The Chair continues to offer the Non-Executive Directors the opportunity to meet regularly, as necessary, in the absence of the Executive Directors.

Ethical conduct and culture

The Company is committed to promoting a healthy and responsible corporate culture. Accordingly, a number of policies and mechanisms are in place to ensure that ethical values and behaviours and fair business practices are embedded in the way Savannah operates. The Company expects all employees, suppliers, contractors and consultants to conduct their day-to-day business activities in a fair, honest and ethical manner.

The framework of policies and procedures in place enables the Board to ensure that the Group's employees and those who provide services to it act in accordance with high standards of ethical conduct and that Savannah only does business with persons who are engaged in legitimate business activities and who use funds from legitimate sources.

Corporate Governance Report continued

Whistleblowing and anti-bribery and corruption controls

Savannah is committed to achieving high standards of conduct and accountability. Our functional matrix organisational structure allows employees to openly report legitimate concerns regarding any possible improprieties in financial reporting or any non-compliance with applicable laws, regulations or Group policies, danger to health and safety, damage to the environment or other matters. The Company has an independently run whistleblowing hotline and other mechanisms that enable the employees to raise any concerns anonymously, without fear of penalty or punishment. The Compliance Committee regularly reviews whether these arrangements continue to function effectively.

The Company has adopted an Anti-Bribery & Corruption Policy which applies to the Board and all employees of the Group. It generally sets out their responsibilities in observing and upholding a zero-tolerance position on bribery and corruption in all jurisdictions in which the Group operates, as well as providing guidance on how to recognise and deal with bribery and corruption issues and their potential consequences. The Group's policy is circulated to all employees of the Group and third parties (including contractors and consultants) to ensure it is embedded across the organisation and jurisdictions. All Group employees are required to confirm receipt and understanding of the Anti-Bribery & Corruption Policy and undergo anti-corruption and money laundering training on an annual basis. Management at all levels are responsible for ensuring that those reporting to them, internally and externally, conduct business in compliance with this policy. All other third parties under our contract management process must acknowledge that they have read the Savannah Anti-Bribery and Corruption Policy and undertake to adhere to the policy.

Stakeholders

Employees

Savannah's "SEE-IT" values are Sustainability, Excellence, Entrepreneurialism, Integrity and Teamwork. The Company believes that its people are its key asset. People over process is a fundamental element of Savannah's culture and all efforts are made to employ great people, who work together as a high achieving team. With this approach, Savannah is a more flexible, stimulating, innovative, collaborative organisation. More details on Savannah's vision and values can be found on page 1.

At the end of 2022 Savannah had 277 employees across five different countries[1]. The Company has established various ways to engage with, and listen to, the views of its employees, including regular individual updates and employee-wide meetings.

Shareholders

The Board is committed to ensuring that there is open and effective communication with the Company's shareholders on matters such as governance, strategy, sustainability and performance-related remuneration, and that the Directors understand the views of major shareholders on such matters. The Company communicates with shareholders and potential investors through a variety of channels, including the Annual Report, regulatory announcements, operational updates and a proactive and comprehensive investor relations programme which is managed in line with operational developments, corporate news flow and the Company's financial calendar. In 2022, the CEO and the Investor Relations team continued to maintain regular dialogue with major institutional investors and analysts and provided the Board with regular reports on investor and analyst feedback. The Company holds investor roadshows throughout the year. Presentations to investors are posted on the Company's website at www.savannah-energy.com. The CEO is available to meet or speak to institutional investors to explain the Group's strategy and performance, and to listen to investors' views.

The Chair and Non-Executive Directors are also available to meet or speak to shareholders on request.

In addition to our interaction with institutional investors we regularly engage with retail investors via an investor call. Our social media presence, where all significant events are publicised, is aimed at a wide audience including retail investors. The Investor Relations team responds to queries as received.

The Annual General Meeting ("AGM") is also another opportunity for shareholders to meet and speak to members of the Board directly. In addition to the physical meeting, following a practice started under the previous year's Covid-19 restrictions, the 2022 AGM was also live streamed on the internet, accessible via the Company's website. As shareholders watching the meetings online could not vote or ask questions on the day, they were encouraged to vote by proxy ahead of the meeting and, if they wished to ask questions, to send them to Investor Relations before the meeting so that they could be answered during the meeting. During the 2022 AGM a special resolution was passed to adopt new Articles of Association permitting AGMs and other meetings to be held both in person and virtually, The Company maintains a database of meetings held by the Directors with shareholders, potential investors and analysts. Reports on meetings held with existing and potential investors and briefings from the Company's corporate brokers are provided to the Directors and discussed at Board meetings. Analysts' reports received on the Company are reviewed and monitored by the senior management team and circulated to the Board as appropriate. Investor relations support is provided to analysts covering and initiating coverage of the Company.

Other stakeholders

Savannah is committed to seeking to create, add and realise value not just for its financial stakeholders but for its employees, local communities and its business partners. Savannah believes that maintaining effective stakeholder engagement programmes is essential. Environmental, social and governance aspects of the Company's business are very important to Savannah and a number of initiatives are in place to support the communities in which we operate. More information can be found in the Sustainability Review starting on page 46.

Audit and Risk Committee Report

Procedures, systems and oversight to underpin Savannah's growth

Mark Iannotti
Chair, Audit and Risk Committee, Savannah

Members	Meetings attended	Member since
Mark Iannotti	4/4	January 2018
David Clarkson	4/4	January 2020
Sir Stephen O'Brien	4/4	January 2018

Key responsibilities in 2022:

- Reviewing the integrity and content of the Financial Statements, including reviewing and reporting to the Board on significant financial reporting issues and judgements;
- Reviewing the adequacy and effectiveness of the Group's internal controls and risk management policies and systems, ensuring that there are procedures in place for identifying the material risks, threats and opportunities, and that the Group's internal control and risk management systems are embedded in day-to-day management and decision-making practices;
- Oversaw implementation of new ERP system and migration from previous system;
- Monitoring compliance with applicable regulations;
- Reviewing and approving the annual audit plan and reviewing the audit findings with the external auditor; and
- Assessing external auditor objectivity and independence and reviewing the performance and remuneration of the external auditor.

The terms of reference for the Committee are available on the Company's website at www.savannah-energy.com. The role of the Committee in 2022 was to support the Board in discharging its oversight responsibilities with regard to reviewing the financial reporting process, the system of internal controls and management of risk, assessing the effectiveness of the audit process, and the procedures for monitoring compliance. Any significant findings raised by the external auditor during its review of the half-yearly results or audit of the full-year results are reviewed and discussed by the Audit and Risk Committee and reported or referred to the Board as appropriate.

Post-year end, the Board approved the transfer of risk responsibilities from the Audit & Risk Committee to the HSE&S Committee. . To reflect this change in remit of the two committees, the HSE&S Committee became the HSE&S and Risk Committee, while the Audit & Risk Committee became the Audit Committee.

Membership of the Audit and Risk Committee in 2022

The Audit and Risk Committee continued to be chaired by Mark Iannotti during 2022. He and the other members of the Committee were considered to be independent Non-Executive Directors of the Company.

If required, at the request of the Chair of the Committee, the Chief Executive Officer, the Chief Financial Officer and other members of the senior management team are also invited to attend meetings.

Audit and Risk Committee Report continued

Activities during the year

During the financial year ended 31 December 2022, the Audit and Risk Committee:

- reviewed the full-year and half-year results, including the underlying accounting issues and judgements, the processes underpinning the preparation of those documents and the information supporting the statements in relation to going concern and disclosure of information to the external auditor;
- reviewed the latest management accounts at each meeting to assess the Group's financial position on a regular basis;
- considered the external auditor's audit plans and reports on the full-year results;
- kept under the review the need to establish an internal audit function;
- reviewed the internal controls and risk management systems and procedures within the Group;
- continued oversight of the finance organisation and systems to support the Group's growth;
- considered the borrowing facilities available to the Group, and
- reviewed the Committee's terms of reference.

Significant issues related to the Financial Statements

In respect of the year ended 31 December 2022, and following an assessment of the risks facing the Group, the Committee considered the following issues, among others, to be significant to the Financial Statements:

- appropriate recognition of oil and gas revenue – including 'cut-off', recognition of contract liabilities and make-up gas utilisation;
- exploration and evaluation assets and tangible oil and gas assets – review of any impairment triggers;
- trade receivables – Expected Credit Loss provisioning;
- acquisition accounting for the Chad Cameroon Assets which were acquired during the year; and
- borrowings and going concern – refinancing of the Accugas Loan.

The Committee has considered at length the appropriate accounting standards required in relation to the acquisition of the Chad and Cameroon assets, and the impact of the Nationalisation. The Committee has received papers from management and has further engaged with the external auditors on this matter. The Committee has concluded that the presentation in the financial statements is appropriate.

As a direct result of the nationalisation, the Group has not been able to fully access all the underlying information, nor have access to the relevant Chad-based employees of the impacted entities in order to prepare the financial information for audit purposes; it has not therefore been possible to complete an audit of SCI or SMIL. Despite the acquisition only having completed approximately 3 weeks prior to the year-end, the Chad and Cameroon Assets were material to the Group in 2022 and the limitations on having access to information and people has led to the Group's external auditors issuing a disclaimer of opinion. Due to the exceptional circumstances following the nationalisation, the Audit and Risk Committee agree that a disclaimer of opinion is unavoidable.

For the financial year ending 31 December 2023 we expect that these activities will be considered as a discontinued operation in accordance with IFRS 5 (Non-Current Assets for Sale and Discontinued Operations). This is without prejudice to Savannah's claims following the expropriation.

Internal controls and risk management

The Board has overall responsibility for establishing and maintaining the Group's system of internal controls and risk management and reviewing its effectiveness. As with any successful company, delivering the Group's business objectives and overall strategy involves taking considered risks. The Group's internal controls and risk management framework have been designed to assist the Board in making robust decisions to create and protect shareholder value by creating sustainable growth over the medium to long term.

The Board recognises that such a system has its limitations. Internal controls can only provide reasonable, not absolute, assurance against material misstatement or loss. The purpose of an effective risk management framework is to assess and manage, rather than eliminate risk entirely, which involves Directors and senior management exercising a degree of judgement.

The internal control framework within which the Group operates includes the following key elements:

- organisational structures (functional matrix organisational structure), delegations of authority and reporting lines; and
- Group accounting and control procedures to manage the Group consolidation and reporting requirements, including:
  - review of monthly management accounts with comparison of actual performance against budget, and consideration of the outturn for the year;
  - monthly reconciliation of all key control accounts;
  - budgetary process and monthly monitoring of the annual budget, business performance and deviations from the budget; and
  - operational and strategic review processes for all aspects of the Group's business.

Internal controls and risk management continued

A number of policies and procedures are also in place as part of the Group's internal control framework, which include the Group Anti-Corruption and Money Laundering Policy, the Delegation of Authority system, Travel and Entertainment and Petty Cash policies.

The Board has undertaken a review of the effectiveness of the Group's risk management and internal control systems, which provided comfort regarding all material controls, including risk management, delegation of authority, supply chain management, IT and finance systems, and month-end reporting. The overall conclusion was that the risk management and internal control systems were effective in terms of ensuring consistent achievement of their key objectives in the current context of the Group.

During 2022 the Committee (and the Board) reviewed the corporate risk profile at regular intervals. This entailed following trends in the principal strategic, operational, financial and sustainability risks and the reasons for any changes, and monitoring the action taken to mitigate current and emerging risks.

The principal risks faced by the business, their potential impact and how they are mitigated are described in the Principal Risks section on page 92. The Group's whistleblowing, anti-bribery and corruption controls are described on page 110.

Post-year end, the Board approved the transfer of oversight responsibilities for the management of risk to the HSE&S Committee

Operation of the Committee

It was considered that the work of the Audit and Risk Committee during the year was effective when measured against its terms of reference and general audit committee practice. The Committee was satisfied that the quality of the papers and information presented to its meetings, and the advice received from its external auditors, was of sufficient detail and quality that enabled it to consider matters appropriately, to take decisions and to make recommendations to the Board as appropriate.

Due to the new appointments to the Board and the proposed changes in scope of the Audit Committee, the next evaluation of the effectiveness of the Audit Committee's own performance will be undertaken during FY2023

External audit

BDO LLP ("BDO") was re-appointed as the external auditor of the Group at the Annual General Meeting on 30 June 2022. The Committee will review the continued appointment of BDO each year, taking into account the relevant legislation, guidance and best practice appropriate for a company of Savannah's size, nature and stage of development.

The Committee considered the performance of the external auditor and the effectiveness and quality of the audit process by discussing the results of the 2022 external audit, including the auditor's views on material accounting issues and key judgements and estimates; considering the robustness of the audit process; reviewing the quality of the people and service provided by BDO; and assessing its independence and objectivity. The Committee carefully considered the independence of the auditor and received confirmation that the firm was independent of the Group and continued to comply with International Standards on Auditing and other relevant auditing and ethical standards.

The Committee believes that it may be appropriate in certain, limited circumstances for the Company to engage its external auditor to provide non-audit services. The provision of any such services is reviewed by the Committee, seeking to ensure that the external auditor's independence and objectivity are not impaired or perceived to be impaired. The fees paid to BDO in respect of non-audit services amounted to less than 1% of the statutory audit fees and were in respect of certain procedures conducted in relation to the Financial Statements for the six months ended 30 June 2022. Refer to Note 8 to the Group's consolidated Financial Statements for more details.

Following this review of the effectiveness of the audit, the Committee was satisfied that BDO has carried out its duties satisfactorily.

Mark Iannotti
Chair, Audit and Risk Committee, Savannah
7 June 2023

Promoting sustainable, long term success of Savannah

Mark Iannotti
Interim Chair, Remuneration and Nomination Committee, Savannah

Members	Meetings attended	Member since
David Jamison*	**1/1**	**January 2015**
Steve Jenkins	**2/2**	**July 2015**
Mark Iannotti	**2/2**	**July 2015**

* Retired as Chair of the Remuneration and Nomination Committee on 30 June 2022, when he also retired from the Board.

Key responsibilities in 2022:

- Determining and reviewing the terms and conditions of service and termination of employment of Executive Directors and senior employees;
- Determining and reviewing the remuneration of Executive Directors and senior employees;
- Reviewing and approving grants of shares or options, from time to time;
- Reviewing and recommending to the Board appointments and re-elections of Directors to the Board; and
- Reviewing the composition of the Board and the membership of the Committees and making recommendations to the Board on any proposed changes.

Post-year end on 16 February 2023, the Board approved the change in remit of the Remuneration and Nomination Committee, which became the Remuneration Committee.

The terms of reference of the new Remuneration Committee are available on the Company's website at www.savannah-energy.com. They reflect the current statutory requirements and best practice commensurate to Savannah's size, nature and stage of development.

Membership of the Remuneration Committee

David Jamison retired as Chair of the Remuneration and Nomination Committee on 30 June 2022, when he also retired from the Board having completed almost eight years of service. Mark Iannotti succeeded David Jamison as the Interim Chair up until 16 February 2023 when David Clarkson was appointed to the role of Chair of the Remuneration Committee. At the same time Steve Jenkins resigned from the committee and Dr. Djamila Ferdjani was appointed. Joseph Pagop Noupoué, subsequently joined the committee following his appointment as a Non-Executive Director in April 2023.

All members of the Remuneration Committee are independent Non-Executive Directors. The Chief Executive Officer and other members of the senior management team are invited to attend meetings when considered appropriate.

Activities during the year

During the financial year ended 31 December 2022, the committee (amongst other matters) undertook the following key workstreams:

- Reviewed the performance of the CEO and other senior executives and determined the bonus awards for 2021 performance year;
- Decided upon the remuneration terms for new senior employees; and
- Oversaw the appointment of new Non-Executive Directors to the Board.

Executive Remuneration Review

Savannah's strategy for executive remuneration is based on having market-competitive base salaries (fixed element) combined with performance-related bonuses and long-term equity linked incentives (variable component). The remuneration policy is intended to allow the Company to be able to recruit and retain a suitable calibre of executives who have the skills and experience required to manage a business of the scale of Savannah.

The alignment of interests of the executive team with shareholders is of critical importance to the Company and our equity linked incentive schemes are therefore designed to encourage long-term thinking amongst the executive team whilst also acting as a retention tool given the extended vesting periods and lock-ins which apply.

Bonuses paid to employees in 2022, related to the 2021 performance year. 2021 was an exceptional performance year for the business, with key highlights including:

- a 33% increase in Uquo Field reserves and a 20% increase in Group 2P Reserves;
- Total Revenues[a] growing organically by 7% year-on-year;
- the agreement on terms of a new R1234 Production Sharing Contract in Niger which, inter alia, saw the exploration phase of the contract extended by up to 10 years;
- the signature of Share Purchase Agreements to acquire ExxonMobil and PETRONAS' assets in Chad and Cameroon;
- the establishment of the Company's Renewable Energy Division; and
- the Company's share price rising 64%, significantly outperforming peers.

Succession planning and corporate diversity

The Board and the committee acknowledge the importance and value of succession planning in order to ensure that the Group has the benefit of an appropriate mix of skills and experience as the business evolves. Succession plans for the Board are informed by discussions around the Group's strategy, objectives and forward plans, as well as an assessment of the Directors' current mix of skills, experiences and personal qualities.

The Board places value on attracting Directors with diverse outlooks and experience, and the Committee encourages the inclusion of the best candidates from all backgrounds when conducting external searches. On the committee's recommendation, the Board makes appointments to achieve the balance of skills, outlook and experience needed, but does so solely on merit.

Non-Executive Director Contracts

Two new Non-Executive Directors joined the Board in 2022, Sarah Clark and Djamila Ferdjani, and post-year end two further Non-Executive Directors joined the Board, Sylvie Rucar and Joseph Pagop Noupoué (as Chair Designate). David Jamison left the Board in June 2022 having completed almost eight years of service. The biographies of the new Non-Executive Directors are provided on pages 103 to 105.

The Directors' Remuneration Report is set out on pages 116 to 120.

Mark Iannotti
Interim Chair, Remuneration and Nomination Committee,
Savannah
7 June 2023

Rewards that promote long-term, sustainable success of the Company

As an AIM-quoted company, Savannah is not required to disclose all of the information set out below as required under the Companies Act 2006 and AIM listing rules but has chosen to do so in the interests of transparency.

Directors' remuneration policy

The Board aims to provide remuneration packages that are competitive and help to attract, retain and motivate high-quality individuals who are capable of delivering the Group's objectives and promoting the long-term, sustainable success of the Company. The Board believes that structuring the remuneration packages with a significant performance-related element supports the execution of the Group's strategy and aligns the Directors' interests with those of shareholders. The table below sets out the main elements of the Directors' remuneration. The overall package is weighted towards performance-related pay, with an appropriate focus on the Company's sustainable, long-term performance through the award of long-term incentives.

Component	Purpose and link to strategy	Overview
Executive Directors		
Basic salary	To attract, retain and motivate talented individuals who are critical to the Group's success.	Reviewed by the Remuneration Committee (former Remuneration and Nomination Committee) annually or in the event of a change in an individual's position or responsibilities. Basic salary set to reflect individual performance, the scope and scale of the role and having regard for compensation levels in companies of a similar size and complexity in the independent oil and gas industry.
Performance-related bonus	To encourage and reward delivery of the Group's objectives.	Performance-related bonus payments are made at the sole discretion of the Remuneration Committee (former Remuneration and Nomination Committee).
Employer's pension contribution	To attract and retain talented individuals who are critical to the Group's success.	The Executive Directors are entitled to receive an employer's pension contribution equivalent to 10% of their annual salary.
Non-Executive Directors		
Fees	To attract and motivate talented individuals with the appropriate breadth of experience.	Set at competitive market levels. Reviewed by the Board in consultation with the CEO, periodically or in the event of a change in an individual's position or responsibilities.
Executive and Non-Executive Directors		
Employee Plan 2018	To incentivise management and employees of the Group.	Awards are in the form of nil-cost options made over ordinary shares in the Company held in an employee benefit trust, subject to certain conditions, described further below.
Officers Plan 2020	To incentivise officers (whether or not employees) of the Group.	Awards are in the form of nil-cost options made over unissued ordinary shares in the Company.
Employee 2014/15 Replacement Plan	To incentivise and retain key individuals within the Company.	The Employee 2014/15 Replacement Plan is designed to provide its participants with broadly similar economic exposure to that to which they would have been entitled to had certain proposed amendments been made to the LTIP and the Supplementary Plan.
Employee Plan 2021	To incentivise management and employees of the Group.	Awards are in the form of nil-cost options over ordinary shares in the Company held in an employee benefit trust, subject to certain conditions, described further below.

Employee Plan 2018

On 15 June 2018, the Company established an employee share option plan. The Employee Plan 2018 is a discretionary share plan administered by the Board or a committee appointed by the Board.

Any employee (including an Executive Director) of the Group will be eligible to participate in the Employee Plan 2018 at the discretion of the Board.

The Board must not grant an option which would cause the number of Ordinary Shares allocated under the Employee Plan 2018 and any other share plan adopted by the Company from time to time to exceed such number as represents approximately 10% of the fully diluted ordinary share capital of the Company in issue from time to time.

Awards shall be granted in the form of options to acquire ordinary shares. Before ordinary shares are allotted pursuant to the exercise of any awards, the Board may decide to pay a cash amount equal to the value of the ordinary shares that the participant would otherwise have recorded, less the aggregate exercise price payable. Alternatively, the Board may deliver to the participant for nil or nominal value a number of ordinary shares with a value equal to the gain.

Awards may be granted over pre-existing ordinary shares held by the EBT.

The extent to which an award shall vest shall be determined by the Board by reference to a performance condition measuring the Company's total shareholder return ("TSR"). For the purposes of this performance condition, TSR shall be calculated as the volume weighted average price of the Ordinary Shares over any period of 30 continuous dealing days within a period of five years from the relevant date of grant, plus the aggregate value of any dividends paid by the Company per Ordinary Share during such period. A performance condition may be amended or substituted if an event occurs which causes the Board to consider that an amendment/substitution would be appropriate and would not be materially less difficult to satisfy.

Awards which are subject to performance conditions will normally vest as soon as practicable after the performance condition has been satisfied. Awards will normally be exercisable from the date of vesting until the tenth anniversary of the grant date.

Various provisions will apply to the awards as set out below in the event of serious misconduct on the part of the participant where such conduct would justify their summary dismissal. At any time up to the date of vesting of an award, the Board may cancel the award or impose further conditions on it if the event described above occurs.

Officers Plan 2020

On 30 April 2020, the Company established a non-tax advantaged share option plan.

Options may be granted to officers (whether or not employees) of the Group. The Board has an absolute discretion as to the selection of individuals to whom options may be granted.

Options may generally be granted at any time provided that such grant is not in breach of the AIM Rules or the Market Abuse Regulations. No options may be granted after the tenth anniversary of the adoption of the Officers Plan 2020.

The exercise price shall be as specified by the Board at the date of grant of each option. Where such option is a right to subscribe for new ordinary shares, the exercise price in respect of that option shall not be less than the nominal value of an Ordinary Share.

There is no overall limit on awards that may be made under the Officers Plan 2020 by reference to the issued share capital of the Company.

The exercise of options granted under the Officers Plan 2020 is not subject to the meeting of any performance targets.

In the event of any variation of the share capital of the Company, the Board may make such adjustment as it considers appropriate to the aggregate number or description of option shares and/or the exercise price.

Options granted under the Officers Plan 2020 are not subject to any vesting criteria and are exercisable at any time.

An option granted under the Officers Plan 2020 is not transferrable. Options are exercisable within a limited time period which varies depending on the circumstances in which they have become exercisable and any terms specified in the option contract. Options will lapse if they are not exercised within the applicable period. Options will lapse in any event on the tenth anniversary of the date of grant, if not exercised before that date.

The Board may at any time alter or add to any of the provisions of the Officers Plan 2020 in any respect provided that no alterations or additions shall be made to options granted before the alteration or addition without the consent of the affected option holders.

Employee 2014/15 Replacement Plan

On 23 December 2021, the Company established a non-tax advantaged share option plan.

Options may be granted to employees (including directors) and officers (whether or not employees) of the Group. Whereas the Board has an absolute discretion as to the selection of employees or officers to whom options may be granted, it is intended that options will only be granted under the Employee 2014/15 Replacement Plan 2021 to participants who have surrendered awards granted to them under the LTIP and the Supplemental Plan.

Options may be granted by the Board at any time, provided that such grant is not in breach of the AIM Rules or the Market Abuse Regulations. No options may be granted after the tenth anniversary of the date of adoption of the Employee 2014/15 Replacement Plan 2021.

The exercise price shall be as specified by the Board at the date of grant of each option. Where such option is a right to subscribe for new Ordinary Shares, the exercise price in respect of that option shall not be less than the nominal value of an Ordinary Share.

There is no overall limit on awards that may be made under the Employee 2014/15 Replacement Plan 2021 by reference to the issued share capital of the Company.

The Board may determine and specify that the exercise of an option is conditional upon the meeting of performance targets. Such performance targets are at the discretion of the Board and can differ from employee to employee.

In the event of any variation of the share capital of the Company, the Board may make such adjustment as they consider appropriate to the aggregate number or description of option shares and/or the exercise price.

Directors' Remuneration report continued

Employee 2014/15 Replacement Plan continued

Options will become exercisable once they have vested. Options granted to replace surrendered awards (granted under the LTIP and Supplemental Plan) that are subject to performance targets will vest on the earlier of: (i) the relevant performance target having been satisfied or waived or when the Board in its discretion has deemed the performance targets to be satisfied; or (ii) an exit involving (broadly) the sale of 30% or more of the ordinary share capital of the Company, the sale of 20% or more of the Group's assets or a voluntary winding-up. If the employee or office holder's employment or office ceases, they will be entitled to retain the option (the holding period having already been satisfied under the original surrendered award).

An option granted under the Employee 2014/15 Replacement Plan 2021 is not transferrable. Options are exercisable within a limited time period which varies depending on the circumstances in which they have become exercisable and any terms specified in the option contract. Options will lapse if they are not exercised within the applicable period. Options will lapse in any event on the tenth anniversary of the date of grant, if not exercised before that date.

Employee Plan 2021

On 23 December 2021, the Company established a non-tax advantaged share option plan.

Options may be granted to employees (including Executive Directors) of the Group. The Board has an absolute discretion as to the selection of employees to whom options may be granted.

Options may be granted by the Board at any time, provided that such grant is not in breach of the AIM Rules or the Market Abuse Regulations. No options may be granted after the tenth anniversary of the date of adoption of the Employee Plan 2021.

The exercise price shall be as specified by the Board at the date of grant of each option. Where such option is a right to subscribe for issued ordinary shares (for example, shares held the EBT), the exercise price in respect of that option may be nil. Where such option is a right to subscribe for new ordinary shares, the exercise price in respect of that option shall not be less than the nominal value of an Ordinary Share.

There is no overall limit on awards that may be made under the Employee Plan 2021 by reference to the issued share capital of the Company.

The Board may determine and specify that the exercise of an option is conditional upon the meeting of performance targets. Such performance targets are at the discretion of the Board and can differ from employee to employee.

In the event of any variation of the share capital of the Company, the Board may make such adjustment as they consider appropriate to the aggregate number or description of option shares and/or the exercise price.

Options will become exercisable once they have vested. Options granted to replace surrendered options (granted under the Employee Plan 2018) and to new participants and that are not subject to performance conditions will vest in five tranches during a five year vesting period (one-fifth on each of the first, second, third, fourth and fifth anniversary of the date of grant). If the option holder's employment ceases before the end of the five year period the employee may normally only exercise their option to the extent it has vested.

An option granted under the Employee Plan 2021 is not transferrable. Options are exercisable within a limited time period which varies depending on the circumstances in which they have become exercisable and any terms specified in the option contract. Options will lapse if they are not exercised within the applicable period. Options will lapse in any event on the tenth anniversary of the date of grant, if not exercised before that date.

Following an option being exercised, an option holder may be prohibited from selling the acquired Ordinary Shares for a period of up to 24 months, subject to customary exceptions and Group equity-holding/share dealing policies. Such period and exceptions and Group policies, if applicable, will be notified to each option holder at the time of grant of their options.

In certain circumstances, where there have been unsatisfactory actions by an option holder, the Board may reduce the option by such number of option shares as the Board considers to be fair and reasonable, taking account of all circumstances that the Board considers to be relevant. Where the option has already been exercised, the Board may determine a cash clawback amount in relation to the Ordinary Shares acquired on such exercise. The Board may at any time alter or add to any of the provisions of the Employee Plan 2021 in any respect.

Directors' service contracts or letters of appointment

Andrew Knott (Chief Executive Officer)

Mr Knott is appointed as Chief Executive Officer. Mr Knott's service agreement shall continue until terminated by the Company on twelve months' written notice. Under the terms of the agreement, Mr Knott is entitled to an annual salary of £650,475 (2021: £525,000), which is payable on a monthly basis and, at the sole discretion of the Company's Remuneration and Nomination Committee, a bonus of up to three times his annual salary. Mr Knott is also eligible to participate in any management incentive programme that the Group may adopt. Mr Knott receives an employer's pension contribution equal to 10% of his annual salary. The service agreement provides for early termination, inter alia, in the event of a serious breach of the agreement. Mr Knott's service agreement will be terminated in the event that Mr Knott ceases to be a Director.

Nick Beattie (Chief Financial Officer)

Mr Beattie is appointed as Chief Financial Officer. Mr Beattie's service agreement shall continue until terminated on six months' written notice. Under the terms of the agreement, Mr Beattie is entitled to an annual salary of £350,000, which is payable on a monthly basis and, at the sole discretion of the Company's Remuneration and Nomination Committee, an annual bonus. Mr Beattie receives an employer's pension contribution equal to 10% of his annual salary. The service agreement provides for early termination, inter alia, in the event of a serious breach of the agreement Mr Beattie's service agreement will be terminated in the event that Mr Beattie ceases to be a Director.

Non-Executive Directors

The Non-Executive Directors were appointed under letters of appointment which are terminable by six months' written notice by either side.

The Chair's basic annual fee is based on his spending a minimum of five days a month on the Company's business, and the Non-Executive Directors' fees are based on a minimum of 30 days per annum.

Non-Executive Directors continued

Under the terms of their letters of appointment, Mr Jenkins is entitled to an annual fee of £250,000 (2021: £175,000) and the remaining Non-Executive Directors are each entitled to an annual fee of £75,000 (2021: £60,000).

Subject to continued satisfactory performance, the Board does not think it appropriate to limit the term of appointment of the Non-Executive Directors. However, the Board recognises the value of regular refreshing of its composition and remains committed to ensuring that it has the right mix of skills and experience that are aligned with the evolution and strategic plans of the Company, while maintaining its independence of character and judgement. The Directors believe that the value brought through continuity and experience of Directors with longer periods of service is desirable for a company such as Savannah. With an objective to deliver long-term and consistent returns to shareholders it is

important that the Board is able to maintain effectively its long-term perspective, supported by some corporate memory, but with the regular challenge provided by fresh thinking. The Board also believes that the performance-related shares and options awarded to certain of the Non-Executive Directors further encourage the alignment of their interests with those of the Company's shareholders and are not material enough to compromise their independence, character and judgement.

Directors' remuneration

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

Year ended 31 December 2022	Salary US$	2021 Performance-related bonus US$	Pension contribution US$	Other benefits US$	Fees US$	Total US$
Executive Directors						
Andrew Knott[1,2]	802,290	2,010,122	80,229	4,358	—	2,896,999
Nicholas Beattie[3]	233,825	—	23,383	2,400	—	259,608
Non-Executive Directors						
Steve Jenkins	—	—	—	—	216,477	216,477
David Clarkson	—	—	—	33,900	74,221	108,121
Sir Stephen O'Brien	—	—	—	—	74,221	74,221
Mark Iannotti	—	—	—	—	74,221	74,221
David Jamison[5]	—	—	—	—	38,956	38,956
Sarah Clark[4]	—	—	—	—	5,623	5,623
Dr Djamila Ferdjani[4]	—	—	—	—	5,623	5,623
Total	**1,036,116**	**2,010,122**	**103,612**	**40,659**	**489,341**	**3,679,848**

1. Highest paid Director.
2. Andrew Knott receives his employer's pension allowance equivalent to 10% of salary as cash.
3. Nicholas Beattie was appointed as an Executive Director on 7 June 2022.
4. Sarah Clark and Dr Djamila Ferdjani were appointed as Non-Executive Directors on 9 December 2022.
5. David Jamison ceased as a Non-Executive Director on 30 June 2022.

Note: Directors' remuneration is incurred in GB Pounds. The average rate of exchange for the year ended 31 December 2022 was US$1.34/£1.00.

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

Year ended 31 December 2021	Salary US$	2020 Performance-related bonus US$	Pension contribution US$	Other benefits US$	Fees US$	Total US$
Executive Directors						
Andrew Knott[1,2]	721,768	1,349,837	72,177	4,074	—	2,147,856
Isatou Semega-Janneh[3]	213,592	—	2,544	1,171	—	217,307
Non-Executive Directors						
Steve Jenkins	—	—	—	—	240,589	240,589
David Clarkson	—	—	—	—	82,488	82,488
Sir Stephen O'Brien	—	—	—	—	82,488	82,488
Mark Iannotti	—	—	—	—	82,488	82,488
David Jamison	—	—	—	—	82,488	82,488
Total	**935,360**	**1,349,837**	**74,721**	**5,245**	**570,541**	**2,935,704**

1. Highest paid Director.
2. Andrew Knott receives his employer's pension allowance equivalent to 10% of salary as cash.
3. Isatou Semega-Janneh ceased as an Executive Director on 12 August 2021.

Note: Directors' remuneration is incurred in GB Pounds. The average rate of exchange for the year ended 31 December 2021 was US$1.36/£1.00.

Directors' shareholdings and share interests

The table below sets out the Directors' interests in the ordinary shares of the Company, including shares held by persons connected to them, together with the number of awards held by Directors under the Employee Plan 2018, the Officers Plan 2020, the Employee 2014/15 Replacement Plan and the Employee Plan 2021 as at 31 December 2022 and as at 7 June 2023, being the latest practicable date prior to the publication of this report.

Year ended 31 December 2022	As at 31 December 2022 Number of ordinary shares	Number of ordinary shares[1]	% of issued shares[1]	Share options issued pursuant to the Employee Plan 2018[1,2]	Share options issued pursuant to the Officers Plan 2020[1,2]	Share options granted under the 2014/15 Replacement Plan 2021[1]	Share options granted under the Employee Plan 2021[1]	Warrants to subscribe for new ordinary shares[1,3]
Executive Directors								
Andrew Knott	48,555,409	48,555,409	3.72%	21,312,418	2,200,000	17,035,204	—	101,113,992
Nick Beattie	—	—	—	—	187,500	—	5,806,695	—
Non-Executive Directors								
Steve Jenkins	722,198	722,198	0.06%	—	—	2,805,215	—	—
David Clarkson	1,630,488	1,630,488	0.12%	—	142,857	—	—	—
Sir Stephen O'Brien	533,999	533,999	0.04%	—	142,857	—	—	—
Mark Iannotti	5,367,984	5,367,984	0.41%	—	—	2,805,215	—	—
Sarah Clark	—	—	—	—	—	—	—	—
Dr Djamila Ferdjani	—	—	—	—	—	—	—	—
Total	**56,810,078**	**56,810,078**	**4.35%**	**21,312,418**	**2,673,214**	**23,048,242**	**5,806,695**	**101,113,992**

1. As at 7 June 2023.
2. Share options granted under the Employee Plan 2018 , the Officers Plan 2020 and the Employee Plan 2021 are over ordinary shares held in an EBT.
3. The warrants are held by Lothian Capital Partners 4 Limited ("LCP4 Limited"), a company wholly owned by Andrew Knott, and were issued as part of a financing undertaken on 30 December 2021 whereby LCP4 Limited agreed to provide a US$32m junior debt facility to the Company. This was classified as a related party transaction pursuant to the AIM rules and duly approved by shareholders on 24 January 2022. The warrants expire on 30 June 2029 and have an exercise price of 23.5 pence.

The closing share price of one Savannah share on 31 December 2022 was 26.25 pence and the highest and lowest prices during the year were 40.2 pence and 22.35 pence, respectively.

On behalf of the Board

Mark Iannotti
Interim Chair, Remuneration and Nomination Committee
7 June 2023

Compliance Committee Report

Compliance is core to our business

Sir Stephen O'Brien
Chair, Compliance Committee, Savannah

Members	Meetings attended	Member since
Sir Stephen O'Brien (Chair)	4/4	December 2020
David Clarkson	4/4	January 2018
Mark Iannotti	4/4	January 2018
David Jamison*	2/2	January 2018

* Retired from Committee on 30 June 2022, when he also retired from the Board.

Key responsibilities:

- Reviewing and monitoring compliance controls, policies and systems to identify, assess, manage and report on compliance matters, including:
  - maintaining adequate compliance procedures, policies and systems;
  - the prevention of bribery, corruption, money laundering and countering of terrorist financing;
  - gifts and hospitality, per diem payments, business relationships, including dealings with public officials, host communities, agents, intermediaries, consultants, contractors and advisers;
  - mergers, acquisitions and major new projects;
  - whistleblowing arrangements and reports;
  - conflicts of interest; and
  - legal and regulatory compliance risks;
- Assessing the adequacy and effectiveness of the compliance framework; and
- Communicating the Board's commitment to compliance to the Group's staff, contractors and other stakeholders.

The role of the Committee is to support the Board in carrying out its duty to promote and oversee compliance with all legal and regulatory obligations. The terms of reference of the Committee outline its key responsibilities and reflect the current statutory requirements and best practice proportionate to a company of Savannah's size, nature and stage of development. The terms of reference for the Committee are available on the Company's website at www.savannah-energy.com.

Activities during the year

During the financial year ended 31 December 2022, the Committee:

- Agreed the content for and monitored the annual mandatory compliance training programme which covers anti-bribery and corruption and whistleblowing (for all staff), and anti-money laundering and prevention of tax evasion (for relevant staff). The Committee places great importance on training and during 2022, our mandatory and selective training extends to all jurisdictions in which we have operations and employees and is required by all new joiners and acquired staff upon joining the company. The mandatory training programme was expanded to additionally include data privacy training;
- Received quarterly compliance reports from the Chief Compliance Officer ("CCO") including any matters referred to the CCO for decision;
- Reviewed the Group's Anti-Bribery & Corruption and Whistleblowing policies and also reviewed the Group's Gifts and Hospitality Policy;
- Continued to review and monitor the corruption risk in the jurisdictions in which we operate in relation to key business processes such as third-party engagements, government interactions, host community engagements, gift and entertainment limits/threshold and conflict of interests;
- Reviewed and provided advice to the Board on key compliance risks in relation to new business opportunities being considered by the Company;
- Led internal discussions on ensuring that all aspects of ESG risk received Board oversight through one of the Board Committees, avoiding duplication of effort or gaps in coverage;
- Continued to monitor the whistleblowing hotline; and
- Reviewed compliance with appropriate data privacy regulations in all jurisdictions in which the Company operates.

Sir Stephen O'Brien
Chair, Compliance Committee, Savannah
7 June 2023

Health, Safety, Environment and Security Committee Report

Delivering safe, secure, reliable, compliant and sustainable operations

David Clarkson
Chair, Health, Safety, Environment and Security Committee, Savannah

Members	Meetings attended	Member since
David Clarkson (Chair)	**4/4**	**January 2018**
Steve Jenkins	**3/4**	**January 2018**
Sir Stephen O'Brien	**4/4**	**January 2018**

The terms of reference for the Committee in 2022 are available on the Company's website at www.savannah-energy.com. The role of the Committee is to oversee the framework of policies, procedures, systems and controls in place in relation to the health, safety, environmental, operational integrity and security risks arising from the operations of the Group.

Post-year end, the Board approved the transfer of risk responsibilities from the Audit & Risk Committee to the HSE&S Committee. To reflect this change in remit of the two committees, the HSE&S Committee became the HSE&S and Risk Committee, while the Audit & Risk Committee became the Audit Committee.

The terms of reference of the new HSE&S and Risk Committee are available on the Company's website at www.savannah-energy.com. They outline its key responsibilities and reflect the current statutory requirements and best practice for a Company such as Savannah at this stage of its growth cycle.

Key responsibilities:

- Ensuring that the Company has an appropriate framework of policies, procedures, systems and controls in place in relation to the health, safety, operational integrity, security and environmental risks arising from the operations of the Group;
- Overseeing compliance with, and effectiveness of, the HSE&S framework;
- Promoting appropriate behaviours, decisions and culture;
- Communicating the Board's commitment to these matters to the Group's staff, contractors and other stakeholders;
- Receiving reports on any serious accidents and incidents within the Group, including corresponding actions taken by management; and
- Overseeing the quality and integrity of any reporting to external stakeholders regarding health, safety, operational integrity, security and environmental matters.

Activities during the year

During the financial year ended 31 December 2022 the HSE&S Committee:

- Received regular operational updates from the Chief Operating Officer on Health, Safety, Environmental, Security and operational integrity risks, including accidents, near-misses, environmental compliance matters and security of operations and infrastructure assets;
- Promoted the Board's commitment to ensuring open and transparent reporting, appropriate behaviours, decision making abd learning and development;
- Monitored the Company's efforts to engage with the communities and stakeholders across our enlarged operations base; and
- Reviewed the 2022 Group HSE&S and ESG Performance Plan against defined leading and lagging performance indicators. The results have been used to inform the 2023 Performance Plan HSE&S and ESG goals.

The Committee was assisted for all the 2022 Committee meetings by the attendance of the Chief Operating Officer, Head of HSE, Head of Security and other members of management team, and this has established constructive collegiate approach to achieving the Company's goals and establish a continuous improvement culture.

David Clarkson
Chair, Health, Safety, Environment and Security Committee, Savannah
7 June 2023

Directors' Report

Focus on delivering growth in long-term shareholder value

The Directors' Report, prepared in accordance with the Companies Act 2006, comprises page 123. The Corporate Governance Report on pages 108 to 110 forms part of this Directors' Report.

Principal activity, review of the business and future developments

The principal business and activities of the Group during the financial year, together with the factors likely to affect its future developments, are set out in the Strategic Report on pages 1 to 101, which are incorporated into this Directors' Report by reference.

Corporate structure

Savannah Energy PLC (registered no. 09115262), is a public company limited by shares, incorporated in England and Wales. Its shares are traded on the Alternative Investment Market of the London Stock Exchange.

The Board

The details of the Directors during the year under review are shown on pages 103 to 105.

Directors' indemnity

As permitted by its Articles of Association, the Company has granted a third-party indemnity to each Director against any liability that attaches to them in defending proceedings brought against them, to the extent permitted by English law. This indemnity was in force during the financial year and up to the date of signing of this report. In addition, all Directors and officers of the Company and its subsidiaries are covered by Directors' and Officers' liability insurance.

Financial risk management objectives and policies

The Group's financial risk management objectives and policies, including its policy for managing the exposure of the Company to price risk, credit risk, liquidity risk and foreign currency risk, are set out in note 33 to the Group's consolidated Financial Statements.

Going concern

The Group's business activities, together with the principal risks and uncertainties that are likely to affect it, are set out in the Strategic Report on pages 1 to 101, and the financial position of the Group at the year end and its cash flows and liquidity position are set out in the Group's consolidated Financial Statements.

The Directors have reviewed the budgets and forecasts as well as the funding requirements of the business for the period to 31 December 2024. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on pages 86 to 91.

The Directors continue to adopt the going concern basis in preparing the consolidated Financial Statements. Please refer to note 2 on page 136 for further details on the going concern review.

Dividends and share buybacks

The commencement of a policy of delivering shareholder distributions, by way of dividends and/or share buybacks, is kept under regular review by the Board.

External auditor

BDO was re-appointed as the external auditor of the Group at the Annual General Meeting on 30 June 2022. The Audit Committee will review the continued appointment of BDO each year, taking into account the relevant legislation, guidance and best practice appropriate for a company of Savannah's size, nature and stage of development.

Post balance sheet events

Please refer to Note 41 in the Financial Statements.

Purchase of own shares

The Company has not acquired any of its own shares in the period to 31 December 2022, nor in the period up to the date of approval of this Annual Report.

Disclosures relating to the Streamlined Energy and Carbon Reporting ("SECR") framework

The disclosures required in relation to greenhouse gas emissions and energy usage are provided in the Sustainability Review on page 60.

Research and development

The Company does not undertake any material research and development activities.

Existence of branches outside the UK

The Group's activities in overseas jurisdictions are carried out through subsidiary companies. Details of the Company's overseas subsidiaries are set out in note 22 to the Group's consolidated Financial Statements. As at 31 December 2022 the Group has branches in Chad and Cameroon.

Political donations

No political donations were made in 2022.

Approval of Directors' Report

This Directors' Report, including the Corporate Governance Report, was approved for and on behalf of the Board on 7 June 2023.

For and on behalf of the Board.

Andrew Knott
Chief Executive Officer
7 June 2023

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. The Directors consider the Annual Report and the Financial Statements, taken as a whole, provide the information necessary to assess the Company's position, performance, business model and strategy and are fair, balanced and understandable.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

By order of the Board

Andrew Knott
Chief Executive Officer
7 June 2023

Independent Auditor's Report

to the members of Savannah Energy PLC

Disclaimer of opinion on the financial statements

We do not express an opinion on the accompanying financial statements of the Group and the Company. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our audit report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Group and Company financial statements.

We were engaged to audit the financial statements of Savannah Energy Plc (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group and Company financial statements is applicable law and UK adopted international accounting standards and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for disclaimer of opinion

As explained in note 2 to the financial statements, the Directors have been unable to obtain reliable financial information for the subsidiaries Savannah Chad Inc. ("SCI") and Savannah Midstream Investment Limited ("SMIL") for inclusion in the Group financial statements. SCI and SMIL are the subsidiaries through which the transaction to acquire the Chad and Cameroonian assets from ExxonMobil was effected on 9 December 2022. The Directors have been unable to prepare reliable financial information as a result of the Republic of Chad's nationalisation on 31 March 2023 of the Group's interest in the Chad assets resulting in the Directors being unable to access all of the underlying financial information, nor do the Directors have access to the relevant Chad-based employees of the affected entities to make appropriate enquiries and/or obtain their assistance in preparing the financial information. The Directors are therefore also unable to satisfactorily perform the required purchase price allocation as at acquisition date as required by IFRS 3 'Business Combinations' ('IFRS 3').

The financial information included and disclosed in the Group financial statements and disclosed in the provisional purchase price allocation as at the acquisition date as required by IFRS 3, was primarily sourced from the financial records and supporting documents that were available to the Group before the nationalisation date. We consider there to be a lack of sufficient appropriate audit evidence available to support the financial information included in the Group financial statements. We have therefore been unable to obtain sufficient appropriate audit evidence on the financial information of SCI, SMIL and the provisional amounts recorded for the acquisition accounting included in the Group financial statements for the year ended 31 December 2022.

In addition, as a result of these events and the potential cumulative impact of the number of inter-dependencies across the Group, as explained in note 2, which together impact the assessment of going concern for the Company, our opinion on the Company financial statements is also disclaimed.

Other Companies Act 2006 reporting

Based on our responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and International Standards on Auditing (UK) ('ISAs (UK)') to report on certain opinions and matters as set out below.

Strategic report and Directors' report

Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report above, we have been unable to conclude in the light of the knowledge and understanding of the Group and Company and its environment obtained in the course of the audit, whether there are any material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report on by exception

Arising from the matters as set out in the Basis for disclaimer of opinion section of our report above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the Company.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made.

Independent Auditor's Report continued
to the members of Savannah Energy PLC

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our responsibility is to conduct an audit of the financial statements in accordance with ISAs (UK) and to issue an auditor's report.

However, because of the matter described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Extent to which the audit was capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Non-compliance with laws and regulations
We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the Company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (UK adopted international accounting standards, the Companies Act 2006, the AIM rules and the QCA Corporate Governance Code), local taxation legislation in the countries where the Group operates, and the terms and requirements included in the Group's operating and exploration licences.

Our audit procedures included the following:

- gaining an understanding of how the Group is complying with those noted legal and regulatory frameworks by making enquires of Management, and those responsible for legal and compliance procedures. We corroborated our enquires through our review of board minutes and other supporting documentation, and
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with the relevant laws and regulations noted above.

Fraud
We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be management override of controls, laws and regulations and revenue recognition. Our risk assessment procedures included:

- holding discussions with the audit engagement team as to how and where fraud might occur in the financial statements and where any potential indicators of fraud may arise in the Group in order to consider how our audit strategy should reflect our considerations;
- testing the appropriateness of journal entries made throughout the year, by agreeing to supporting documentation, by applying specific criteria to detect possible irregularities or fraud;
- testing manual journals to revenue accounts and vouched these to supporting documentation and evidence such as the gas sales model;
- assessing and challenging key areas of judgement and estimation made by Management and the Directors, including their assessment of the going concern position of the Company and Group, and their assessment of indicators of impairment to the Group's oil and gas assets;
- enquiring of Management and the Audit Committee of known or suspected instances of fraud, potential litigation and claims. We read minutes of meetings of those charged with governance, and reviewed correspondence with local tax and regulatory authorities;
- reviewing revenue contracts and assessing the accounting treatment, including contract assets and contract liabilities, against the provisions of the relevant accounting standard;
- performing cut-off testing on revenue around the year end for each revenue stream by vouching revenue to contract terms and delivery documentation;
- obtaining an understanding of the political and economic environment in Nigeria, Niger, Chad and Cameroon through enquiry, media releases, review of the risk register and minutes of meetings; and
- obtaining an understanding of the design and implementation of relevant controls surrounding the financial reporting close process such as controls over the posting of journals and the consolidation process and obtained an understanding of the segregation of duties in these processes.

With regards to compliance with laws and regulations at the component level we instructed the component auditor to report to us on any instances of non-compliance with local laws and regulations that could result in a risk of material misstatement in the Group financial statements. We reviewed the component auditor's working papers over laws and regulations compliance. We also communicated relevant identified laws and regulations and identified fraud risks to all engagement team members (including component engagement teams) who were all deemed to have appropriate competence and capabilities, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the results of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. In addition, the extent to which the audit was capable of detecting irregularities, including fraud was limited by the matter described in the Basis for disclaimer of opinion section of our report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anne Sayers

Anne Sayers (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
7 June 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	Note	2022 US$'000	2021 US$'000
Revenue	6	**212,498**	185,799
Cost of sales	7	**(72,059)**	(65,011)
Gross profit		**140,439**	120,788
Administrative and other operating expenses		**(39,646)**	(25,675)
Gain on disposal	8	**7,372**	—
Transaction expenses	8	**(14,487)**	(7,374)
Expected credit loss and other related adjustments	24	**(39,495)**	(26)
Operating profit	8	**54,183**	87,713
Share of profit from associates	18	**65**	—
Finance income	10	**1,068**	490
Finance costs	11	**(78,970)**	(76,604)
Fair value adjustment	12	**(8,134)**	(610)
Foreign exchange loss	13	**(21,158)**	(18,734)
Loss before tax		**(52,946)**	(7,745)
Current tax expense	14	**(7,106)**	(2,589)
Deferred tax (expense)/credit	14	**(4,025)**	27,437
Tax (expense)/credit	14	**(11,131)**	24,848
(Loss)/profit after tax		**(64,077)**	17,103
Other comprehensive income			
Items not reclassified to profit or loss:			
Actuarial gains relating to post-employment benefits	33	**100**	1,827
Tax relating to items not reclassified to profit or loss	14	**(33)**	(609)
Other comprehensive income		**67**	1,218
Total comprehensive (loss)/profit		**(64,010)**	18,321
(Loss)/profit after tax attributable to:			
Owners of the Company		**(60,867)**	768
Non-controlling interests	28	**(3,210)**	16,335
		(64,077)	17,103
Total comprehensive (loss)/profit attributable to:			
Owners of the Company		**(60,814)**	1,742
Non-controlling interests	28	**(3,196)**	16,579
		(64,010)	18,321
(Loss)/earnings per share			
Basic (US$)	15	**(0.05)**	0.00
Diluted (US$)	15	**(0.05)**	0.00

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

The notes on pages 135 to 183 form part of these Financial Statements.

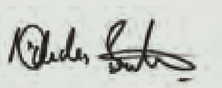
Consolidated Statement of Financial Position

as at 31 December 2022

	Note	2022 US$'000	2021 US$'000
Assets			
Non-current assets			
Property, plant and equipment	16	**623,118**	568,201
Intangible assets	17	**183,013**	161,343
Investment in associates	18	**188,350**	—
Deferred tax assets	14	**234,666**	223,814
Right-of-use assets	19	**3,658**	4,724
Restricted cash	21	**28**	1,635
Other non-current receivables	20	**7,032**	722
Total non-current assets		**1,239,865**	960,439
Current assets			
Inventory	23	**40,374**	3,873
Trade and other receivables	24	**239,346**	231,631
Cash at bank	25	**240,888**	152,644
Total current assets		**520,608**	388,148
Total assets		**1,760,473**	1,348,587
Equity and liabilities			
Capital and reserves			
Share capital	26	**1,828**	1,409
Share premium	26	**124,819**	61,204
Shares to be issued	26	**—**	63,956
Treasury shares	26	**(136)**	(58)
Other reserves	26	**531**	458
Share-based payment reserve	26	**9,974**	8,706
Retained earnings		**96,407**	157,221
Equity attributable to owners of the Company		**233,423**	292,896
Non-controlling interests	28	**10,646**	13,842
Total equity		**244,069**	306,738
Non-current liabilities			
Other payables	29	**7,712**	3,415
Borrowings	30	**102,392**	108,652
Lease liabilities	19	**3,453**	5,308
Deferred tax liabilities	14	**27,607**	—
Provisions	31	**94,845**	68,966
Contract liabilities	32	**314,018**	213,043
Total non-current liabilities		**550,027**	399,384
Current liabilities			
Trade and other payables	29	**279,448**	116,771
Borrowings	30	**543,397**	415,593
Interest payable	38	**105,600**	80,101
Tax liabilities	14	**18,514**	2,058
Lease liabilities	19	**1,626**	1,475
Contract liabilities	32	**17,792**	26,467
Total current liabilities		**966,377**	642,465
Total liabilities		**1,516,404**	1,041,849
Total equity and liabilities		**1,760,473**	1,348,587

The notes on pages 135 to 183 form part of these Financial Statements.

The Financial Statements of Savannah Energy PLC (Company number: 09115262) were approved by the Board of Directors and authorised for issue on 7 June 2023 and are signed on its behalf by:



Nick Beattie
Director

Company Statement of Financial Position

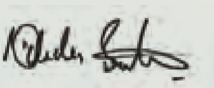
as at 31 December 2022

	Note	2022 US$'000	2021 US$'000
Assets			
Non-current assets			
Property, plant and equipment	16	489	422
Intangible assets		739	—
Investment in subsidiaries	22	9,990	8,722
Intercompany receivable	36	379,860	335,759
Right-of-use assets	19	2,037	2,493
Other non-current receivables	20	525	722
Total non-current assets		393,640	348,118
Current assets			
Trade and other receivables	24	27,553	89,485
Intercompany receivable	36	—	578
Cash at bank	25	5,610	1,506
Total current assets		33,163	91,569
Total assets		426,803	439,687
Equity and liabilities			
Capital and reserves			
Share capital	26	1,828	1,409
Share premium	26	124,819	61,204
Shares to be issued	26	—	63,956
Other reserves	26	458	458
Share-based payment reserve	26	9,974	8,706
Retained earnings		132,986	176,973
Total equity		270,065	312,706
Non-current liabilities			
Lease liabilities	19	2,618	3,744
Total non-current liabilities		2,618	3,744
Current liabilities			
Trade and other payables	29	36,784	38,396
Borrowings	30	—	20,986
Interest payable	38	—	251
Intercompany payable	36	116,465	62,783
Tax liabilities	14	—	—
Lease liabilities	19	871	821
Total current liabilities		154,120	123,237
Total liabilities		156,738	126,981
Total equity and liabilities		426,803	439,687

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 to not present the Company Statement of Comprehensive Income. The loss of the legal parent company for the year ended 31 December 2022 was US$44.0 million (2021: US$25.0 million loss). The comparative amounts have been restated, refer to note 2 for more details.

The notes on pages 135 to 183 form part of these Financial Statements.

The Financial Statements of Savannah Energy PLC (Company number: 09115262) were approved by the Board of Directors and authorised for issue on 7 June 2023 and are signed on its behalf by:



Nick Beattie
Director

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	Note	2022 US$'000	2021 US$'000
Cash flows from operating activities:			
Net cash generated from operating activities	38	**75,693**	128,115
Cash flows from investing activities:			
Interest received		**881**	193
Payments for property, plant and equipment and other intangible assets		**(18,191)**	(31,191)
Exploration and evaluation payments		**(5,375)**	(1,327)
Payment for financial asset		**—**	(7,500)
Acquisition deposits		**(19,648)**	(7,000)
Loan provided to third party		**(1,067)**	—
Lessor receipts		**286**	388
Cash to debt service accounts		**(29,836)**	(76,800)
Cash acquired on acquisition of a subsidiary		**95,596**	—
Net cash from/(used) in investing activities		**22,646**	(123,237)
Cash flows from financing activities:			
Finance costs		**(38,528)**	(25,967)
Proceeds from issues of equity shares, net of issue costs		**61,141**	—
Sale of treasury shares		**73**	—
Borrowing proceeds		**12,810**	18,476
Borrowing repayments		**(57,008)**	(15,818)
Lease payments		**(1,474)**	(1,850)
Net cash used in financing activities		**(22,986)**	(25,159)
Net increase/(decrease) in cash and cash equivalents		**75,353**	(20,281)
Effect of exchange rate changes on cash and cash equivalents		**(16,945)**	(8,238)
Cash and cash equivalents at beginning of year		**45,739**	74,258
Cash and cash equivalents at end of year	25	**104,147**	45,739
Amounts held for debt service at end of year	25	**136,741**	106,905
Cash at bank at end of year as per Statement of Financial Position	25	**240,888**	152,644

The notes on pages 135 to 183 form part of these Financial Statements.

Company Statement of Cash Flows

for the year ended 31 December 2022

	Note	2022 US$'000	2021 US$'000
Cash flows from operating activities:			
Net cash used in operating activities	38	(30,356)	(7,374)
Cash flows from investing activities:			
Payments for property, plant and equipment		(6,782)	(17)
Amounts paid to subsidiary undertakings		(5,598)	(1,286)
Repayments from subsidiary undertakings		33,907	12,825
Payment for financial asset		—	(7,500)
Acquisition deposits		(19,648)	(7,000)
Loan provided to third party		(1,067)	—
Lessor receipts		286	388
Net cash provided by/(used in) investing activities		1,098	(2,590)
Cash flows from financing activities:			
Finance costs		(4,922)	(2,349)
Proceeds from issues of equity shares, net of issue costs		61,141	—
Sale of treasury shares		73	—
Borrowing proceeds		—	15,582
Borrowing repayments		(21,022)	(876)
Lease payments		(667)	(1,041)
Net cash provided by financing activities		34,603	11,316
Net increase in cash and cash equivalents		5,345	1,352
Effect of exchange rate changes on cash and cash equivalents		(1,241)	(37)
Cash and cash equivalents at beginning of year		1,506	191
Cash and cash equivalents at end of year	25	5,610	1,506

The notes on pages 135 to 183 form part of these Financial Statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Share capital US$'000	Share premium US$'000	Shares to be issued US$'000	Treasury shares US$'000	Other reserves US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Equity attributable to the owners of the Company US$'000	Non-controlling interest US$'000	Total equity US$'000
Balance at 1 January 2021	1,409	61,204	—	(59)	458	7,104	155,308	225,424	(2,737)	222,687
Profit for the year	—	—	—	—	—	—	768	768	16,335	17,103
Other comprehensive income	—	—	—	—	—	—	974	974	244	1,218
Total comprehensive profit for the year	—	—	—	—	—	—	1,742	1,742	16,579	18,321
Transactions with shareholders:										
Equity-settled share-based payments (note 27)	—	—	—	—	—	1,602	—	1,602	—	1,602
Share adjustments	—	—	—	1	—	—	171	172	—	172
Shares to be issued (note 26)	—	—	63,956	—	—	—	—	63,956	—	63,956
Balance at 31 December 2021	**1,409**	**61,204**	**63,956**	**(58)**	**458**	**8,706**	**157,221**	**292,896**	**13,842**	**306,738**
Profit for the year	—	—	—	—	—	—	(60,867)	(60,867)	(3,210)	(64,077)
Other comprehensive income	—	—	—	—	—	—	53	53	14	67
Total comprehensive loss for the year	—	—	—	—	—	—	(60,814)	(60,814)	(3,196)	(64,010)
Transactions with shareholders:										
Shares issued (note 26)	419	63,615	(63,956)	(78)	—	—	—	—	—	—
Sale of treasury of shares (note 26)	—	—	—	—	73	—	—	73	—	73
Equity-settled share-based payments (note 27)	—	—	—	—	—	1,268	—	1,268	—	1,268
Balance at 31 December 2022	**1,828**	**124,819**	**—**	**(136)**	**531**	**9,974**	**96,407**	**233,423**	**10,646**	**244,069**

The notes on pages 135 to 183 form part of these Financial Statements.

Company Statement of Changes in Equity

for the year ended 31 December 2022

	Share capital US$'000	Share premium US$'000	Shares to be issued US$'000	Other reserves US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Total equity US$'000
Balance at 1 January 2021	1,409	61,204	—	458	7,104	201,772	271,947
Loss for the year	—	—	—	—	—	(24,970)	(24,970)
Total comprehensive loss for the year	—	—	—	—	—	(24,970)	(24,970)
Transactions with shareholders:							
Equity-settled share-based payments (note 27)	—	—	—	—	1,602	—	1,602
Share adjustments	—	—	—	—	—	171	171
Shares to be issued (note 26)	—	—	63,956	—	—	—	63,956
Balance at 31 December 2021	**1,409**	**61,204**	**63,956**	**458**	**8,706**	**176,973**	**312,706**
Loss for the year	—	—	—	—	—	(43,987)	(43,987)
Total comprehensive loss for the year	—	—	—	—	—	(43,987)	(43,987)
Transactions with shareholders:							
Shares issued (note 26)	419	63,615	(63,956)	—	—	—	78
Equity-settled share-based payments (note 27)	—	—	—	—	1,268	—	1,268
Balance at 31 December 2022	**1,828**	**124,819**	**—**	**458**	**9,974**	**132,986**	**270,065**

The notes on pages 135 to 183 form part of these Financial Statements.

Notes to the Financial Statements
for the year ended 31 December 2022

1. Corporate information
The Consolidated Financial Statements of Savannah Energy PLC ("Savannah" or the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 7 June 2023.

Savannah was incorporated in the United Kingdom on 3 July 2014. Savannah's principal activity is the exploration, development and production of natural gas and crude oil and development of other energy-related projects in Africa.

The Company is domiciled in England for tax purposes and is a public company, and its shares were listed on the Alternative Investment Market ("AIM") of the London Stock Exchange on 1 August 2014.

The functional currency of the Group's subsidiaries is US Dollars ("US$"), and the Consolidated Financial Statements are presented in US Dollars and all values are rounded to the nearest thousand (US$'000), except when otherwise stated.

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
On 31 December 2020, International Financial Reporting Standards ("IFRS") as adopted by the European Union at that date were brought into UK law and became international accounting standards as adopted by the United Kingdom ("UK-adopted IAS"), with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted IAS in its Consolidated Financial Statements from 1 January 2021. There was no impact on the Group from this transition, nor any changes in accounting policy. The Financial Statements of the Group and the Company have been prepared in accordance with UK-adopted IAS. These Financial Statements have been prepared under the historical cost convention except for financial instruments measured at fair value through profit or loss, employee benefits and derivative financial instruments which have been measured at fair value.

The Consolidated Financial Statements of the Group incorporate the results for the year ended 31 December 2022.

The Company Statement of Financial Position has been restated to correct the intercompany position with one of its subsidiaries, from a net position to a intecompany receivable (non-current) and intercompany payable as the criteria for net position of these balances were not met. This resulted in an increase in non-current assets of US$28.1 million and an increase in current liabilities of US$28.1 million. Additionally, this has increased both non-current assets and current liabilities as at 1 January 2021 by US$21.5 million.

On 9 December 2022, the Company acquired Savannah Chad Inc. ("SCI") and Savannah Midstream Investment Limited ("SMIL") from ExxonMobil, as set out in note 34.

On 23 March 2023 and the subsequent promulgation in law on 31 March 2023, the Republic of Chad nationalised the interests of any kind of SCI located in Chad or arising from the conventions between SCI and the Republic of Chad in respect of the exploration, exploitation and transportation of hydrocarbons in Chad (the "Conventions") and the interests of any kind of SMIL, including the shares and rights held by SMIL in any branch office in Chad and any company having its principal place of business in Chad (the "Chad Assets"). In particular the steps taken by the Republic of Chad have resulted in the nationalisation of SCI's upstream production assets in Chad and SMIL's c.40% interest in Tchad Oil Transportation Company ("TOTCo"), the owner and operator of the Chad portion of the Chad-Cameroon midstream pipelines.

For SCI, the initial acquisition balance sheet was estimated by initially using the year end financial information as recorded in the financial ledgers, analysis of ledger movements and using bank statements. Using this information, a 'roll back' exercise to the acquisition was performed. Then, where possible, the fair values of certain balance sheet items were determined which involved a combination of: using the Group's valuation advisors for the intangible and tangible fixed assets, including a Competent Persons Report for the oil reserves, decommissioning provisions, and inventory. Trading results from the acquisition date to the reporting date were derived as part of the 'roll-back' exercise and included re-calculating depletion and depreciation based on the Group's reserve estimates. With respect to COTCo and TOTCo, as equity-accounted investments, the fair value of the initial investments were based on discounted expected future dividends. For the period from the acquisition date to the reporting date, for COTCo, Management had access to both the financial ledgers and COTCo Management to account for the results in this period; for TOTCo this was not possible. More details of the Nationalisation is set out in note 41.

As a result of the Nationalisation, the Company has not been able to fully access all the underlying financial information, nor have access to the relevant Chad-based employees of the affected entities in order to prepare the financial information for audit purposes to be consolidated into the Group's financial statements for the year ended 31 December 2022. The Group's auditor has therefore been unable to conduct a complete audit on these entities for the period from the date of acquisition on 9 December 2022 to 31 December 2022.

Despite this limitation, the Directors are still required to present the Statement of Consolidated Income, Statement of Consolidated Position and Statement of Consolidated Cash Flows without separately identifying the amounts that the Directors believe relate to the Chad Assets within these primary statements. The financial information that has been disclosed for the Chad Assets was primarily sourced from the financial records and supporting documents that were available before the Nationalisation date, and the Group's assessment of the fair values as required by IFRS 3 – Business Combinations, for the purposes of acquisition accounting are considered provisional because the Group has not been able to finalise the purchase price allocation exercise by the date of this report. This is due to the level of information available to the Group following the Nationalisation. More information is set out in note 5 which shows the different segments that make up the Group.

The Directors expect that as a result of the Nationalisation of the Chad Assets, that the activities of these assets will be considered as a discontinued operation in accordance with IFRS 5 – Non-current Assets for Sale and Discontinued Operations from 31 March 2023 and this will be reflected in the Group Financial Statements for the year ending 31 December 2023. This is without prejudice to Savannah's claims following the expropriation.

Notes to the Financial Statements continued

for the year ended 31 December 2022

2. Basis of preparation continued

Going concern

The Directors have considered the factors relevant to support a statement of going concern; in assessing the going concern assumption the Directors have reviewed the Group's forecasted cash flows as well as the funding requirements of the Group for the period to 31 December 2024. This forecast was prepared on a "bottom-up" basis, at each major asset and corporate level, and it reflects the Group's best estimate of costs and revenues for the period. The capital expenditure and operating costs used in this forecast are based on the Group's approved corporate budget which includes operating budgets for each of the operating subsidiaries and an estimate of the corporate general and administrative costs for the period.

The base case model assumes that cash collections from our gas customers in Nigeria are received on a timely and regular basis in line with both our key long-term supply contracts with committed volumes and our short-term supply contracts, which also assumes that only current customers are supplied. Forecast cash inflows also includes dividend income from COTCo, together with cashflows generated from liquids production at the Nigerian Stubb Creek and Uquo fields which are based on in-house production forecasts and are in line with the forecasts in the Competent Person Report.

In addition to the base case which assesses the Group's going concern for its existing business, the Group has also separately assessed the impact on the Group's going concern assumption with respect to its proposed acquisition of the South Sudan Assets which is expected to complete in the second half of 2023. More detail on this assessment is set out below.

As part of its analysis in making the going concern assumption, the Directors have considered the range of risks facing the business on an ongoing basis, as set out in the risk section of this Annual Report. It is recognised that the operations and financing requirements have a number of inter-dependencies across the Group which can create inherent risks and uncertainties which need to be mitigated. Specifically, the impact of the Nationalisation on the wider-Group was mitigated through the original acquisition structure and the terms of the ring-fenced acquisition financing which was established. The acquisition financing facility was amended following the Nationalisation and save for the capped guarantee from the Company (as discussed in note 30), it continues to have recourse only to the cashflows received from the Chad and Cameroon Assets. In addition, the other principal assumptions made in relation to our base case going concern assessment relate to the timely payments of our gas invoices by our customers, the forecast commodity price environment and continued access to FX markets (specifically in relation to financing of US Dollar denominated costs and the refinancing of the Accugas US$ Facility). Notwithstanding the risks and inter-dependencies across the Group, both the base case forecasts and sensitised scenarios confirm that the Directors believe that the Group and each subsidiary company has sufficient liquidity to continue as a going concern for the period to 31 December 2024.

Looking at a selection of the principal risks:

Timely payment of gas invoices from a concentrated customer base

Historically, the Group had a relatively concentrated customer base and therefore created an inherent reliance risk on a small number of customers. As previously outlined, the Group has focused on diversifying the customer base to reduce this concentration and in the year ended 31 December 2022 eight gas customers accounted for approximately 85 per cent of delivered revenues a considerable improvement on the year ended 31 December 2021, where four customers accounted for approximately 91 per cent of delivered revenues.

Following the proposed acquisition of the South Sudan Assets, it is expected that the Group will benefit additional customer diversification with significantly increased oil revenues leading to a broader revenue base and product mix.

The risk associated with Nigerian-based gas customers is mitigated through the external credit support covering the offtake contracts at Accugas where we have a Partial Risk Guarantee in place via the World Bank to support Calabar supply, and a standby letter of credit provided from an investment grade rated financial institution for Lafarge Africa PLC. Similar credit support is put in place for each new gas sales agreement which is entered into by Accugas.

Commodity price environment

The Group primarily operates in the energy sector and is therefore exposed to fluctuations in commodity prices. Between 2021 and 2022, there was significant volatility in Brent oil prices which traded from an average of US$71.0/bbl in 2021, to an average of US$101.0/bbl in 2022. The Group's gas sales contracts are fixed price without any correlation to crude, with long-term supply contracts subject to inflation price adjustments. Similarly, the dividends from COTCo are generated from tariff revenues and have no direct correlation to crude oil pricing. In their forecast, Management has adopted an oil price of US$80.0/bbl for the remainder of 2023 and an average of US$65.0/bbl for 2024–2025.

Commodities remain volatile and can fluctuate based on a wide range of factors. The Group has previously used hedging instruments to provide protection against fluctuations and following the acquisition of the South Sudan Assets, the Group is expecting to enter into a rolling hedging programme to provide protection against oil price fluctuations.

Debt financing

The Group continues to work with its advisers to refinance the Accugas US$ Facility into Naira. Substantial positive progress has been made to date as an initial step in the refinancing process, the existing Accugas lenders have agreed a new Naira-denominated four year term facility (the "Transitional Facility") which will be utilised to assist with the full repayment of the Accugas US$ Facility. The Transitional Facility is intended to then be progressively paid down through a combination of long-dated domestic bond issuances and other bilateral facilities (as was detailed in the Group's Admission Document, published December 2021). The Accugas US$ Facility is currently anticipated to be fully repaid and cancelled during 2023.

Whilst the refinancing process proceeds, Accugas continues to work closely with its lending banks and at 31 December 2022, Accugas had agreed to set aside approximately US$174.8 million for debt service purposes. Completion of the refinancing of the Accugas US$ Facility into the Transitional Facility continues to require access to appropriately priced US dollars and it is anticipated that the refinancing will complete at the point in time that these US dollars are accessed.

2. Basis of preparation continued

Going concern continued

Debt financing continued

Given that Accugas did not have a long-dated extension for delaying conversion of Naira balances to US Dollars at the reporting date beyond the period of the going concern review, the balance of the Accugas US$ Facility has been reflected as a current borrowing. Following a refinancing of the Accugas US$ Facility, the principal amounts will be disclosed between current and non-current borrowings at future reporting dates based on revised repayment dates.

In Nigeria, the Group continues to access US Dollars as required to pay its non-Naira denominated expenditures including capital expenditures on the Accugas compression project. The Directors remain highly confident this will continue and that the Group will be able to access US Dollars and other currencies as required to maintain its operational needs and going concern status.

Acquisition of the South Sudan Assets

The cash flow assumptions are based on the analysis of historic performance of the assets being acquired, reviewing the operator's and vendor's forecasts, future capital expenditures, and advice and review from external consultants.

The increased cash flows of the Group following the acquisition will provide the Group with a greater diversity of revenue streams and a more balanced source of cash flows across all the Group's operations.

Sensitivity analysis

The Group has undertaken sensitivity analysis on the respective cash flow forecasts and considered the material risk areas for the business which could impact upon the going concern assumption. These risks included: (i) timely payment of receipts from gas customers, (ii) commodity pricing and (iii) impact of reduction in oil production for the South Sudan Assets. In this respect a number of sensitivities were prepared, as follows:

(i) gas customer receipts – extended the collection receipt time;

(ii) reduced the forecast average oil price by 10%; and

(iii) oil production reduction – assumed an approximate 8% (one month) reduction in production.

Mitigating actions were considered which could be taken by the Group to prevent a shortfall arising under any scenario and these could include:

(i) deferring or reducing costs – given its high equity ownership levels and operatorship of key assets, the Group has significant levels of control over capital and operating spend and can directly manage costs where necessary with only minimal committed capital spend;

(ii) enforcing its rights to claim payment under the credit support arrangements in place; and

(iii) raising of additional debt or equity if required – the leverage on the Nigerian assets is low and given the long-term gas sales contracts and long-life nature of the assets, the Group believes further funding could be accessed if the need arose.

Under sensitivity analysis, the operating cash flows and funding available to the Group remain sufficient at all times during the forecast period to meet obligations as required whilst still maintaining headroom.

The Directors are confident in the Group's forecast and have a reasonable expectation that the Group will continue in operational existence for the going concern assessment period and believe it is appropriate to continue to adopt the going concern basis in preparing these Consolidated Financial Statements.

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.

Notes to the Financial Statements continued

for the year ended 31 December 2022

2. Basis of preparation continued

Basis of consolidation continued

Subsidiaries continued

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. See note 22 for the companies that have been consolidated within the Group Financial Statements.

Transactions eliminated upon consolidation

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

3. Significant accounting policies

New and amended IFRS standards

The following relevant new standards, amendments to standards and interpretations were mandatory for the first time for the financial year beginning 1 January 2022:

Standard	Key requirements	Effective date
Amendments to IAS 37: Onerous Contracts	The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs and an allocation of costs directly related to contract activities. General costs are excluded unless explicitly chargeable under the contract. This change has not had a material impact on the Group's Financial Statements.	Periods beginning on or after 1 January 2022
Amendments to IFRS 3: Conceptual Framework	The amendments add an exception to the recognition principle of IFRS 3: Business Combinations to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37: Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21: Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. These amendments did not have a material impact on the Group's Financial Statements.	Periods beginning on or after 1 January 2022
Amendments to IAS 16: Property, Plant and Equipment	The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in the statement of profit or loss. These amendments did not have a material impact on the Group's Financial Statements.	Periods beginning on or after 1 January 2022
Annual Improvements to IFRS Standards 2018–2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)	IFRS 1: First Time Adoption: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported in the parent's Consolidated Financial Statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures. IFRS 9: Financial Instruments: The amendment clarifies the fees in the "10%" test for derecognition of financial liabilities can only be included if paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. IAS 41: Agriculture: The amendment removes the requirement that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. All of these amendments did not have a material impact on the Group's financial statements.	Periods beginning on or after 1 January 2022

3. Significant accounting policies continued

Standards issued but not yet effective

There are a number of standards, amendments to standards and interpretations which have been issued, but are not effective and have not been adopted early.

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12); and
- IFRS 17: Insurance Contracts (Adoption of a new accounting standard in relation to all types of insurance contracts regardless of the type of entities that issue them).

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16: Leases (Amendment – Liability in a Sale and Leaseback);
- IAS 1: Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current); and
- IAS 1: Presentation of Financial Statements (Amendment – Non-Current Liabilities with Covenants).

The Group is currently assessing the impact of these new accounting standards and amendments. Currently, it does not expect any of these amendments to have a material impact on the Group's financial information.

Foreign currency translation

Functional and presentation currency

Management has concluded that the US Dollar is the functional currency of each entity of the Group due to it being the currency of the primary economic environment in which the subsidiary operates, based on the following facts:

- oil and gas revenues are priced and invoiced in US Dollars;
- most of the expenses of the entities of the Group are denominated in US Dollars; and
- the majority of funds raised from financing activities (debt or equity instruments) are generated in or converted to US Dollars.

The Group's presentation currency is US Dollars.

Transactions and balances

Transactions entered into in a currency other than the functional currency are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions. At each Statement of Financial Position date, the monetary assets and liabilities of the Group's entities that are not in the functional currency of that entity are translated into the functional currency at exchange rates prevailing at the Statement of Financial Position date. The resulting exchange differences are recognised in the Statement of Comprehensive Income. Realised foreign exchange gains and losses are recognised within foreign exchange losses in the Statement of Comprehensive Income.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest ("NCI") in the acquiree. For each business combination, the Group elects whether to measure NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Those acquired petroleum reserves and resources that can be reliably measured are recognised separately in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognised separately, but instead are subsumed in goodwill.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for any NCI and the acquisition-date fair value of any previously held interest (aggregate consideration transferred) over the fair value of the identifiable net assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred (a bargain purchase), before recognising a gain, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Statement of Comprehensive Income. If fair values have not been finalised by the date of publication, the amounts shall remain provisional until earlier of the Group acquiring sufficient information or the end of the measurement period of one year from the acquisition date. Any adjustment to the provisional fair values will retrospectively adjust the acquisition balance sheet and any goodwill or bargain purchase recognised, if any.

Notes to the Financial Statements continued

for the year ended 31 December 2022

3. Significant accounting policies continued

Revenue recognition

The Group is principally engaged in the exploration, development and production of crude oil and natural gas, as well as the processing, marketing and distribution of gas. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. When a new contract is signed with a customer, the Group determines whether the contract meets the definition of a contract with a customer under IFRS 15. The Group continues to account for the contract as a contract with a customer until there is a significant change in facts and circumstances that suggest that this may no longer be appropriate. At this point, the Group reassesses the contract and if the criteria is not met, the Group recognises consideration received as revenue when there are no remaining obligations to transfer goods or services to the customer and all of the consideration has been received or the contract has been terminated and the consideration received is non-refundable.

Sale of gas

The Group recognises revenue from the sale of gas over time because the customer simultaneously receives and consumes the benefits provided by the Group. The customer does not need to re-perform the processing or re-deliver the gas the Group has provided to date and therefore this demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance. Revenue from sale of gas delivered is considered to be a series of distinct goods or services that are substantially the same and have the same pattern of transfer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. The promised quantity of gas committed to be transferred to the customer in the contract is the minimum quantity of gas to be purchased by the customer. Purchases above and beyond the estimated minimum have been considered optional purchases and accounted for as separate contracts at a price that would reflect the stand-alone selling price of the gas delivered. In determining the transaction price for the sale of gas, the Group considers the existence of significant financing components, consideration payable to the customer (if any) and variable consideration. The variable consideration is estimated by either using the "expected value" or "most likely amount" method to allocate the consideration to the performance obligation. The credit terms are typically between 30 and 90 days upon invoicing, depending on the customer.

Sales of crude oil and condensates

Revenue from sales of crude oil and condensates is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the processed crude at the delivery point. The normal credit term is 30 days upon delivery.

Significant financing component

As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between when it transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. In addition, a significant financing component assessment is carried out where the Group receives a take-or-pay deficiency payment on gas sales. Take-or-pay gas sales contracts provide that the customer must sometimes pay for gas even when not delivered to the customer. The customer, in future contract years, takes delivery of the product without further payment. A significant financing component is deemed not to exist when the customer pays for the goods or services in advance and the timing of the transfer of those goods or services is at the discretion of the customer.

Take-or-pay contract and breakage

The Group enters into take-or-pay contracts for sale of gas where the buyer may not ultimately exercise all of their rights to the gas. The take-or-pay quantity not taken but paid for by the buyer is called take-or-pay deficiency payment and/or "make-up" gas. If a buyer has a right to receive a "make-up" delivery at a later date, revenue recognition is deferred and only recognised when the gas is delivered, or when the "make-up" gas can no longer be taken. The Group assesses if there is a reasonable assurance that it will be entitled to a breakage amount. Where it establishes that a reasonable assurance exists, it recognises the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. However, where the Group is not reasonably assured (more likely than not) of a breakage amount, it would only recognise the expected breakage amount as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

Consideration payable to a customer

The payment of the costs, claims, demands, liabilities and/or expenses suffered or incurred by the buyer (if any) has been recognised as a reduction of the transaction prices and, therefore, of revenue since the payment to the customer is not in exchange for distinct goods that the customers transfer to the Group.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration a contract asset is recognised for the earned consideration that remains conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under financial instruments.

3. Significant accounting policies continued

Contract balances continued

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. “Make-up” gas is recorded as a contract liability.

Production entitlement

Differences may arise in a joint operation between the Group’s share of production entitlement and the volumes that have been lifted and sold. When the Group sells more than its production entitlement, this “overlift” is recognised as a liability at market value. When the Group sells less than its production entitlement, this “underlift” is recognised as Inventory at the lower of cost and net realisable value. The net movement of the entitlement position is recognised in the Consolidated Statement of Comprehensive Income in Cost of sales.

Oil and gas assets

Expenditure on the construction, installation or completion of upstream facilities such as process plant, flowlines and the drilling of development wells is capitalised within Oil and gas assets. When a development project moves into the production stage, the capitalisation of certain construction/development costs ceases and costs are either regarded as part of the cost of inventory or expensed in the period in which they are incurred, except for costs which qualify for capitalisation relating to producing asset additions, improvements or new developments. Development and producing assets are carried at cost less accumulated depreciation, depletion and accumulated impairment losses.

Infrastructure assets and other property, plant and equipment

Infrastructure assets and other property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depletion and depreciation

Depletion and depreciation are provided at rates calculated to write each asset down to its estimated residual value over its expected useful life as follows:

	Years
Oil and gas assets	
Production and development costs	Unit[1]
Geological and geophysical costs, production drilling costs and development drilling costs	Unit[1]
Right-of-use assets	
Leasehold buildings	Life of the lease
Infrastructure assets	
Pipeline and facilities	5–40
Equipment	5–10
Other assets	
Computers	3
Motor vehicles	4
Furniture and fixtures	5–10

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

Oil and gas assets are depleted on a unit-of-production basis over the total proved and probable reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. This method takes into account expenditures incurred to date, together with estimated future capital expenditure expected to be incurred. Rights and concessions are depleted on the unit-of-production basis over the total proved and probable reserves of the relevant area. Changes in the estimates of commercial reserves or future field development costs are accounted for prospectively.

Pipeline fill

Natural gas which is used to fill pipelines and is necessary to bring a pipeline into working order is treated as a part of the cost of the related pipeline on the basis that it is not held for sale or consumed in a production process but is necessary for the operation of a facility during more than one operating cycle. Also, its cost cannot be recouped through sale (or is significantly impaired). This applies even if the part of inventory that is deemed to be an item of property, plant and equipment (“PP&E”) cannot be separated physically from the rest of inventory. It is valued at cost and is depreciated over the useful life of related asset.

Notes to the Financial Statements continued

for the year ended 31 December 2022

3. Significant accounting policies continued

Intangible assets

Exploration and evaluation assets

These assets relate to exploration and evaluation expenditure and are accounted for under IFRS 6: Exploration for and Evaluation of Mineral Resources. Only costs which relate directly to the discovery and development of specific oil and gas reserves are capitalised.

Exploration and evaluation expenditure which relates to unsuccessful drilling operations, though initially capitalised pending determination, is subsequently written off. Exploration and evaluation costs are valued at cost less accumulated impairment losses and capitalised within exploration and evaluation assets. Costs incurred prior to obtaining legal rights to explore are expensed immediately to the Statement of Comprehensive Income. When the exploratory phase has resulted in the recognition of commercial reserves, the related costs are first assessed for impairment and (if required) any impairment recognised, then the remaining balance is transferred to Oil and gas assets.

Long-lead items are classified within PP&E and transferred to Exploration and evaluation assets once utilised in operations.

Other intangible assets

Other intangible assets are initially recognised at cost less accumulated amortisation and any accumulated impairment losses. These assets comprise IT software and are amortised on a straight-line basis over their useful economic life, typically three to five years.

Leases

Lessee accounting

On inception of a contract, the Group assesses whether the contract is, or contains, a lease. The contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether the contract conveys the right to control the use of an identified asset, the Group assesses whether the contract involves the use of an identified asset, the Group has the right to obtain all of the economic benefits from the use of the asset throughout the period of use, and the Group has the right to direct the use of the asset.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The Group also applied the available exemptions wherein it:

- applied the short-term leases exemptions to leases with a lease term that ends within 12 months of the date of initial application; and
- applied the low-value leases exemptions to leases for which the underlying assets are of low value.

The lease liability recognised under IFRS 16 is measured on a discounted basis. The discount rate used to discount the lease payments for each lease is the incremental borrowing rate appropriate for each lease at the date of initial application. The incremental borrowing rates were determined for each lease taking into consideration factors such as the term of the lease, the nature of the asset, credit risk and the economic environment in which the asset was located (which included the currency in which the lease was denominated).

Lessor accounting

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Amounts due from lessees under finance leases are recognised as finance lease receivables at the amount of the Group's net investment in the lease. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group does not account for any contracts where the Group is a lessor as an operating lease.

Investments in subsidiaries

Investments in subsidiaries are stated in the Statement of Financial Position at cost less any provisions for impairment. If a distribution is received from a subsidiary, then the investment in that subsidiary is assessed for an indication of impairment depending on the nature of the distribution. Typically, these distributions are intercompany dividends.

Investments in associates

An associate is an entity over which the Group has significant influence, through the power to participate in the financial and operating policy decisions of the investee, but which is not a subsidiary or a joint arrangement. Investments in associates are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. The aggregated Statement of Comprehensive Income reflects the Group's share of results of operations in the associate.

Segmental analysis

In the opinion of the Directors, the Group is primarily organised into three geographical operating segments and one Unallocated segment. This is consistent with the Group's internal reporting to the Executive Committee, which is the chief operating decision maker; refer to note 5.

3. Significant accounting policies continued

Impairment

Property, plant and equipment

At each Statement of Financial Position date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are cash inflows that are largely independent of the cash inflows from other assets or group of assets. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Comprehensive Income.

Non-financial assets which have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income.

Exploration and evaluation assets

Impairment tests are performed when the Group identifies facts or circumstances implying a possible impairment in accordance with IFRS 6. Where the Group identifies that an asset may be impaired, the Group performs an assessment of the recoverable value in accordance with the requirements of IAS 36. Any impairment loss is recognised immediately in the Statement of Comprehensive Income.

Financial assets

Financial assets measured at fair value through profit or loss (“FVTPL”)

Financial assets are classified as measured at FVTPL when the asset does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. Such assets are carried on the Statement of Financial Position at fair value with gains or losses recognised in the Consolidated Statement of Comprehensive Income. Derivatives, embedded or otherwise, are included in this category; such embedded derivatives include a customer’s ability to pay in a different currency than billed (no material derivatives have been identified) or call options included within a loan note which gives the Group the option to repay the loan at a discount to the face value of the note.

Amounts due from Group companies and other receivables

Amounts due from Group companies and other receivables are measured at amortised cost using the effective interest method less any impairment. Included within other receivables are deposits paid for future acquisitions which are recognised until such a time the acquisition is completed and is included within the consideration paid for the business. If the acquisition does not complete and the deposit is non-refundable, this amount is immediately recognised in the Consolidated Statement of Comprehensive Income.

Loan receivables

Loan receivables are measured at amortised cost using the effective interest method less accumulated impairment. The effective interest of the loan is used to calculate the amortised cost and the amortisation of the loan is recognised as Finance income in the Consolidated Statement of Comprehensive Income.

Impairment of financial assets

The Group recognises an allowance for expected credit loss (“ECL”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if any). ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit loss that results from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit loss expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For most trade receivables, the Group is required to follow a simplified approach in calculating ECLs if no significant financing component exists. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment. For some trade receivables which are subject to discussions with the counterparty, specific assessments are made to determine the recoverability of such amounts which includes expected recovery rates and discounting for the time value of money. For receivables from related parties, the Group applies the general approach. The general approach involves tracking the changes in the credit risk and recognising a loss allowance based on a 12-month ECL at each reporting date. When the Group acquires credit impaired assets, the ECL that is netted against the gross receivable balance is released to the Statement of Comprehensive Income when the original invoice that the ECL relates to is settled.

For amounts due from Group companies, the Company recognises an allowance equal to the 12-month ECL where there has been no significant increase in credit risk since initial recognition. If it has been determined that there has been a significant increase in credit risk since initial recognition, a lifetime ECL is recognised.

Notes to the Financial Statements continued

for the year ended 31 December 2022

3. Significant accounting policies continued

Joint arrangements

A joint arrangement is an arrangement over which two or more parties have joint control. Joint control exists when the Group does not have the power, directly or indirectly, to solely govern the financial and operating policies of an entity. In assessing control, potential voting rights which are currently exercisable are taken into account. The Group is engaged in oil and gas exploration, development, production and distribution through joint ventures or jointly controlled entities. When the Group has rights to the assets and obligations for the liabilities relating to the arrangement, the Group accounts for its share of assets, liabilities, revenues and expenses as a joint operation.

When the Group has rights to the net assets of the arrangement, the Group recognised its interest as an investment and for that investment using the equity method. Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the venture since the acquisition date. The aggregated Statement of Comprehensive Income reflects the Group's share of results of operations in the ventures.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is: (i) contingent consideration that may be paid by an acquirer as part of a business combination; (ii) held for trading; or (iii) designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the fair value adjustment line item in the Statement of Comprehensive Income.

Financial liabilities at amortised cost

After initial recognition at fair value, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs.

Certain borrowings within the Group have payment-in-kind provisions in relation to interest payments whereby the Group can elect to exercise such provisions in place of payment of accrued interest. When this occurs, the accrued interest is added to the principal amount and interest is accrued on the new principal amount.

Equity instruments

Equity instruments issued by the Group are recorded at the fair value of the proceeds received or the fair value price at the date of issue, net of direct issue costs, which are recorded to share capital (nominal value) and share premium.

Trade payables

Trade payables are initially measured at fair value and subsequently measured at amortised cost.

Taxation

Current tax

The tax currently payable is based on assessable taxable income generated for the year. Taxable profit differs from profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date. Withholding taxes are included within the current tax line if they are calculated on a "net profit" figure; if such taxes are calculated on revenue items, these amounts are included within expenses.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the Statement of Financial Position liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Statement of Financial Position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or to settle the carrying amount of its assets and liabilities.

3. Significant accounting policies continued

Taxation continued

Deferred tax continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the Statement of Comprehensive Income, except when they relate to items credited or debited directly to equity or Other comprehensive income, in which case the tax is also recognised directly in equity or Other comprehensive income, as appropriate.

Inventories

Inventories of oil and condensate assets are stated at the lower of their cost and net realisable values and changes are recognised in the Statement of Comprehensive Income.

Other inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out method and comprises direct materials and, where applicable, direct labour, overheads and other charges incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

Cash at bank

Cash at bank in the Statement of Financial Position comprises cash and cash equivalents, such as cash at banks and at hand and short-term deposits with an original maturity of up to three months. It also includes amounts held in accounts designated for debt service purposes. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined.

Within certain countries where the Group operates, bank accounts can go into overdraft from time to time as part of the Group's cash management. In these circumstances, the overdrafts are included as a component of cash and cash equivalents due to these balances fluctuating from being positive to overdrawn. Otherwise, the overdrawn accounts are shown as a liability.

Restricted cash

Restricted cash is not freely available for use by the Group and mainly relates to stamp duty escrow accounts.

Provisions

General

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the Group's best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date, considering the risks and uncertainties of the obligation, and are discounted to present value where the effect is material. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the Statement of Comprehensive Income.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Decommissioning liability

The Group recognises an initial decommissioning liability and an asset in Property, plant and equipment, if it has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related assets to the extent that it was incurred by the development/construction of the asset. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to Property, plant and equipment.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the Statement of Comprehensive Income within Finance Income. If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36. If, for mature fields, the revised oil and gas asset net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to the Statement of Comprehensive Income.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the Statement of Comprehensive Income as a finance cost.

Notes to the Financial Statements continued
for the year ended 31 December 2022

3. Significant accounting policies continued

Share-based payments

The Group issues equity-settled share-based payments to some of its employees and Directors through stock option plans. In accordance with IFRS 2, these plans are measured at fair value on the grant date and are accounted for as an employee expense on a straight-line or graduated vesting for each tranche basis over the vesting period of the plans.

The equity-settled transaction reserve accounts for the expense associated with options that have been granted but not yet vested. The cost of the share options is recognised as an increase in the equity-settled transaction reserve at the time of the award for awards with no market conditions and over the expected vesting period for awards with market conditions. This reserve is transferred to the retained earnings account over time when such shares become vested. If the shares options lapse when unvested, the cumulative charge is reversed in the Statement and Comprehensive Income and a corresponding reduction in the reserve account.

The proceeds received on exercise of share options are net of any directly attributable costs are credited to share capital (nominal value) and share premium in the Company.

The Company has the obligation to deliver the shares. The Company recognises an increase in the investment in the subsidiary undertaking that employs the recipients of the share-based payment awards as a capital contribution from the parent and a corresponding increase in equity. These amounts are equal to the expense recognised in the subsidiary.

When the terms of an equity-settled share-based payments are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Capital

The capital structure of the Group consists of equity attributable to the owners of the Company, comprising issued capital, treasury shares, the capital contribution reserve, the share-based payment reserve and the retained earnings.

Share capital

Share capital comprises issued capital in respect of issued and paid-up shares, at their par value.

Share premium

Share premium comprises the difference between the proceeds received and the par value of the issued and paid-up shares.

Treasury shares

The shares in the Company held by the employee benefit trust ("EBT") are included in the Statement of Financial Position at cost of acquisition as a deduction from equity. The EBT has been consolidated within these Group accounts as the Group has control over the entity. No gain or loss is recognised in the Statement of Comprehensive Income on the purchase, sale, issue or cancellation of the Group's own equity instruments. If any shares are reissued, the difference between the weighted average carrying amount and the consideration received is recognised in share premium.

Other reserves

Other reserves primarily relates to a capital contribution made by shareholders as part of a loan note conversion.

Shares to be issued

Shares to be issued represents inflows, net of expenses, to be received by the Company in relation to ordinary shares contractually obliged to be issued by the Company but, at the Statement of Financial Position date, are yet to be issued.

Share-based payment reserve

The share-based payment reserve relates to equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Retained earnings

Retained earnings comprises the accumulated or deficit of earnings retained by the Group.

Capital management

The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term, and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions.

The Group funds its expenditures on commitments from existing cash and cash equivalent balances, amounts received from the issue of shares, debt financing and cash flows from its operating entities. There are no externally imposed capital requirements. Financing decisions are made by the Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

Notes to the Financial Statements
for the year ended 31 December 2022

3. Significant accounting policies continued

Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the post-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Employee benefits

Defined contribution plan

The Group remits employees' contributions to designated pension fund administrators. The Group and its employees contribute a percentage of the employees' current salaries and designated allowances. Employees' contributions to the scheme are funded through payroll deductions while the Group's contributions are charged to the Statement of Comprehensive Income in the year to which the contributions relate. The Group has no legal or constructive obligation to pay further contributions if the relevant pension fund does not hold sufficient assets.

Defined benefit plan

Lump sum benefits payable upon retirement or resignation of employment are fully accrued over the service lives of relevant staff under a defined benefit plan (the "scheme"). Employees under the scheme are entitled to a percentage of their final salary and an amount based on a (capped) number of years of continuous service. The actuarial techniques used to assess the value of the scheme involve financial assumptions (discount rate, rate of return on assets, medical costs trend rate) and demographic assumptions (salary increase rate, employee turnover rate, etc.). The Group uses the assistance of an external independent actuary in the assessment of these assumptions.

The Group has adopted the Projected Unit Credit ("PUC") method to establish the value of the accrued liabilities. In calculating the liabilities, the method:

- recognises the Group service rendered by each member of staff at the review date;
- anticipates that salaries will increase between the review date and the eventual exit date of the employee via withdrawal, death or retirement; and
- discounts the expected benefit payments to the review date.

Short-term employee benefits

(i) Rewards

Short-term employee benefits are rewards such as wages, salaries, paid annual leave and bonuses (if payable within 12 months of the end of the year) and non-monetary benefits (such as medical care, housing, cars, etc.).

(ii) Medical insurance scheme

The Group subscribes to a medical insurance plan on behalf of its employees, paying a gross premium to a health management organisation based on the level of the employee. This premium is treated as a prepayment and charged to staff costs monthly.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The impact of estimate sensitivities are disclosed where such sensitivities are considered material, meaningful and practical.

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

Critical accounting judgements

Business combination

When the Company announced its intention to acquire the Chad and Cameroon Assets in 2021 it constituted a "reverse takeover" of the Company pursuant to the AIM Rules for Companies. Under IFRS 3: Business Combinations, a reverse acquisition occurs when the entity that issues consideration securities (the legal acquirer) is identified to be the acquiree for accounting purposes in line with the provisions of IFRS 3. In such a case, the legal acquiree must be the acquirer for accounting purposes for the transaction to be considered a reverse acquisition. However, where the legal acquiree is considered to be a business (as defined by IFRS 3), and the legal acquirer can demonstrate that the acquisition did not give control to the legal acquiree shareholders or to the acquiree's management team, then the acquisition would not be accounted for as a reverse acquisition. IFRS 10: Consolidated Financial Statements states that an investor controls an investee if, and only if, the investor has power over the investee, i.e. it can control the investee's activities, has exposure, or rights, to the variable returns from its involvement with the investee and the ability to use its power over the investee to affect the investee's returns. In the judgement of the Directors, the acquisition of the Chad and Cameroon Assets should not be accounted for as a reverse acquisition.

Determination of cash-generating units ("CGUs")

The determination of CGUs requires judgement in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality.

Revenue from contracts with customers – timing of recognition

Revenue from gas delivered and crude oil processing services will be recognised over time because, as the Group performs, the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the processing or re-deliver the gas that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs. The Group has determined that revenue from the sale of crude oil will be recognised at a point in time, as control is passed to the customer.

The Group has determined that the output method is the best method in measuring progress of quantity of gas delivered and crude oil processing because there is a direct relationship between the Group's effort (i.e. quantity delivered or processed) and the transfer of goods and service to the customer. Units delivered or processed as an output method appropriately depicts how the Group transfers control to its customers. The Group recognises revenue on the basis of the actual quantity of gas delivered and quantity of crude oil processed relative to the total expected gas to be delivered and crude oil to be processed.

Exploration and evaluation expenditure

The accounting for exploration and evaluation ("E&E") assets requires management to make certain judgements and assumptions, including whether exploratory wells have discovered economically recoverable quantities of reserves. Designations are sometimes revised as new information becomes available. If an exploratory well encounters hydrocarbons, but further appraisal activity is required in order to conclude whether the hydrocarbons are economically recoverable, the well costs remain capitalised as long as sufficient progress is being made in assessing the economic and operating viability of the well. Criteria used in making this determination include evaluation of the reservoir characteristics and hydrocarbon properties, expected additional development activities, commercial evaluation and regulatory matters. The concept of "sufficient progress" is an area of judgement, and it is possible that exploratory costs remain capitalised for several years while additional drilling is performed or the Group seeks government, regulatory or partner approval of development plans.

Recoverability of Property, plant and equipment

Management is required to assess the Group's Upstream oil and gas and Infrastructure assets for indicators of impairment. Management takes into account the Group's latest development plans and business strategies and applies judgement in determining the appropriate cash-generating units for the purpose of applying the annual impairment assessment. Management compares the carrying value of these assets to the estimated net present value of the underlying oil and gas reserves and related future cash flows that could be generated from these reserves based upon estimates of future revenues, development costs and operating costs and applying a suitable pre-tax discount rate. The reserve estimates are management's best estimates, taking into consideration independent evaluations of the proved and probable reserves attributable to the Group's economic interests using industry standard definitions and measurement techniques.

Key sources of estimation uncertainty

Purchase price allocation

Under a business combination, the Group is required to allocate the fair value of the consideration paid to be allocated to the separable assets acquired and to the liabilities assumed through a purchase price allocation ("PPA") process. To recognise these assets, an appropriate valuation basis was agreed which complied with the requirements of "highest and best" use of the asset by market participants. Property, plant and equipment and Investment in associates was valued using an "income approach" which is based on discounted, estimated future income streams. The fair value of the oil and gas reserves was recorded within Oil and gas assets within Property, plant and equipment. A provision was recognised in relation to ongoing legal disputes in Chad. All cases were assessed with external legal counsel for their financial exposure and likelihood of success. These two factors contributed to a fair value estimate of the legal provision recognised on acquisition.

Notes to the Financial Statements

for the year ended 31 December 2022

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

Key sources of estimation uncertainty continued

Current and deferred taxes

Judgement is required to determine which types of arrangements are a tax on income in contrast to an operating cost. Judgement is also required in determining whether deferred income tax assets are recognised in the Statement of Financial Position. Deferred income tax assets, including those arising from unutilised tax losses and capital allowances, require management to assess the likelihood that the entities within the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred income tax assets. During 2021, the Group changed the period in which the future taxable profits for its midstream business is assessed from ten years to the life of contract. This led to a re-recognition of deferred tax assets of US$69.9 million.

The deferred tax assets recognised in the Financial Statements are based on estimated future taxable profits of the Group. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, oil and natural gas prices, reserves, operating costs, capital expenditure and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the deferred income tax assets recorded at the reporting date could be impacted. A 1% decrease in the future taxable income would increase the tax charge in the Statement of Comprehensive Income by US$9.2 million (2021: US$2.2 million).

Provision for expected credit losses of trade receivables

Under the simplified approach, the Group uses a provision matrix to calculate ECLs for most of its trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by customer type). The provision matrix is initially based on historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. A 1% increase in the loss rate for trade receivables would increase the pre-tax charge in the Statement of Comprehensive Income by US$2.2 million (2021: US$0.3 million). For some trade receivables which are subject to discussions with the counterparty, specific assessments are made to determine the recoverability of such amounts which includes expected recovery rates and discounting for the time value of money. The information about the ECLs on the Group's Trade and other receivables is disclosed in note 24.

Measurement of the expected credit loss allowance for financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further discussed, which also sets out key sensitivities of the ECL to changes in these elements.

Several significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- determining criteria for significant increase in credit risk;
- choosing appropriate models and assumptions for the measurement of ECL;
- establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- establishing groups of similar financial assets for the purposes of measuring ECL.

Fair value hierarchy

Where the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required in establishing fair values. The estimates include considerations of inputs such as liquidity risk, credit risk and volatility. The fair value of cash and cash equivalents, accounts receivable and accounts payable is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At each year end presented, the fair value of these balances approximated their carrying value due to their short term to maturity.

Fair value measurement

From time to time the Group is required to determine the fair values of both financial and non-financial assets and liabilities, e.g. when the entity acquires a business, or where an entity measures the recoverable amount of an asset or cash-generating unit. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Changes in estimates and assumptions about these inputs could affect the reported fair value.

Notes to the Financial Statements continued

for the year ended 31 December 2022

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

Key sources of estimation uncertainty continued

US$20 million SSN call option

As set out in note 30, the Group issued a US$20 million Senior Secured Note. Embedded within this instrument is a "call" option which allows the issuer to redeem the note at a discount to its contractual face value, during the note's term. Given this optionality, the underlying note and the option had to be identified and valued separately. The loan was valued by discounting the future contractual cash flows at an appropriate market rate for a debt instrument without any call features. The option value was determined using an option model that estimated the relative option values for early exercise. Changes to the inputs within the option model could lead to a material change in the valuation. The option is revalued at each reporting date.

Decommissioning liabilities

The Group has decommissioning obligations in respect of its Oil and gas assets and related midstream infrastructure assets. The ultimate decommissioning and restoration costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal and regulatory requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change in response to changes in reserves or changes in laws and regulations or their interpretation.

The extent to which a provision is recognised requires management to make judgements on the legal and constructive obligations at the date of decommissioning, estimates of the restoration costs, timing of work, long-term inflation and discount rates to be applied. As a result, there could be significant adjustments to the provisions established which would affect future financial results. Changes to expected timing of cash outflows can materially change the decommissioning liability. A 0.5% decrease in the discount rate used in calculating the decommissioning liabilities would lead to an increase in the provision of US$8.1 million (2021: US$7.7 million).

Recoverability of exploration and evaluation costs

The outcome of ongoing exploration, and therefore the recoverability of the carrying value of exploration and evaluation assets, is inherently uncertain. Management makes the judgements necessary to implement the Group's policy with respect to exploration and evaluation assets and considers these assets for impairment at least annually with reference to indicators in IFRS 6. If indicators for impairment are identified, management compares the carrying value of these assets to the estimated net present value of the underlying oil and gas reserves and resources and related future cash flows that could be generated from these assets based upon estimates of future revenues, development costs and operating costs applying a suitable post-tax discount rate. The reserve and resource estimates are management's best estimates, taking into consideration independent evaluations of the proved and probable reserves attributable to the Group's economic interests using industry standard definitions and measurement techniques. Further details are provided in note 17.

Take-or-pay contracts

The Group makes long-term and short-term gas supply commitments in return for a commitment from customers to pay for minimum quantities, whether or not they take delivery. However, revenue will only be recognised upon delivery, and not simply by obligation to receive payment. Since some customers may be unable to take the full volume at once, then delivery may be deferred to a later date until the expiration of the contract, with additional make-up volumes allowable. The expected timing and amount of revenue may change based on quantity delivered and make-up quantity taken and therefore the Group estimates the expected future delivery profiles of each customer, which impacts the classification of current and non-current contract liabilities. Amounts shown as a current liability on the Statement of Financial Position are based upon the annual utilisation forecasts provided by the Group's customers, as required by their respective gas sales agreements.

Defined benefit plan

Defined benefit obligations are measured based on actuarial assumptions. These include assumptions in respect of mortality rates, withdrawal from service and future salary increases, as well as appropriate inflation and discount rates. The Group considers that the assumptions used to measure its obligations are appropriate and documented. Further details on these assumptions and associated sensitivities are provided in note 33.

5. Segmental reporting

For the purposes of resource allocation and assessment of segment performance, the operations of the Group are divided into five segments: four geographical locations and an Unallocated segment. The current geographical segments are Nigeria, Cameroon and Niger. The Chad segment has been identified separately to reflect the events of the Nationalisation as described in note 2. All these geographical segments' principal activities are exploration, development and extraction of oil and gas. The Chad segment is expected to be reported as a discontinued opertion in accordance with IFRS 5 – Non-current Assets for Sale and Discontinued Operations from 31 March 2023 and this will be reflected in the Group Financial Statements for the year ending 31 December 2023. This is without prejudice to Savannah's claims following the expropriation. The Unallocated segment's principal activities are the governance and financing of the Group, as well as undertaking business development opportunities. Items not included within Operating profit/(loss) are reviewed at a Group level and therefore there is no segmental analysis for this information.

5. Segmental reporting continued

The following is an analysis of the Group's revenue and results by reportable segment in 2022:

	Nigeria US$'000	Cameroon US$'000	Niger US$'000	Unallocated US$'000	Sub-total US$'000	Chad US$'000	Group US$'000
Revenue	212,498	—	—	—	212,498	—	212,498
Cost of sales	(72,772)	—	(128)	(256)	(73,156)	1,097	(72,059)
Gross profit/(loss)	**139,726**	**—**	**(128)**	**(256)**	**139,342**	**1,097**	**140,439**
Administrative and other operating expenses	(9,476)	—	(622)	(29,430)	(39,528)	(118)	(39,646)
Gain on disposal	—	—	—	7,372	7,372	—	7,372
Transaction expenses	—	—	—	(14,487)	(14,487)	—	(14,487)
Expected credit loss and other related adjustments	(39,495)	—	—	—	(39,495)	—	(39,495)
Operating profit/(loss)	**90,755**	**—**	**(750)**	**(36,801)**	**53,204**	**979**	**54,183**
Finance income					1,068	—	1,068
Finance costs					(78,872)	(98)	(78,970)
Share of profit from associates					160	(95)	65
Fair value adjustment					(8,134)	—	(8,134)
Foreign translation loss					(21,158)	—	(21,158)
Loss before tax					**(53,732)**	**786**	**(52,946)**

	Nigeria US$'000	Cameroon US$'000	Niger US$'000	Unallocated US$'000	Sub-total US$'000	Chad US$'000	Total US$'000
Segment DD&A	**38,144**	**—**	**168**	**723**	**39,035**	**1,610**	**40,645**
Segment non-current assets additions	**6,533**	**—**	**6,324**	**1,380**	**14,237**	**8,907**	**23,144**
Assets							
Non-current assets							
Property, plant and equipment	501,387	—	1,180	488	503,055	120,063	623,118
Intangible assets	4,072	—	169,242	792	174,106	8,907	183,013
Investments in associates	—	183,425	—	—	183,425	4,925	188,350
Deferred tax assets	228,582	—	—	—	228,582	6,084	234,666
Right-of-use assets	1,621	—	—	2,037	3,658	—	3,658
Restricted cash	28	—	—	—	28	—	28
Other non-current receivables	—	—	—	7,032	7,032	—	7,032
Total non-current assets	**735,690**	**183,425**	**170,422**	**10,349**	**1,099,886**	**139,979**	**1,239,865**
Current assets							
Inventory	5,194	—	—	—	5,194	35,180	40,374
Trade and other receivables	188,881	379	24	37,669	226,953	12,393	239,346
Cash at bank	205,456	—	1,441	33,991	240,888	—	240,888
Total current assets	**399,531**	**379**	**1,465**	**71,660**	**473,035**	**47,573**	**520,608**
Total assets	**1,135,221**	**183,804**	**171,887**	**82,009**	**1,572,921**	**187,552**	**1,760,473**
Non-current liabilities							
Other payables	3,225	—	—	—	3,225	4,487	7,712
Borrowings	102,392	—	—	—	102,392	—	102,392
Lease liabilities	835	—	—	2,618	3,453	—	3,453
Deferred tax liabilities	—	—	—	—	—	27,607	27,607
Provisions	44,444	—	1,622	—	46,066	48,779	94,845
Contract liabilities	314,018	—	—	—	314,018	—	314,018
Total non-current liabilities	**464,914**	**—**	**1,622**	**2,618**	**469,154**	**80,873**	**550,027**
Current liabilities							
Trade and other payables	43,935	18	17,372	60,804	122,129	157,319	279,448
Borrowings	369,110	162,023	12,264	—	543,397	—	543,397
Interest payable	98,582	1,243	5,775	—	105,600	—	105,600
Tax liabilities	7,824	—	—	—	7,824	10,690	18,514
Lease liabilities	755	—	—	871	1,626	—	1,626
Contract liabilities	17,792	—	—	—	17,792	—	17,792
Total current liabilities	**537,998**	**163,284**	**35,411**	**61,675**	**798,368**	**168,009**	**966,377**
Total liabilities	**1,002,912**	**163,284**	**37,033**	**64,293**	**1,267,522**	**248,882**	**1,516,404**

Notes to the Financial Statements continued

for the year ended 31 December 2022

5. Segmental reporting continued

The following is an analysis of the Group's revenue and results by reportable segment in 2021:

	Nigeria US$'000	Niger US$'000	Unallocated US$'000	Total US$'000
Revenue	185,799	—	—	185,799
Cost of sales[1]	(65,011)	—	—	(65,011)
Gross profit	120,788	—	—	120,788
Administrative and other operating expenses	(6,814)	(6,837)	(12,024)	(25,675)
Transaction expenses	—	—	(7,374)	(7,374)
Expected credit loss and other related adjustments	(26)	—	—	(26)
Operating profit/(loss)	113,948	(6,837)	(19,398)	87,713
Finance income				490
Finance costs				(76,604)
Fair value adjustment				(610)
Foreign translation loss				(18,734)
Loss before tax				(7,745)
Segment depreciation, depletion and amortisation	35,402	282	543	36,227
Segment non-current assets[2]	568,709	162,644	2,915	734,268
Segment non-current asset additions	32,535	1,779	184	34,498
Segment total assets	1,085,486	160,962	102,139	1,348,587
Segment total liabilities	(938,513)	(31,620)	(71,716)	(1,041,849)

1. Refer to note 7 for items included within Cost of sales.
2. Includes Property, plant and equipment, exploration and evaluation assets and right-of-use assets.

6. Revenue

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

Year ended 31 December	2022 US$'000	2021 US$'000
Gas sales	181,125	169,052
Oil, condensate and processing sales	31,373	16,747
Total revenue from contracts with customers	212,498	185,799

Gas sales represents gas deliveries made to the Group's customers under long-term, take-or-pay gas sale agreements. The Group sells oil and condensates at prevailing market prices.

Revenue amounting to US$195.4 million (2021: US$165.1 million) related to four (2021: two) of the Group's customers which each contribute more than 10% of revenue, US$89.2 million, US$48.4 million, US$28.0 million, and US$29.8 million respectively (2021: US$109.8 million and US$55.3 million).

7. Cost of sales

Year ended 31 December	2022 US$'000	2021 US$'000
Depletion and depreciation – oil and gas, and infrastructure assets (note 16)	38,403	34,463
Facility operation and maintenance costs[1]	26,232	26,023
Royalties	7,424	4,525
	72,059	65,011

1. Included within facility operation and maintenance costs are staff costs amounting to US$12.3 million (2021: US$9.3 million) which have been included within net staff costs in note 8.

8. Operating profit

Operating profit has been arrived at after charging:

Year ended 31 December	2022 US$'000	2021 US$'000
Net staff costs	35,629	27,275
Depletion and depreciation – other assets (note 16)	617	735
Depletion and depreciation – Intangible assets (note 17)	558	—
Depreciation – right-of-use assets (note 19)	1,066	1,029
Gain on disposal	(7,372)	—
Transaction expenses	14,487	7,374

Gain on disposal relates to the disposal of the Group's investment in Fenikso Limited; refer to note 20 for more details. Transaction expenses relate to costs incurred with respect to the Group's completed acquisition of the Chad and Cameroon Assets and proposed acquisition of the South Sudan Assets.

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

Year ended 31 December	2022 US$'000	2021 US$'000
Fees payable to BDO LLP for the audit of the Group's annual accounts	468	237
Fees payable to BDO LLP and its associates for the audit of the Group's subsidiaries	253	179
Fees payable to PricewaterhouseCoopers SARL for the audit of the Group's subsidiaries	620	—
Total audit fees payable	1,341	416
Fees payable to the Group's auditor and its associates for other services to the Group		
Audit-related assurance services	—	41
Other advisory services	1	—
Total non-audit fees payable to the Group's auditors and its associates	1	41

Total fees payable to the Group auditor were US$722,000 (2021: US$457,000).

9. Staff costs

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

	2022 No.	2021 No.
Management	12	6
Administration and support	112	81
Operations	157	135
	281	222

The total number of employees at the reporting date was 556 (2021: 230). There are no employees employed by the Company.

Employee benefits recognised during the year comprised:

Year ended 31 December	2022 US$'000	2021 US$'000
Wages and salaries	24,569	17,294
Long-term employee benefits (note 33)	181	827
Share-based payments	1,268	1,602
Pension, social security and other benefits costs	9,864	8,656
	35,882	28,379

Included within staff costs are costs that have been capitalised as part of exploration and evaluation assets amounted to US$253,000 (2021: US$1.1 million).

Compensation for key management personnel (as defined in note 37) during the year comprised:

Year ended 31 December	2022 US$'000	2021 US$'000
Wages and salaries, and fees	3,586	2,856
Share-based payments expense	1,024	1,132
Pension costs	80	75
Other benefits	45	5
	4,735	4,068

Notes to the Financial Statements continued

for the year ended 31 December 2022

9. Staff costs continued

Compensation for the highest paid Director during the year comprised:

Year ended 31 December	2022 US$'000	2021 US$'000
Wages and salaries	2,812	2,072
Pension costs	80	72
Other benefits	4	4
	2,896	2,148

10. Finance income

Year ended 31 December	2022 US$'000	2021 US$'000
Lease income	35	49
Bank interest income	913	193
Other interest income	120	248
	1,068	490

11. Finance costs

Year ended 31 December	2022 US$'000	2021 US$'000
Interest on bank borrowings and loan notes	62,324	53,384
Amortisation of balances measured at amortised cost[1]	7,314	14,557
Unwinding of decommissioning discount (note 31)	5,585	4,977
Interest expense on lease liabilities (note 19)	367	511
Bank charges	233	327
Other finance costs	3,147	2,848
	78,970	76,604

1. Includes amounts due to unwinding of a discount on a long-term payable, contract liabilities (note 32) and amortisation of debt fees.

12. Fair value adjustment

Year ended 31 December	2022 US$'000	2021 US$'000
Fair value adjustment	8,134	610
	8,134	610

The fair value adjustment relates to the revaluation of the embedded derivative within the US$20 million Senior Secured Notes ("SSNs") held by Accugas Holdings UK Plc, a subsidiary of the Group as well as changes in the warrant instrument recognised as a financial liability (as described in note 29). The embedded derivative of the SSN provides a redemption option whereby early repayment of the principal amount will result in a discount to the contractual loan value. The value of the option at the year end, as well as the valuation method, is described in note 30.

13. Foreign translation loss

Year ended 31 December	2022 US$'000	2021 US$'000
Realised loss	8,784	8,943
Unrealised loss	12,374	9,791
	21,158	18,734

Realised foreign translation loss mainly relates to the translation of Naira into US Dollars for US Dollar denominated obligations.

The unrealised foreign translation loss mainly relates to revaluation of Naira denominated monetary balances in the Consolidated Statement of Financial Position.

14. Taxation

(a) Income tax

The tax expense/(credit) recognised in the profit or loss statement for the Group is:

Year ended 31 December	2022 US$'000	2021 US$'000
Current tax		
– Current year	7,198	2,586
– Adjustments in respect of prior years	(92)	3
	7,106	2,589
Deferred tax		
– Origination and reversal of temporary differences	7,610	9,094
– Change in tax rates	—	25,871
– Write down and reversal of previous write downs of deferred tax assets	(3,959)	(61,657)
– Adjustments in respect of prior years	374	(745)
	4,025	(27,437)
Total tax expense/(credit) for the year	11,131	(24,848)

The tax expense recognised in other comprehensive income for the Group is:

Year ended 31 December	2022 US$'000	2021 US$'000
Deferred tax		
– Current year	33	609
Total tax expense for the year	33	609

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$18.5 million (2021: US$2.1 million) principally relate to the corporation tax liabilities. The amount owed by the Company is US$nil (2021: US$nil). In 2022, the Nigerian corporation tax rate of 30% (2021: 30%) was used for the tax reconciliation.

Year ended 31 December	2022 US$'000	2021 US$'000
The expense/(credit) for the year can be reconciled per the Statement of Comprehensive Income as follows:		
Loss on ordinary activities before taxes	(52,946)	(7,745)
Loss before taxation multiplied by the tax rate of 30.0% (2021: 30.0%)	(15,884)	(2,324)
Tax effects of:		
Withholding tax	2,010	524
Expenses disallowed for taxation purposes	6,817	2,905
Other Nigerian corporate taxes	8,205	4,361
Losses (utilised)/arising in the Company and other holding company entities	3,372	3,476
Losses on exploration activities not recognised	1,741	814
Unrecognised deferred tax on decommissioning costs	1,892	1,924
Other temporary differences not recognised	6,655	—
Reduction in deferred tax assets from reduced rates under the PIA[1]	—	25,871
Remeasurement of deferred tax assets	(3,959)	(61,657)
Adjustments in respect of prior years	282	(742)
Tax expense/(credit) for the year	11,131	(24,848)

1. The Petroleum Industry Act ("PIA") was passed in Nigeria in August 2021. The PIA subjects upstream oil production to Corporate Income Tax ("CIT") and a new Hydrocarbon Tax ("HCT") instead of Petroleum Profits Tax ("PPT"). Deferred tax assets on losses and deferred capital allowances previously recognised at PPT rates have been written down by US$nil (2021: US$25.9 million) to reflect lower CIT and HCT rates.

Notes to the Financial Statements continued

for the year ended 31 December 2022

14. Taxation continued

(b) Deferred tax

The following are the major deferred tax assets/(liabilities) recognised by the Group and movements thereon during the current and prior year:

	Fixed assets US$'000	Unrealised FX gain US$'000	Tax losses US$'000	Other provisions US$'000	Total US$'000
Balance at 1 January 2021	96,576	(15,546)	117,641	(1,685)	196,986
Adjustments in respect of prior years	722	—	(2)	25	745
Credit/(expense) to profit or loss	50,001	6,137	(28,623)	(823)	26,692
Expense to other comprehensive income	—	—	—	(609)	(609)
Balance at 31 December 2021	147,299	(9,409)	89,016	(3,092)	223,814
Adjustments in respect of prior years	(242)	—	(24)	(108)	(374)
Acquired on acquisition of subsidiaries	(16,625)	1,193	—	2,734	(12,698)
Credit/(expense) to profit or loss	(6,263)	4,251	(6,210)	4,571	(3,651)
Expense to other comprehensive income	—	—	—	(33)	(33)
Balance at 31 December 2022	**124,170**	**(3,965)**	**82,782**	**4,072**	**207,059**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the net deferred tax balances for financial reporting purposes:

	2022 US$'000	2021 US$'000
Deferred tax assets	**238,555**	262,303
Deferred tax liabilities	**(31,496)**	(38,489)
Deferred tax assets (net)	**207,059**	223,814

At the Statement of Financial Position date, the Group and the Company have unused tax losses of US$380.6 million and US$56.9 million respectively (2021: Group – US$365.4 million; Company – US$34.1 million) available for offset against future profits. A deferred tax asset has only been recognised where future utilisation of such losses is considered probable. A deferred tax asset has been recognised on the Group's gross losses of US$274.4 million (2021: US$291.1 million) on the basis of the forecast profits for each entity. No deferred tax asset has been recognised in respect of the Group's remaining US$98.2 million (2021: US$74.3 million) of losses. No deferred tax asset was recognised by the Company (2021: US$nil). Losses may be carried forward indefinitely.

The following deferred tax assets in entities which made a loss during the current or preceding year have been recognised on the basis of the Group's forecasted results for those entities.

	2022 US$'000	2021 US$'000
Fixed assets	**121,420**	122,070
Tax losses	**76,291**	82,296
Total deferred tax assets	**197,711**	204,366

15. Earnings per share

Basic earnings per share is calculated by dividing the profit or loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit or loss for year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of shares that would be issued on the conversion of dilutive potential ordinary shares into ordinary shares. In the current year, there is a loss attributable to the owners of the Company, meaning the diluted weighted average number of shares reduces the loss per share. Therefore, the basic weighted average number of shares was used to calculate the diluted loss per share.

The weighted average number of shares outstanding excludes treasury shares of 99,858,893 (2021: 41,966,942).

15. Earnings per share continued

Year ended 31 December	2022 US$'000	2021 US$'000
(Loss)/profit		
(Loss)/profit attributable to owners of the Company	**(60,867)**	768

	Number of shares	Number of shares
Basic weighted average number of shares	**1,202,714,329**	954,280,611
Add: employee share options and warrants	**60,012,622**	4,766,269
Diluted weighted average number of shares	**1,262,726,951**	959,046,880

	US$	US$
(Loss)/earnings per share		
Basic	**(0.05)**	0.00
Diluted	**(0.05)**	0.00

23,853,457 options granted under share option schemes are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 31 December 2022 (2021: 50,233,574). These options could potentially dilute basic earnings per share in the future.

16. Property, plant and equipment

Group

	Oil and gas assets US$'000	Infrastructure assets US$'000	Other assets US$'000	Total US$'000
Cost				
Balance at 1 January 2021	183,852	469,917	4,359	658,128
Additions	16,212	15,780	565	32,557
Decommissioning remeasurement adjustment (note 31)	(2,296)	(39,569)	—	(41,865)
Balance at 31 December 2021	197,768	446,128	4,924	648,820
Additions	896	1,068	478	2,442
Transfer to Intangible assets	—	—	(390)	(390)
Recognised on acquisition of subsidiary (note 34)	121,672	—	—	121,672
Decommissioning remeasurement adjustment (note 31)	(5,162)	(24,856)	—	(30,018)
Balance at 31 December 2022	**315,174**	**422,340**	**5,012**	**742,526**
Accumulated depreciation				
Balance at 1 January 2021	(20,327)	(23,170)	(1,924)	(45,421)
Depletion and depreciation charge	(16,742)	(17,721)	(735)	(35,198)
Balance at 31 December 2021	(37,069)	(40,891)	(2,659)	(80,619)
Transfer to Intangible assets	—	—	231	231
Depletion and depreciation charge	(22,176)	(16,227)	(617)	(39,020)
Balance at 31 December 2022	**(59,245)**	**(57,118)**	**(3,045)**	**(119,408)**
Net book value				
Balance at 1 January 2021	163,525	446,747	2,435	612,707
Balance at 31 December 2021	160,699	405,237	2,265	568,201
Balance at 31 December 2022	**255,929**	**365,222**	**1,967**	**623,118**

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 and the Doba oil field in Chad. The amounts recognised on acquistion of subsidiary relates to the Chad Assets and more detail is provided in note 34. The infrastructure assets principally comprise the Nigerian midstream assets associated with the Group's network of gas transportation pipelines, oil and gas processing facilities and gas receiving facilities. Other assets typically include vehicles, office equipment and building improvements.

Each year, management performs a review of each CGU to identify potential impairment triggers. During 2022 and 2021, no such triggers were identified.

Decommissioning remeasurement adjustments reflect updated cost estimates for the year. The new asset values will be depreciated over the remaining life of the respective assets. During 2022, the Group undertook a more detailed technical assessment of the decommissioning provision cost estimates using an independent specialist consultant. The movement in 2021 relates to changes in assumptions used to calculate the decommissioning provision.

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for the year ended 31 December 2022

16. Property, plant and equipment continued

Company

	Other assets US$'000	Total US$'000
Cost		
Balance at 1 January 2021	698	698
Additions	276	276
Balance at 31 December 2021	974	974
Transfer to Intangible assets	(239)	(239)
Additions	297	297
Balance at 31 December 2022	**1,032**	**1,032**
Accumulated depreciation		
Balance at 1 January 2021	(309)	(309)
Depreciation charge	(243)	(243)
Balance at 31 December 2021	(552)	(552)
Transfer to Intangible assets	131	131
Depreciation charge	(122)	(122)
Balance at 31 December 2022	**(543)**	**(543)**
Net book value		
Balance at 1 January 2021	389	389
Balance at 31 December 2021	422	422
Balance at 31 December 2022	**489**	**489**

17. Intangible assets

Group

Intangible assets includes both exploration and evaluation assets ("E&E assets") and other intangibles, mainly IT software related costs.

E&E assets consist of acquisition costs relating to the acquisition of exploration licences and other costs associated directly with the discovery and pre-development of specific oil and gas resources in the R1/2/3/4 licence area in the Republic of Niger, under a Production Sharing Contract ("PSC"), as described and updated below for changes in the licence position.

	E&E assets US$'000	Other intangibles US$'000	Total US$'000
Balance at 1 January 2021	159,572	—	159,572
Additions	1,771	—	1,771
Balance at 31 December 2021	161,343	—	161,343
Transfer from Property, plant & equipment – Other assets	—	390	390
Recognition of decommissioning asset (note 31)	1,622	—	1,622
Additions	5,818	14,629	20,447
Balance at 31 December 2022	**168,783**	**15,019**	**183,802**
Accumulated depreciation			
Balance at 1 January 2021	—	—	—
Balance at 31 December 2021	—	—	—
Transfer from Property, plant & equipment – Other assets	—	(231)	(231)
Depreciation charge	—	(558)	(558)
Balance at 31 December 2022	**—**	**(789)**	**(789)**
Net book value			
Balance at 1 January 2021	159,572	—	159,572
Balance at 31 December 2021	161,343	—	161,343
Balance at 31 December 2022	**168,783**	**14,230**	**183,013**

The amount for E&E 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 and capitalised overheads which amount to US$165.0 million (2021: US$157.6 million).

The Other intangible assets are the costs that the Group has incurred with respect to its new ERP software, together with additional sofware IT costs incurred with respect to the Chad and Cameroon Assets.

18. Investments in associates

The Group holds investments in two midstream pipeline entities in Chad and Cameroon used for the distribution of oil to the global market from oil fields in Chad. In addition, the Cameroon entity operates a floating storage and offloading ("FSO") facility which stores the transported oil for delivery to oil tankers. Further details about the entities are shown below:

Name	Principal place of business	2022 Group shareholding	2021 Group shareholding
TOTCo	Chad	40.19%	—
COTCo	Cameroon	41.06%	—

The following table illustrates the summarised financial information of the Group's material investments in associates:

As at 31 December	TOTCo 2022 US$'000	COTCo 2022 US$'000	TOTCo 2021 US$'000	COTCo 2021 US$'000
Non-current assets	50,902	419,930	—	—
Current assets	27,946	191,354	—	—
Non-current liabilities	(34,390)	(71,256)	—	—
Current liabilities	(8,794)	(44,168)	—	—
Net assets	35,664	495,860	—	—
Group shareholding	40.19%	41.06%	—	—
Group's share of net assets	14,333	203,600	—	—
Fair value adjustment on acquisition	(9,408)	(20,175)	—	—
Group's carrying amount of the investment (Note 5)	4,925	183,425	—	—

Year ended 31 December	TOTCo 2022 US$'000	COTCo 2022 US$'000	TOTCo 2021 US$'000	COTCo 2021 US$'000
Revenue	1,257	11,307	—	—
Profit/(loss) after tax	(236)	389	—	—
Other comprehensive profit/(loss)	—	—	—	—
Total comprehensive profit/(loss)	(236)	389	—	—
Group shareholding	40.19%	41.06%	—	—
Share of profit/(loss) from associates (Note 5)	(95)	160	—	—

The Investments were acquired as part of the Chad and Cameroon Assets which completed on 9 December 2022; therefore the results included within the Group are from 9 December 2022. For details of the acquired fair value of these investments refer to note 34, for details of the valuation approach, refer to note 2 and note 4. The Group received no dividends from TOTCo or COTCo during the year ended 31 December 2022 (2021: TOTCo: US$nil; COTCo: US$nil).

19. Right-of-use assets

Group

The Group has lease contracts for buildings used in its operations. These leases generally have terms of between five and ten years. The Group also has certain leases of assets with lease terms of 12 months or less and leases of low value office equipment which are immaterial for the Group and not disclosed. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

Set out below are the carrying amounts of the right-of-use assets and the movements during the year:

	2022 US$'000	2021 US$'000
As at 1 January	4,724	5,581
Additions	—	172
Less: depreciation	(1,066)	(1,029)
As at 31 December	**3,658**	4,724

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2022 US$'000	2021 US$'000
As at 1 January	6,783	8,061
Additions	—	138
Accretion of interest	367	511
Payments	(1,474)	(1,850)
Changes in working capital	(17)	(29)
Translation effect	(580)	(48)
As at 31 December	**5,079**	6,783

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19. Right-of-use assets continued

Group continued

As at 31 December	2022 US$'000	2021 US$'000
Current	1,626	1,475
Non-current	3,453	5,308
Lease liabilities (note 38)	5,079	6,783

The maturity analysis of lease liabilities is disclosed in note 35. Short-term lease commitments excluded under IFRS 16 amount to US$121,000 (2021: US$105,000) at year end.

The following are the amounts recognised in the Statement of Comprehensive Income:

Year ended 31 December	2022 US$'000	2021 US$'000
Depreciation expense for right-of-use assets	1,066	1,029
Interest expense on lease liabilities	367	511
Expenses relating to low value leases	128	462
Expenses relating to short-term leases	100	258
	1,661	2,260

Company

The Company has lease contracts for office buildings used in its operations. These leases have terms of between five and ten years. The Company also has certain leases of assets with lease terms of 12 months or less and leases of low value office equipment which are immaterial for the Company and not disclosed. The Company applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

Set out below are the carrying amounts of the right-of-use assets and the movements during the year:

	2022 US$'000	2021 US$'000
As at 1 January	2,493	2,732
Additions	—	165
Less: depreciation	(456)	(404)
Translation effect	—	—
As at 31 December	2,037	2,493

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2022 US$'000	2021 US$'000
As at 1 January	4,565	5,313
Additions	—	138
Accretion of interest	195	233
Payments	(667)	(1,041)
Changes in working capital	(23)	(30)
Translation effect	(581)	(48)
As at 31 December	3,489	4,565

As at 31 December	2022 US$'000	2021 US$'000
Current	871	821
Non-current	2,618	3,744
Lease liabilities (note 38)	3,489	4,565

The maturity analysis of lease liabilities is disclosed in note 35. Short-term lease commitments excluded under IFRS 16 amount to US$nil (2021: US$nil) at year end.

Year ended 31 December	2022 US$'000	2021 US$'000
Depreciation expense for right-of-use assets	456	404
Interest expense on lease liabilities	195	233
Expenses relating to low value leases	128	462
Expenses relating to short-term leases	—	—
	779	1,099

20. Other non-current receivables

As at 31 December	Group 2022 US$'000	Company 2022 US$'000	Group 2021 US$'000	Company 2021 US$'000
Loan receivable	6,507	—	—	—
Finance lease receivable	525	525	722	722
	7,032	525	722	722

During 2022, the Group acquired and sold a 25% shareholding in Fenikso Limited. A gain on disposal of US$7.4 million was recognised within the Statement of Comprehensive Income during the year. The Group sold its shareholding in return for a loan receivable amounting to US$16.3 million. This loan is non-interest bearing and has been discounted using an effective interest rate of 15.20%. The loan will be repaid from future oil liftings from the counterparty and is secured against the assets of Fenikso Limited.

The Group and Company are intermediate lessors of an office building and account for the head lease and the sub-lease as two separate contracts. The head lease has been accounted for as a lease liability while the sub-lease is recorded as a finance lease receivable. The lease has an initial term of four years.

21. Restricted cash

Group

As at 31 December	2022 US$'000	2021 US$'000
Restricted cash	28	1,635
	28	1,635

Restricted cash balances include deposits and stamp duty escrow balances relating to debt requirements which remain unavailable throughout the relevant loan term. The carrying amount of these assets is approximately equal to their fair value. There were no restricted cash balances in the Company (2021: US$nil).

22. Investment in subsidiaries

Company

As at 31 December	2022 US$'000	2021 US$'000
Savannah Energy 1 Limited	9,026	8,131
Savannah Energy and Technologies Innovation Limited	—	—
Savannah Energy International Limited	—	—
Savannah Energy SAS	17	—
Savannah Energy Nigeria Limited	—	—
SPN Limited	—	—
Savannah Energy Nigeria Midstream Limited	16	16
Savannah Energy Chad Limited	—	—
Savannah Energy UK Limited	—	—
Savannah Energy E&P Limited	—	—
Savannah Energy Investments Limited	—	—
Savannah Energy RN Limited	—	—
Savannah Energy RT Limited	—	—
Savannah Energy RC Limited	—	—
Savannah Energy WN Limited	—	—
Savannah Energy Finance Limited	—	—
	9,059	8,147
Capital contributions related to share-based compensation	931	575
	9,990	8,722

All investments in subsidiaries listed above are directly held. The Company recognises an increase in the investments of its subsidiaries as a capital contribution from the parent and a corresponding increase in equity relating to employee share-based payments. The Company does the same for other subsidiaries within the Group of which it holds an indirect investment. During the year there was a share-based payment charge of US$1.3 million (2021: US$1.6 million), of which US$912,000 (2021: US$1.0 million) relates to employees employed by subsidiaries directly held by the Company and US$356,000 (2021: US$575,000) relates to employees employed by other subsidiaries within the Group.

During the year ended 31 December 2022, SPN Limited was liquidated and therefore no longer makes up part of the Group's results.

Notes to the Financial Statements continued

for the year ended 31 December 2022

22. Investment in subsidiaries continued

Company continued

The Group subsidiaries as at 31 December 2022 are disclosed below. Transactions between subsidiaries and the Company are eliminated on consolidation.

Name[1]	Nature of business	Registered office	Country of incorporation	Type of share	2022 Group shareholding	2021 Group shareholding
Savannah Energy International Limited	Service company	A	United Kingdom	Ordinary	100%	100%
Savannah Energy Nigeria Limited	Investment company	A	United Kingdom	Ordinary	100%	100%
Savannah Energy Nigeria Midstream Limited	Investment company	A	United Kingdom	Ordinary	100%	100%
Savannah Energy (Stubb Creek) Limited[2]	Holding company	A	United Kingdom	Ordinary	25%	25%
Accugas Holdings UK Plc	Holding and financing company	A	United Kingdom	Ordinary	80%	80%
Savannah Energy (Uquo) Limited	Holding company	A	United Kingdom	Ordinary	80%	80%
Accugas UK Limited	Holding company	A	United Kingdom	Ordinary	80%	80%
Savannah Energy Chad Limited	Investment company	A	United Kingdom	Ordinary	100%	100%
Savannah Energy UK Limited	Service company	A	United Kingdom	Ordinary	100%	100%
Savannah Energy E&P Limited	Investment company	A	United Kingdom	Ordinary	100%	—
Savannah Energy Investments Limited	Holding company	A	United Kingdom	Ordinary	100%	—
Savannah Energy RN Limited	Renewables	A	United Kingdom	Ordinary	100%	—
Savannah Energy RT Limited	Renewables	A	United Kingdom	Ordinary	100%	—
Savannah Energy RC Limited	Renewables	A	United Kingdom	Ordinary	100%	—
Savannah Energy WN Limited	Investment company	A	United Kingdom	Ordinary	100%	—
Savannah Energy Finance Limited	Financing company	A	United Kingdom	Ordinary	100%	—
Savannah Energy 1 Limited	Holding and service company	B	United Kingdom	Ordinary	100%	100%
Savannah Energy 2 Limited	Holding company	B	United Kingdom	Ordinary	95%	95%
SPN Limited	Finance company	C	Jersey	Ordinary	—	100%
Savannah Petroleum Employee Benefit trust	Employee trust	C	Jersey	Ordinary	—	100%
Savannah Energy (Uquo) Jersey Limited	Holding company	C	Jersey	Ordinary	100%	100%
Stubb Creek Holdco Limited[2]	Holding company	C	Jersey	Ordinary	25%	25%
Savannah Energy 2022 Trust	Employee trust	D	Jersey	Ordinary	100%	—
Savannah Energy SAS	Service company	E	France	Ordinary	100%	100%
Savannah Energy Niger SA	Oil exploration company	F	Niger	Ordinary	95%	95%
Exoro Holding B.V.	Holding company	G	Netherlands	Ordinary	80%	80%
Savannah Energy (BVI) Limited	Holding company	H	British Virgin Islands	Ordinary	80%	80%
Savannah Energy and Technologies Innovation Limited	Service company	I	Nigeria	Ordinary	100%	100%
Savannah Energy Uquo Gas Limited	Oil and gas exploration and development	I	Nigeria	Ordinary	80%	80%
Accugas Limited	Gas marketing, processing and distribution	I	Nigeria	Ordinary	80%	80%
Accugas Funding 1 SPV PLC	Finance company	I	Nigeria	Ordinary	80%	80%
Universal Energy Resources Limited[2]	Oil and gas exploration and development	J	Nigeria	Ordinary	25%	25%
Savannah Chad Inc.	Oil exploration and development	K	The Bahamas	Ordinary	100%	—
Savannah Midstream Investment Limited	Holding company	K	The Bahamas	Ordinary	100%	—

1. The Group shareholding is the effective shareholding in the entities held directly or indirectly.
2. Savannah Energy (Stubb Creek) Limited is 75% owned by STC Joint Venture Limited, a Nigerian entity. This subsidiary company is consolidated into the Group with no non-controlling interest adjustment in accordance with the terms of the shareholder agreement between the Group and STC Joint Venture Limited.

Registered office addresses:

A 40 Bank Street, London, E14 5NR
B 50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ
C 11 Bath Street, St. Helier, Jersey, JE4 8UT
D First Floor La Chasse Chambers Ten La Chasse, St Helier, Jersey, JE2 4UE
E 3-5 Rue Saint Georges, 75009, Paris, France
F 124 Rue des Ambassades, AM-8, BP 11272, Niamey, Niger
G Fascinatio Boulevard 350, Rotterdam, 3065wb, Netherlands

22. Investment in subsidiaries continued

Company continued

Registered office addresses: continued

H Craigmuir Chambers PO Box 71, Road Town, Tortola, British Virgin Islands
I The Wings Complex, 17A Ozumba Mbadiwe Avenue, Victoria Island, Eti-Osa, Lagos, Nigeria
J NAIC House, Udo Udoma Avenue, Uyo, Akwa Ibom State, Nigeria
K Office Number 2, Pineapple Business Park, Airport Industrial Park, Nassau, Bahamas

23. Inventory

As at 31 December	2022 US$'000	2021 US$'000
Spare parts	21,189	2,776
Crude oil and condensates	19,185	1,097
	40,374	3,873

Spare parts are for both the oil and gas operations in Nigeria and Chad. During the year, the amount of inventory recognised as an expense in Cost of Sales within the Consolidated Statement of Comprehensive Income was US$586,000 (2021: US$91,000).

24. Trade and other receivables

As at 31 December	Group 2022 US$'000	Company 2022 US$'000	Group 2021 US$'000	Company 2021 US$'000
Trade receivables (note 35(e))	244,288	—	156,440	—
Receivables from a joint arrangement	8,673	—	67	—
Other financial assets (note 35(a))	11,518	123	5,237	86
	264,479	123	161,744	86
Expected credit loss (note 35(e))	(68,840)	—	(29,345)	—
	195,639	123	132,399	86
VAT receivables	1,385	770	694	395
Loan receivable	2,194	—	—	—
Prepayments and other receivables	40,128	26,660	98,538	89,004
	239,346	27,553	231,631	89,485

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

Year ended 31 December	Group 2022 US$'000	Group 2021 US$'000
Provision for expected credit loss	(39,495)	(12,628)
Gain on acquired credit impaired assets	—	12,602
Expected credit loss and other related adjustments	(39,495)	(26)

For reporting purposes, previously acquired assets were shown net of any related ECL. After acquisition, some of these assets have been fully recovered. Consequently, the associated ECL was released, with a credit of US$nil (2021: US$12.6 million) being recognised in the Statement of Comprehensive Income. The recoveries on the acquired credit impaired assets were reflective of management's improved credit control processes since acquisition. The remaining ECL of US$1.8 million (2021: US$1.8 million) that was netted within the fair value of the Trade receivables at acquisition remains netted within the trade receivables balance and will only be released when the associated receivables have been fully realised.

The provision for expected credit loss that has been recognised in the year relates to an expected credit loss recognised on new invoices raised during the year as well as increases in expected credit loss rates on invoices assessed under both the simplified approach and specific assessments that are made on certain trade receivables. Set out below is the movement in the allowance for expected credit loss on trade and other receivables (note 35(e)):

	Group 2022 US$'000	Group 2021 US$'000
As at 1 January	29,345	17,213
Provision for expected credit loss	39,495	12,628
Other receivables written off	—	(496)
As at 31 December	68,840	29,345

Notes to the Financial Statements continued

for the year ended 31 December 2022

24. Trade and other receivables continued

The amounts due from joint arrangements reflect normal operations between the joint arrangement parties. Included within Prepayments and other receivables are amounts for shares to be issued following the signing of placing agreements with shareholders of the Company in 2022 amounting to US$nil (2021: US$65.8 million) and deposits amounting to US$10.0 million (2021: US$21.5 million) for the Group's proposed acquisitions of the South Sudan Assets (2021: Chad and Cameroon Assets) as well as debt fees associated with unutilised debt facilities amounting to US$21.1 million (2021: US$7.5 million). Details of the loan receivable are discussed in note 20.

25. Cash at bank

As at 31 December	Group 2022 US$'000	Company 2022 US$'000	Group 2021 US$'000	Company 2021 US$'000
Cash and cash equivalents	104,147	5,610	45,739	1,506
Amounts held for debt service	136,741	—	106,905	—
	240,888	5,610	152,644	1,506

The Directors consider that the carrying amount of cash at bank approximates their fair value.

Cash and cash equivalents includes US$1.2 million (2021: US$1.1 million) of cash collateral on the Orabank revolving facility. The cash collateral was at a value of XOF750.9 million (2021: XOF626.4 million).

Amounts held for debt service represents Naira denominated cash balances which are held by the Group for 2020–2022 debt service which has been separately disclosed from Cash and cash equivalents. In total, approximately US$174.8 million (2021: US$132.8 million) will be paid for the 2020–2022 debt service from bank accounts designated as Amounts held for debt service, and from Cash and cash equivalents.

The amount of cash at bank denominated in currencies other than US Dollars is shown in note 35 to these Financial Statements.

26. Capital and reserves

Group and Company

As at 31 December	2022	2021
Authorised and fully paid ordinary shares in issue (number)	1,306,098,819	996,408,412
Par value per share in GBP	0.001	0.001

	Number of shares	Share capital US$'000	Share premium US$'000	Shares to be issued US$'000	Total US$'000
At 1 January 2021	996,408,412	1,409	61,204	—	62,613
Shares to be issued	—	—	—	63,956	63,956
At 31 December 2021	996,408,412	1,409	61,204	63,956	126,569
Shares issued	309,690,407	419	63,615	(63,956)	78
At 31 December 2022	**1,306,098,819**	**1,828**	**124,819**	**—**	**126,647**

During 2021, the Company signed placing agreements with shareholders to issue 309,690,407 shares at 19.35 pence per share. These shares were issued in January 2022.

Group

	Treasury shares US$'000	Other reserves US$'000	Share-based payment reserve US$'000	Total US$'000
At 1 January 2021	(59)	458	7,104	7,503
Share-based payments expense during the year	—	—	1,602	1,602
Treasury shares recognised	1	—	—	1
At 31 December 2021	(58)	458	8,706	9,106
Shares issued	(78)	—	—	(78)
Sale of treasury shares	—	73	—	73
Share-based payments expense during the year	—	—	1,268	1,268
At 31 December 2022	**(136)**	**531**	**9,974**	**10,369**

Nature and purpose of reserves

Treasury shares

Following restoration of the Group onto the London Stock Exchange in December 2017, the Group established an EBT to facilitate the adoption of certain management and employee incentive schemes. The EBT subscribed for 42,624,837 ordinary shares at a nominal value of £0.001 per share, issued as part of the second tranche equity placing in February 2018. An additional 58,066,951 ordinary shares were subscribed for by the EBT when the Company issued shares in January 2022.

26. Capital and reserves continued

Nature and purpose of reserves continued

Other reserves

Included within Other reserves is a capital contribution reserve when, on 1 August 2014, a capital contribution of US$458,000 was made by shareholders of the Group as part of a loan note conversion.

Share-based payment reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Further details of share-based payments are discussed in note 27.

Shares to be issued reserve

The Shares to be issued reserve represents inflows, net of expenses, to be received by the Company in relation to ordinary shares contractually obliged to be issued by the Company which, at the Statement of Financial Position date, are yet to be issued. An amount was recognised in 2021 following the Company signing placing agreements to issue shares. These shares were issued in January 2022.

Capital risk management

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

Details of the Group's capital structure can be found in the capital accounting policy.

Company

	Other reserves US$'000	Share-based payment reserve US$'000	Total US$'000
At 1 January 2021	458	7,104	7,562
Share-based payments expense during the year	—	1,602	1,602
At 31 December 2021	458	8,706	9,164
Share-based payments expense during the year	—	1,268	1,268
At 31 December 2022	**458**	**9,974**	**10,432**

Nature and purpose of reserves

Other reserves, share-based payment reserve and other reserves are as for the Group described above.

27. Share-based payments

For the year ended 31 December	2022 US$'000	2021 US$'000
Equity-settled share-based payments	1,268	1,602

The Group operates four equity-settled share-based remuneration schemes: the 2014/2015 Replacement plan, the Employee Plan 2018, the Officers Plan 2020 and the Employee Plan 2021. The 2014/2015 Replacement plan and the Employee Plan 2018 options vest when the share price exceeds 42p and 68p, respectively, the Officers Plan 2020 has no vesting conditions, and the Employee Plan 2021 will vest on a straight line basis over a five-year period, with no market conditions.

During 2022, the 2014 LTIP and 2015 Supplemental Plan were cancelled, and replacement options granted under the 2014/2015 Replacement plan. Additionally, certain employees had their options cancelled under the Employee Plan 2018 (another previous scheme) and replacement options granted under the Employee Plan 2021. These changes were considered modifications under IFRS 2. The 2014 LTIP and 2015 Supplemental Plan were modified by reducing the hurdle price at which the options vest, from £1.42 and £1.14, respectively, to £0.42. The lapse date has also been extended from 2024 to 2032. The employees that have moved from the Employee Plan 2018 to the Employee Plan 2021 have transferred so that the shares no longer have a market vesting condition and now vest equally over a five-year period. The lapse date has also been extended from 2031 to 2032. The incremental value of the 2014/2015 Replacement Plan is US$5.3 million; the incremental value of the Employee Plan 2021 is US$746,000. 23,853,457 share options were modified into the 2014/2015 Replacement Plan and 2,131,242 share options were modified into the Employee Plan 2021.

Notes to the Financial Statements continued

for the year ended 31 December 2022

27. Share-based payments continued

The following table summarises the movements during the period in outstanding options:

	2022		2021	
	Weighted average exercise price	Number	Weighted average exercise price	Number
Outstanding at 1 January	0.16	55,751,999	0.19	50,401,739
Granted during the year	—	22,886,572	—	7,090,070
Lapsed during the year	—	—	0.12	(1,739,810)
Forfeited during the year	0.09	(3,210,241)	—	—
Outstanding at 31 December	**0.12**	**75,428,330**	**0.16**	**55,751,999**

The range of the exercise prices of the outstanding options as at 31 December 2022 is £nil and £0.38 with a weighted average of £0.12.

The following table summarises the charge during the period:

	2022 US$'000	2021 US$'000
Charge on outstanding options	1,506	1,864
Reversal of options forfeited/lapsed	(238)	(262)
	1,268	1,602

The options with market conditions were valued on the grant date using a Monte Carlo option pricing model, while the time-based options were valued on the grant date using a Black-Scholes model. The fair value of the option is amortised over the expected vesting period. There is no requirement to revalue the option at any subsequent date.

The following table lists the inputs to the model used to determine the fair value of the options granted for each scheme:

	2014/2015 Replacement Plan	Employee Plan 2018	Officers Plan 2020	Employee Plan 2021
Pricing model used	Monte Carlo	Monte Carlo	Monte Carlo	Black-Scholes
Grant date	29-Apr-22	30-Apr-20	30-Apr-20	Various
Weighted average share price at grant date (GBP)	0.35	0.08	0.08	0.26
Weighted average exercise price (GBP)	0.38	0.001	0.001	—
Weighted average contractual life (years)	10	5	5	10
Share price volatility (%)	53.52	50	50	—
Dividend yield (%)	—	—	—	—
Risk-free interest rate (%)	1.919	0.086	0.086	—

The share-price volatility for the 2014/2015 Replacement plan was determined using the Group's share price over the expected life of the option. The Employee Plan 2018 and Officers Plan 2020 has been determined by reference to historical prices of the following comparator group companies: Tullow Oil Plc, Bowleven PLC, President Energy Plc, Sound Energy Plc, and Ascent Resources Plc.

The Employee Plan 2021 has no market vesting conditions and a dividend yield assumption of nil and therefore the fair value of the options granted is the share price at the date of grant.

28. Non-controlling interests

	2022 US$'000	2021 US$'000
Balance at 1 January	13,842	(2,737)
Share of (loss)/profit for the year	(3,210)	16,335
Share of Other comprehensive income for the year	14	244
Balance at 31 December	**10,646**	13,842

No ownership changes occurred in 2022 or 2021.

The table below shows details of non-wholly owned subsidiaries of the Group that have non-controlling interests:

Name	Proportion of ownership interests and voting rights held by non-controlling interests	Total comprehensive (loss)/profit allocated to non-controlling interests in year ended 31 December 2022 US$'000	Accumulated non-controlling interests US$'000
Savannah Energy 2 Limited	5%	—	—
Savannah Energy Niger SA	5%	(251)	(972)
Savannah Energy (Uquo) Limited and its subsidiaries	20%	8,246	30,602
Accugas Holdings UK Plc and its subsidiaries	20%	(11,191)	(18,984)
Total		**(3,196)**	**10,646**

28. Non-controlling interests continued

Name	Proportion of ownership interests and voting rights held by non-controlling interests	Total comprehensive (loss)/profit allocated to non-controlling interests in year ended 31 December 2021 US$'000	Accumulated non-controlling interests US$'000
Savannah Energy 2 Limited	5%	—	—
Savannah Energy Niger SA	5%	16	(721)
Savannah Energy (Uquo) Limited and its subsidiaries	20%	4,157	22,356
Accugas Holdings UK Plc and its subsidiaries	20%	12,406	(7,793)
Total		16,579	13,842

Summarised Financial Statements in respect of each of the Group's subsidiaries that has material non-controlling interests are set out below. The summarised Financial Statements below represent amounts before intra-group eliminations.

As at 31 December 2022	**Savannah Energy Niger SA US$'000**	**Savannah Energy (Uquo) Limited and its subsidiaries US$'000**	**Accugas Holdings UK Plc and its subsidiaries US$'000**
Current assets	**162,987**	**357,277**	**1,117,552**
Non-current assets	**170,422**	**264,020**	**727,287**
Non-current liabilities	**(418,763)**	**(342,759)**	**(1,586,966)**
Current liabilities	**(1,622)**	**(231,627)**	**(690,142)**
	(86,976)	**46,911**	**(432,269)**
Equity attributable to owners of the Company	**(86,004)**	**16,309**	**(413,285)**
Non-controlling interests	**(972)**	**30,602**	**(18,984)**
	(86,976)	**46,911**	**(432,269)**

Year ended 31 December 2022	**Savannah Energy Niger SA US$'000**	**Savannah Energy (Uquo) Limited and its subsidiaries US$'000**	**Accugas Holdings UK Plc and its subsidiaries US$'000**
Attributable to owners of the Company	**(4,770)**	**32,983**	**(44,762)**
Attributable to the non-controlling interest	**(251)**	**8,246**	**(11,191)**
Total comprehensive (loss)/profit	**(5,021)**	**41,229**	**(55,953)**
Net cash (outflow)/inflow from operating activities	**(511)**	**51,767**	**70,988**
Net cash outflow from investing activities	**(1,429)**	**(9,817)**	**(1,576)**
Net cash inflow/(outflow) from financing activities	**5,087**	**(26,826)**	**(51,228)**
Net cash inflow	**3,147**	**15,124**	**18,184**

As at 31 December 2021	Savannah Energy Niger SA US$'000	Savannah Energy (Uquo) Limited and its subsidiaries US$'000	Accugas Holdings UK Plc and its subsidiaries US$'000
Current assets	159,829	266,359	1,007,752
Non-current assets	200,515	332,352	729,811
Non-current liabilities	—	(216,958)	(658,349)
Current liabilities	(404,527)	(347,496)	(1,486,132)
	(44,183)	34,257	(406,918)
Equity attributable to owners of the Company	(43,462)	11,901	(399,125)
Non-controlling interests	(721)	22,356	(7,793)
	(44,183)	34,257	(406,918)

Notes to the Financial Statements continued

for the year ended 31 December 2022

28. Non-controlling interests continued

Year ended 31 December 2021	Savannah Energy Niger SA US$'000	Savannah Energy (Uquo) Limited and its subsidiaries US$'000	Accugas Holdings UK Plc and its subsidiaries US$'000
Attributable to owners of the Company	285	16,628	49,620
Attributable to the non-controlling interest	16	4,157	12,406
Total comprehensive profit	301	20,785	62,026
Net cash (outflow)/inflow from operating activities	(95)	44,810	84,132
Net cash outflow from investing activities	(1,295)	(14,287)	(16,134)
Net cash outflow from financing activities	(974)	(38,267)	(12,837)
Net cash (outflow)/inflow	(2,364)	(7,744)	55,161

29. Trade and other payables

As at 31 December	Group 2022 US$'000	Company 2022 US$'000	Group 2021 US$'000	Company 2021 US$'000
Trade and other payables				
Trade payables	159,068	2,684	30,957	5,096
Accruals	50,045	10,629	62,927	31,320
VAT and WHT payable	16,229	69	13,783	214
Royalty and levies	5,542	—	5,196	—
Employee benefits	71	—	91	—
Contingent consideration	14,680	—	—	—
Financial liability	19,739	19,739	—	—
Other payables	14,074	3,663	3,817	1,766
Trade and other payables	279,448	36,784	116,771	38,396
Other payables – non-current				
Employee benefits	7,712	—	3,415	—
Other payables – non-current	7,712	—	3,415	—
	287,160	36,784	120,186	38,396

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

Contingent consideration relates to the acquisition of the Chad and Cameroon Assets and is payable to ExxonMobil for 25% of the crude oil liftings proceeds from the Chad Assets above $55/bbl and up to US$80/bbl, between the completion date of 9 December 2022 and 31 December 2023. This amount was measured at fair value at the completion date and will be remeasured at fair value at every reporting date.

The financial liability relates to a warrant instrument issued to the LCP4L as part of providing debt funding to the Group for future acquisitions. 101,113,992 warrants were issued in conjunction with the Junior Loan Facility (note 30) on 24 January 2022 and have a 90 month term and an exercise price of 23.5 pence. There are no additional conditions attached to this instrument. This is considered a related party transaction and is disclosed as such in note 37. The warrant is defined as a financial liability as does not meet the definition of an equity instrument. The financial liability is valued at FVTPL at each reporting period with the changes in the fair value being recognised in the Consolidated Statement of Comprehensive Income. The warrant was initially valued using a European option pricing model, however, if an American option pricing model was used at grant date, the value of the warrant instrument would have increased by US$560,000.

30. Borrowings

As at 31 December	Group 2022 US$'000	Company 2022 US$'000	Group 2021 US$'000	Company 2021 US$'000
Revolving credit facility	11,223	—	9,916	—
Bank loans	367,249	—	379,002	—
Senior Secured Notes	91,383	—	100,717	—
Other loans	175,934	—	34,610	20,986
	645,789	—	524,245	20,986

As at 31 December	Group 2022 US$'000	Company 2022 US$'000	Group 2021 US$'000	Company 2021 US$'000
Current borrowings	543,397	—	415,593	20,986
Non-current borrowings	102,392	—	108,652	—
	645,789	—	524,245	20,986

30. Borrowings continued

Accugas Limited has a bank loan facility amounting to US$359.1 million (2021: US$370.6 million). Repayments of principal commenced from 31 December 2019 and amortise 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. This facility incorporates a cash sweep to accelerate repayments subject to certain minimum cash balances. The facility carries a weighted average interest rate of 10.48%, plus three-month US LIBOR per annum. The facility is secured against the shares and assets of Accugas Limited. Amounts are being held to service this facility, refer to Note 25 for more details. Note 2 sets out the position of the loan refinancing and the impact with respect to year-end classification.

Savannah Energy Uquo Gas Limited has a Senior Secured Note of US$71.4 million (2021: US$84.0 million). Repayments of US$4.2 million are due semi-annually and will continue until 30 June 2026, with the remaining balance due at the final maturity date of 31 December 2026. The note carries a coupon of 8% per annum. The subsidiary also has a term facility amounting to NGN3.54 billion (US$8.4 million; 2021: NGN3.71 billion, US$9.9 million). Repayments of principal in amount of NGN180.0 million (US$0.4 million) are due semi-annually until the final maturity date of 31 December 2026 at which time all remaining unpaid principal is due. The loan carries an interest rate of three-month NIBOR plus margin of 5% per annum. Both of these facilities are secured against the shares and assets of Savannah Energy Nigeria Limited (a subsidiary of the Company) and its subsidiaries.

Accugas Holdings UK Plc has a promissory note of US$13.9 million (2021: US$13.6 million). Repayments of principal in the amount of US$0.5 million commenced 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. The payment-in-kind interest option was exercised in 2022.

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 payment-in-kind interest option was exercised in 2022. The note also includes a voluntary prepayment redemption option whereby early repayment of the principal amount will result in a discount to the contractual loan value. If this repayment option is invoked before 14 November 2023, a discount of 10% will be applied to 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 balance has increased due to accretion of interest and the utilisation of the payment-in-kind option with a balance of US$23.7 million at 31 December 2022 (2021: US$21.5 million). The call option value was estimated using a synthetic American receiver swaption model, adjusting future payments for additional principal following a utilisation of the payment-in-kind interest option and cash repayments required for early exercise. The value of the option was remeasured to an estimated US$2.8 million (2021: US$4.8 million) with the movement recognised as FVTPL. The option has been recorded within non-current borrowings and is set out in note 35(a). Both facilities held by Accugas Holdings UK Plc are secured against the shares and assets of Accugas Holdings UK Plc and Accugas UK Limited and the shares of Exoro Holding B.V., all of which are subsidiaries of the Company.

In September 2018, the Company issued unsecured loan notes. The loan notes were fully repaid in 2022.

In June 2020, the Company entered into a unsecured US$5.0 million revolving credit facility. The facility was fully repaid in 2022.

In September 2021, the Company entered into a short-term US$20.0 million facility. The loan carried an EIR of 15.02%. The facility was fully repaid in 2022.

In August 2021, Savannah Energy Niger SA entered into a XOF7.5 billion, unsecured revolving credit facility with Orabank SA bearing interest at 7.5% per annum. The balance at 31 December 2022 was XOF7.5 billion (US$13.2 million; 2021: XOF5.75 billion, US$9.9 million). The facility is guaranteed by the Company; this guarantee has been treated as an insurance contract under IFRS 4.

On 30 December 2021, the Company entered into a US$32.0 million Junior Loan Facility with a 90-month tenor, with a cash margin of 8.0% plus a relevant interest reference rate or 10.0% if paid-in-kind plus a relevant interest reference rate. The lender is considered a related party and is detailed in note 37. No amounts were drawn as at 31 December 2022 on this facility and is available for use for future acquisitions.

In December 2022, Savannah Energy Finance Limited entered into a term loan facility of $170.0 million to fund the acquisition of the Chad and Cameroon Assets. The loan carries an annual interest rate of 7% plus three months' SOFR. Repayments are made from cash generated from future oil liftings within the upstream business in Chad, as well as distributions made from COTCo. The facility was guaranteed by the Company up to US$34 million; this guarantee has been treated as an insurance contract under IFRS 4. Following the Nationalisation, the terms of this facility were amended in 2023.

Notes to the Financial Statements continued

for the year ended 31 December 2022

31. Provisions

As at 31 December	2022 US$'000	2021 US$'000
Decommissioning provision	80,764	64,623
Other provisions	14,081	4,343
	94,845	68,966

The Group provides for the present value of estimated future decommissioning costs for its oil and gas properties across its operating businesses. These costs are updated annually based upon a review of both inflation and discount rates. Periodically, the Group will undertake a more detailed technical assessment by both internal and external specialists as appropriate. The amounts shown are expected to crystallise between 2030 and 2044 for the Group's Oil and gas assets and 2038 and 2057 for the Group's Infrastructure assets. The inflation rate used in the calculation of the decommissioning provision at 31 December 2022 ranged between 2.28% and 8.36%. The discount rate used in the calculation of the decommissioning provision at 31 December 2022 ranged between 3.97% and 10.41%. Sensitivities can be found in note 4.

Other provisions relate to amounts recognised on acquisition of the Nigerian assets in 2019, and the Chad and Cameroon Assets in 2022. They reflect the fair value of legal claims, using an "expected value" approach, as required to be valued under IFRS 3: Business Combinations, the timing and outcomes of which remain uncertain.

	Decommissioning		Other	
	2022 US$'000	2021 US$'000	2022 US$'000	2021 US$'000
As at 1 January	64,623	101,511	4,343	5,095
Recognised on acquisition of subsidiary (note 34)	38,952	—	9,738	—
Provided during the year (note 17)	1,622	—	—	—
Provided during the year (note 16)	—	407	—	—
Amount released to Consolidated Statement of Comprehensive Income	—	—	—	(752)
Adjustment due to change in assumptions (note 16)	(30,018)	(42,272)	—	—
Unwinding of decommissioning provision discount (note 11)	5,585	4,977	—	—
As at 31 December	80,764	64,623	14,081	4,343

During 2022, the Group undertook a detailed technical assessment of the decommissioning provision cost estimates. Following the updated assessment, the decommissioning provision has been updated, with the associated decommissioning asset also adjusted to reflect the new cost estimates. The provision has been reduced in 2022 mainly due to a reduction in the cost estimates associated with the decommissioning activities in Nigeria, with the increase in the discount rate in Nigeria also being a contributing factor. During 2021, adjustments relate to changes in assumptions used within the estimate.

32. 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.

As at 31 December	2022 US$'000	2021 US$'000
Amount due for delivery within 12 months	17,792	26,467
Amount due for delivery after 12 months	314,018	213,043
	331,810	239,510

	2022 US$'000	2021 US$'000
As at 1 January	239,510	190,237
Additional contract liabilities	101,117	61,033
Contract liabilities utilised	(13,461)	(18,345)
Unwind of discount on contract liabilities	4,644	6,585
As at 31 December	331,810	239,510

Following the purchase of the Nigerian assets on 14 November 2019, the contract liabilities balance was adjusted to reflect the fair value at the acquisition date. Discount amounting to US$4.6 million (2021: US$6.6 million) has been accreted during the year as make-up gas has been delivered. The unwind has been recognised within finance costs (note 11).

33. Employee benefits continued

The Group operates a defined benefit gratuity scheme for the benefit of its Nigerian-based employees under the regulation of the National Pension Commission. Participant employees who have served the relevant employing company and are disengaging from service are entitled to an end of service benefit. In addition, all participating employees are entitled to a long service award every five years from their fifth year of continuous employment until their 35th year of continuous employment. The most recent actuarial valuations of the present value of the defined benefit obligation were carried out for the year ended 31 December 2022.

In addition, a number of the Chad-based employees are also entitled to end of service benefits. As set out in note 2, a limitation of information relating to the Chad Assets has prevented the full disclosure of relevant information in this respect. Other than where stated, all information relates to the Nigeiran-based employees.

(a) Changes in the present value of the employee benefits

	2022 US$'000	2021 US$'000
As at 1 January	3,506	4,722
Current service cost	605	992
Benefit paid by the plan	(336)	(266)
Interest expense on obligation	457	407
Plan amendment	(424)	(165)
Actuarial gain recognised in Other comprehensive income	(100)	(1,827)
Recognised on acquisition of subsidiary	4,487	—
Exchange difference	(412)	(357)
As at 31 December	**7,783**	3,506

Plan amendments include past service amendments and remeasurements of the long service award.

(b) Expenses recognised in the Statement of Comprehensive Income for the employee benefits

Year ended 31 December	2022 US$'000	2021 US$'000
Past service amendments	(96)	(105)
Current service costs	605	992
Remeasurement	(328)	(60)
Amounts recorded within staff costs (note 9)	181	827
Interest expense on obligation	457	407
	638	1,234

(c) Expenses recognised in Other comprehensive income for the employee benefits

Year ended 31 December	2022 US$'000	2021 US$'000
Actuarial gain recognised in Other comprehensive income	100	1,827
Tax effect on actuarial gain	(33)	(609)
	67	1,218

(d) Funded status

Both the defined benefit obligation and long service award are unfunded and will be settled using the Group's reserves.

(e) Assumptions

As at 31 December	2022 %	2021 %
Discount rate	14.0	13.3
Rate of salary increase	13.0	12.0
Rate of inflation	12.0	12.0
Benefit escalation rate	6.5	6.0

These assumptions depict management's estimate of the likely future experience of the Group.

Notes to the Financial Statements continued
for the year ended 31 December 2022

33. Employee benefits continued

(e) Assumptions continued

Mortality in service

Due to unavailability of published reliable demographic data in Nigeria, the demographic assumptions regarding future mortality are based on the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

Sample age	2022 Number of deaths in year of age of 10,000 lives	2021 Number of deaths in year of age of 10,000 lives
25	**7**	7
30	**7**	7
35	**9**	9
40	**14**	14
45	**26**	26

Withdrawal from service

Age band	2022 %	2021 %
Less than or equal to 30	**3.0**	3.0
31–39	**2.5**	2.5
40–44	**2.0**	2.0
45–55	**1.0**	1.0
56–59	**0.0**	0.0

(f) Sensitivity analysis

The sensitivity analyses below have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

As at 31 December		2022 US$'000	2021 US$'000
Base rate assumptions		**3,296**	3,506
Discount rate	1% increase	**2,999**	3,214
	1% decrease	**3,656**	3,914
Salary increase rate	1% increase	**3,671**	3,920
	1% decrease	**2,982**	3,100
Mortality in service	Age rated up by 1 year	**3,304**	3,540
	Age rated down by 1 year	**3,304**	3,537

(g) Ageing analysis

The following are the expected payments or contributions to the defined benefit plan in future years:

As at 31 December	2022 US$'000	2021 US$'000
Within the next 12 months	**71**	91
Between 2 and 5 years	**1,216**	1,643
Between 5 and 10 years	**3,855**	2,974
Beyond 10 years	**93,284**	70,983
Total expected payments	**98,426**	75,691

The weighted average duration of the employee benefits is 9.75 years (2021: 10.76 years).

(h) Employee benefit risk analysis

The main risks of the Group's defined benefit gratuity scheme are:

- the defined benefit liabilities are unfunded arrangements, which increases the chance that the benefits cannot be paid as they fall due;
- a decrease in bond yields has the effect of increasing plan liabilities. As the scheme is unfunded, there are no assets to match this increase in liability; and
- the gratuity plans are for the purposes of providing benefits for a retired employee, so increases in life expectancy result in an increase in the plans' liabilities.

34. Business combinations

On 9 December 2022, a subsidiary of the Company acquired the Chad and Cameroon Assets that constituted a business combination. Following the completion of this acquisition, the Group owned a 40% operated interest in the Doba Oil Project (the "Doba oil field") in Chad and an effective c.40% indirect interest in the Chad-Cameroon midstream pipelines, being COTCo and TOTCo. This acquisition was in line with the Group's strategy to deliver value accretive inorganic growth.

As these assets and entities are interdependent due to supply agreements between the upstream and midstream business, the separable assets and liabilities of these acquired entities have been shown as one single CGU.

Set out below are the provisional fair values of the separable assets and liabilities of the combined acquired entities together with the fair value of the purchase consideration. Refer to note 2 for the considerations on why these amounts are provisional.

	9 December 2022 US$'000
Property, plant and equipment	121,672
Investments in associates	188,285
Deferred tax assets	6,084
Inventory	30,358
Trade and other receivables	12,772
Cash at bank	95,596
Total assets	**454,767**
Deferred tax liabilities	18,782
Other payables	4,487
Provisions	48,683
Trade and other payables	149,986
Tax liabilities	47,315
Total liabilities	**269,253**
Total identifiable net assets at fair value	185,514
Goodwill/(bargain purchase) arising on acquisition	—
Total fair value of consideration transferred	185,514

Consideration satisfied by:

	US$'000
Cash	7,593
Contingent consideration	14,680
Debt	162,023
Deferred consideration	1,218
Total fair value of consideration transferred	185,514

The fair values of the Property, plant and equipment were valued using an Income Approach – based upon future income streams associated with the underlying businesses which were then discounted at an appropriate market discount rate. Included within these asset categories (in Property, plant and equipment (note 16)) are the oil and gas reserves and related assets of the Doba oil field. The fair values of the Investments in associates were valued using an Income approach - based upon future dividend streams of the investments which were then discounted at an appropriate market discount rate.

Included within Provisions is an amount recognised on acquisition for potential contingent liabilities associated with legal claims against the acquired entities amounting to US$9.7 million (note 31). For more details on the basis of preparation, please refer to note 2. Cash consideration was paid by way of deposits paid prior to the completion of the acquisition.

Included in the purchase consideration at acquisition was US$14.7 million contingent consideration which would be payable based upon oil price milestones and liftings until 31 December 2023. No contingent consideration will be payable if these milestones are not met. The value of the contingent consideration was determined by discounting the future amounts payable based on forecast liftings and oil price. The contingent consideration is recognised as a financial liability on the Consolidated Statement of Financial Position and revalued at each reporting date. The value of the contingent consideration was not deemed to have matierally changed since the acquisition date at the Consolidated Statement of Financial Position date.

From the date of acquisition, 9 December 2022, to 31 December 2022, the acquisition contributed the following amounts to the overall Group results:

	US$'000
Revenue	—
Profit before tax	945

If the acquisition had taken place at the beginning of the year, the acquisitions would have contributed the following amounts to the overall Group results:

	US$'000
Revenue	306,575
Profit before tax	20,601

There were no business combinations in 2021.

Notes to the Financial Statements continued
for the year ended 31 December 2022

35. Financial instruments

(a) Financial instruments by category

At the end of the year, the Group and Company held the following financial instruments:

As at 31 December	Group 2022 US$'000	Company 2022 US$'000	Group 2021 US$'000	Company 2021 US$'000
Financial assets				
Amortised cost				
Cash at bank (note 25)	240,888	5,610	152,644	1,506
Trade receivables and receivables from a joint arrangement (note 24)	184,121	—	127,162	—
Amounts due from Group companies (note 36)	—	381,669	—	308,203
Restricted cash (note 21)	28	—	1,635	—
Loan receivable	8,701	—	—	—
Other financial assets (note 24)	11,518	123	5,237	86
Other receivables (note 24)	—	—	65,796	65,796
	445,256	387,402	352,474	375,591
Financial liabilities				
Amortised cost				
Trade payables (note 29)	(159,068)	(2,684)	(30,957)	(5,096)
Amounts owed to Group companies (note 36)	—	(116,465)	—	(34,649)
Accruals (note 29)	(50,045)	(10,629)	(62,927)	(31,320)
Royalties and levies (note 29)	(5,542)	—	(6,261)	—
Interest payable	(105,600)	—	(80,101)	(251)
Lease liabilities (note 19)	(5,079)	(3,489)	(6,783)	(4,565)
Other payables (note 29)	(14,074)	(3,663)	(3,817)	(1,766)
Borrowings (note 30)	(648,589)	—	(529,055)	(20,986)
	(987,997)	(136,930)	(719,901)	(98,633)
Fair value through profit or loss				
Contingent consideration (note 29)	(14,680)	—	—	—
Financial liability (note 29)	(19,739)	(19,739)	—	—
Call option (within Borrowings, note 30)	2,800	—	4,810	—
	(31,619)	(19,739)	4,810	—
	(1,019,616)	(156,669)	(715,091)	(98,633)
Net financial instruments	(574,360)	230,733	(362,617)	276,958

(b) Risk management policy

In the context of its business activity, the Group operates in an international environment in which it is confronted with market risks, specifically foreign currency risk and interest rate risk. It does not use derivatives to manage and reduce its exposure to changes in foreign exchange rates and interest rates.

Cash at bank policy is generally to keep amounts in the Company's functional currency when possible. Additionally, other main currencies are held by local subsidiaries as required to pay employees and vendors who are paid in GBP, EUR, Naira, XOF, and XAF.

In addition to market risks, the Group is also exposed to liquidity and credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or damage to the Group's reputation.

The Group manages liquidity risk by regularly reviewing cash requirements by reference to short-term cash flow forecasts and medium-term working capital projections prepared by management.

The Group maintains good relationships with its lenders. At 31 December 2022, the Group had US$240.9 million (2021: US$152.6 million) of Cash at bank (Company: US$5.6 million; 2021: US$1.5 million) (note 25). Of this amount, US$136.7 million (2021: US$106.9 million) is being held for debt service (Company: US$nil; 2021: US$nil). In total, approximately US$174.8 million (2021: US$132.8 million) is required for 2020-2022's debt service obligations which will be sourced from bank accounts designated as Amounts held for debt service and from Cash and cash equivalents. The credit ratings of the banks that hold the Group's Cash at bank range from A+ to B-.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate cash reserves and continuously monitoring forecast and actual cash flows. The Group aims to maximise operating cash flows in order to be in a position to finance the investments required for its future development. The Group's liquidity position and its impact on the going concern assumption are discussed further in the Going concern section in note 2 of these Financial Statements.

The following tables detail the Group's remaining contractual maturities for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial borrowings based on the earliest date on which the Group can be required to pay.

35. Financial instruments continued

(c) Liquidity risk continued

Group

As at 31 December 2022	Weighted average effective interest rate	Less than 1 year US$'000	Between 1–5 years US$'000	Greater than 5 years US$'000	Total US$'000
Financial assets					
Loan receivable	15.20%	2,194	9,001	5,061	16,256
Financial liabilities					
Fixed interest rate instruments					
Lease liabilities	5.40%	(1,827)	(3,761)	—	(5,588)
Principal repayment	8.39%	(23,096)	(103,471)	—	(126,567)
Interest payment		(9,107)	(17,938)	—	(27,045)
Variable interest rate instruments					
Principal repayment	10.65%	(522,130)	(7,430)	—	(529,560)
Interest payment		(209,300)	(5,385)	—	(214,685)
Exposure liabilities		(763,266)	(128,984)	5,061	(887,189)

As at 31 December 2021	Weighted average effective interest rate	Less than 1 year US$'000	Between 1–5 years US$'000	Greater than 5 years US$'000	Total US$'000
Financial liabilities					
Fixed interest rate instruments					
Lease liabilities	6.58%	(1,796)	(4,914)	(976)	(7,686)
Principal repayment	10.30%	(43,365)	(105,071)	—	(148,436)
Interest payment		(5,565)	(21,484)	—	(27,049)
Variable interest rate instruments					
Principal repayment	10.56%	(371,470)	(8,608)	—	(380,078)
Interest payment		(81,183)	(5,335)	—	(86,518)
Exposure liabilities		(503,379)	(145,412)	(976)	(649,767)

All other financial assets and financial liabilities disclosed in note 35(a) are expected to mature within one year.

With respect to trade payables, the Group generally is required to pay within 30–90 days. However, in certain cases, these amounts will be settled later but are still expected to be within one year.

Company

As at 31 December 2022	Weighted average effective interest rate	Less than 1 year US$'000	Between 1–5 years US$'000	Greater than 5 years US$'000	Total US$'000
Financial liabilities					
Fixed interest rate instruments					
Lease liabilities	4.75%	(970)	(2,882)	—	(3,852)
Exposure liabilities		(970)	(2,882)	—	(3,852)

As at 31 December 2021	Weighted average effective interest rate	Less than 1 year US$'000	Between 1–5 years US$'000	Greater than 5 years US$'000	Total US$'000
Financial liabilities					
Fixed interest rate instruments					
Lease liabilities	4.75%	(962)	(3,182)	(976)	(5,120)
Principal repayment	22.96%	(19,349)	—	—	(19,349)
Interest payment		(2,431)	—	—	(2,431)
Exposure liabilities		(22,742)	(3,182)	(976)	(26,900)

All other financial assets and financial liabilities disclosed in note 35(a) are expected to mature within one year.

With respect to trade payables, the Group generally is required to pay within 30-90 days. However, in certain cases, these amounts will be settled later but are still expected within one year.

Notes to the Financial Statements continued

for the year ended 31 December 2022

35. Financial instruments continued

(d) Foreign currency risk

Foreign currency risk arises because the Group's subsidiaries operate in Nigeria, Niger, France, and the United Kingdom, and enter into transactions in currencies are not the same as their functional currency. The net assets from such overseas operations are exposed to currency risk, giving rise to gains or losses on retranslation into the functional currency.

Foreign currency risk also arises when the Group enters into transactions denominated in a currency other than its functional currency. The main foreign currency risk in the year ended 31 December 2022 relates to transactions denominated in Nigerian Naira.

The primary exchange rate movements that the Group is exposed to are US$:NGN, US$:XOF, US$:XAF, US$:GBP and US$:EUR. Foreign exchange risk arises from recognised assets and liabilities.

Group

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities were as follows:

As at 31 December 2022	GBP US$'000	XOF US$'000	XAF US$'000	NGN US$'000	EUR US$'000
Cash at bank	3,105	1,442	4,947	198,085	377
Exposure assets	3,105	1,442	4,947	198,085	377
Trade payables	(2,128)	(45)	—	(13,046)	(119)
Borrowings – current	—	(12,264)	—	(803)	—
Borrowings – non-current	—	—	—	(7,097)	—
Exposure liabilities	(2,128)	(12,309)	—	(20,946)	(119)
Net exposure	977	(10,867)	4,947	177,139	258

As at 31 December 2021	GBP US$'000	XOF US$'000	XAF US$'000	NGN US$'000	EUR US$'000
Other receivables	65,796	—	—	—	—
Cash at bank	16	(1,705)	—	128,857	78
Exposure assets	65,812	(1,705)	—	128,857	78
Trade payables	(4,994)	(38)	—	(13,844)	(126)
Borrowings – current	(942)	(9,916)	—	(875)	—
Borrowings – non-current	—	—	—	(8,608)	—
Exposure liabilities	(5,936)	(9,954)	—	(23,327)	(126)
Net exposure	59,876	(11,659)	—	105,530	(48)

As described in note 2, the limitation of information with respect to the Chad Assets has not allowed for complete analysis of the Group's foreign currency denominated monetary assets and liabilities.

Company

As at 31 December 2022	GBP US$'000	EUR US$'000
Cash at bank	3,105	376
Intercompany receivable	16,843	30,117
Exposure assets	19,948	30,493
Trade payables	(1,988)	(576)
Intercompany payable	(6,681)	(2)
Exposure liabilities	(8,669)	(578)
Net exposure	11,279	(29,915)

As at 31 December 2021	GBP US$'000	EUR US$'000
Other receivables	65,796	—
Cash at bank	16	76
Exposure assets	65,812	76
Trade payables	(4,983)	(100)
Borrowings – current	(942)	—
Exposure liabilities	(5,925)	(100)
Net exposure	59,887	(24)

35. Financial instruments continued

Company continued

The following table shows the effect of the US$ strengthening by 10% against the foreign currencies, with all other variables held constant, on the Group's result for the year. 10% is the rate used internally when reporting to key management personnel and represents management's assessment of the reasonably possible change in exchange rates.

As at 31 December 2022	GBP US$'000	XOF US$'000	XAF US$'000	NGN US$'000	EUR US$'000	Total US$'000
Impact on loss for the year – Group	(39)	1,087	(495)	(17,714)	(26)	(17,187)
Impact on loss for the year – Company	(53)	—	—	—	20	(33)

As at 31 December 2021	GBP US$'000	XOF US$'000	XAF US$'000	NGN US$'000	EUR US$'000	Total US$'000
Impact on profit for the year – Group	(5,988)	1,166	—	(10,553)	5	(15,370)
Impact on loss for the year – Company	(5,989)	—	—	—	2	(5,987)

The following table shows the effect of the US$ weakening by 10% against the foreign currencies, with all other variables held constant, on the Group's result for the year. 10% is the rate used internally when reporting to key management personnel and represents management's assessment of the reasonably possible change in exchange rates.

As at 31 December 2022	GBP US$'000	XOF US$'000	XAF US$'000	NGN US$'000	EUR US$'000	Total US$'000
Impact on loss for the year – Group	39	(1,087)	495	17,714	26	17,187
Impact on loss for the year – Company	53	—	—	—	(20)	33

As at 31 December 2021	GBP US$'000	XOF US$'000	XAF US$'000	NGN US$'000	EUR US$'000	Total US$'000
Impact on profit for the year – Group	5,988	(1,166)	—	10,553	(5)	15,370
Impact on loss for the year – Company	5,989	—	—	—	(2)	5,987

(e) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with financial institutions, foreign exchange transactions and other financial instruments. Credit risk is monitored by the Board of Directors.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective actions. The Group's treasury, trading and intercompany relationships and counterparties comprise financial services institutions. For these relationships, the Group analyses publicly available information such as Financial Statements and other external data.

Loan receivable

The Group holds certain loan receivables recognised as financial assets (see note 20 for more details). The Group assesses the credit risk of counterparties of the Group's loan receivables to determine whether there has been a significant increase in credit risk in the year. If there has been a significant increase in credit risk in the year, a lifetime ECL is recognised. There has been no increase in credit risk in the year and the Group deem any potential ECL to be immaterial.

Trade and other receivables

Customer credit risk is managed subject to the Group's established policy, procedures and controls relating to customer credit risk management. The credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any deliveries to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable financial institutions. The Group applies the IFRS 9 simplified model for recognising lifetime expected credit losses for certain trade receivables as these items do not have a significant financing component. This is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. product type and customer type). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered an integral part of trade receivables management.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables and deposits with financial institutions. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The Group has an established credit policy under which each new counterparty is analysed for creditworthiness before the Group's standard terms and conditions are offered. The Group's review includes external ratings.

Notes to the Financial Statements continued

for the year ended 31 December 2022

35. Financial instruments continued

(e) Credit risk continued

Trade and other receivables continued

The maximum exposure the Group will bear with a single customer is dependent upon that counterparty's credit rating, the level of anticipated trading and the time period over which this is likely to run. The Group gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk.

Set out below is the information about the credit risk exposure of the Group's trade and other receivables using a provision ageing matrix:

As at 31 December 2022	Trade receivables Current US$'000	<30 days US$'000	30–60 days US$'000	61–90 days US$'000	91–270 days US$'000	>271 days US$'000	Total US$'000
Expected credit loss rate	20.58%	8.74%	11.45%	13.99%	48.01%	99.09%	
Estimated total carrying amount at default	190,692	10,223	2,367	2,109	20,350	18,537	244,278
Expected credit loss	39,242	893	271	295	9,771	18,368	68,840

As at 31 December 2021	Trade receivables Current US$'000	<30 days US$'000	30–60 days US$'000	61–90 days US$'000	91–270 days US$'000	>271 days US$'000	Other financial assets US$'000	Total US$'000
Expected credit loss rate	12.81%	0.05%	0.18%	0.00%	0.00%	99.98%	0.00%	
Estimated total carrying amount at default	134,212	9,526	552	—	—	12,150	5,237	161,677
Expected credit loss	17,191	5	1	—	—	12,148	—	29,345

In line with the Group's accounting policy for some trade receivables which are subject to discussions with the counterparty, specific assessments are made to determine the recoverability of such amounts which includes expected recovery rates and discounting for the time value of money.

The fair value of the total Trade and other receivables previously acquired in 2019 are shown net of acquired ECL. Subsequent to the acquisition, certain receivables that this ECL was allocated to have been fully received. Consequently, the associated ECL has been released, with a credit of US$nil (2021: US$12.6 million) being recognised in the income statement. The remaining ECL of US$1.8 million (2021: US$1.8 million) that was netted within the fair value of the Trade receivables at acquisition remains netted within the trade receivables balance and will only be released when the associated receivables have been fully realised.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2022 US$'000	2021 US$'000
As at 1 January	29,345	17,213
Provision for expected credit loss	39,495	12,628
Other receivables written off	—	(496)
As at 31 December	**68,840**	29,345

The provision for expected credit loss that has been recognised in the year relates to an expected credit loss recognised on new invoices raised during the year as well as changes in expected credit loss rates as a result of non-payment of certain invoices. The reconciliation of ECL charge in the year and the released ECL discussed above is shown in note 24.

There were no ECL amounts for the Company (2021: US$nil). The Company considers all intercompany balances recoverable and any potential expected credit losses are judged to be immaterial. The credit risk from related parties has not increased significantly since their initial recognition. There has been no ECL amount recognised by the Company since initial recognition and therefore no amount has been recognised within the Company's Statement of Comprehensive Income.

(f) Interest rate risk

The Group had significant cash balances during the year. Changes in interest rates could have either a negative or positive impact on the Group's interest income. Whenever possible, cash balances are put on term deposits to maximise interest income.

The interest rate profile of the Group's financial assets was as follows:

As at 31 December	2022 US$'000	2021 US$'000
Cash at bank at variable interest rate – Group (note 25)	240,888	152,644
Cash at bank at variable interest rate – Company (note 25)	5,610	1,506

The cash at bank at floating interest rates consist of deposits which earn interest at variable rates depending on length of term and amount on deposit.

35. Financial instruments continued

(f) Interest rate risk continued

The following table shows the effect of the short-term interest rates increasing by 1%, with all other variables held constant, on the Group and Company's result for the year. 1% is the movement that represents management's assessment of the reasonable possible change in interest rates.

Year ended 31 December	2022 US$'000	2021 US$'000
Impact on (loss)/profit – Group	2,409	1,526
Impact on loss – Company	56	15

The following table shows the effect of the short-term interest rates decreasing by 1%, with all other variables held constant, on the Group and Company's result for the year. 1% is the movement that represents management's assessment of the reasonable possible change in interest rates.

Year ended 31 December	2022 US$'000	2021 US$'000
Impact on (loss)/profit – Group	(2,409)	(1,526)
Impact on loss – Company	(56)	(15)

The Group is exposed to cash flow interest rate risk through funds borrowed at variable interest rates. These exposures arise from the interest on third-party loans which are based on SOFR and NIBOR. Changes to the borrowing costs of the Group are monitored by management and assessed relative to the Group's ongoing cash flows from operations.

The sensitivity analyses have been determined based on the exposure to interest rates for financial instruments at the Statement of Financial Position date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the Statement of Financial Position date was outstanding for the whole year. A 1% increase or decrease represents management's assessment of the reasonably possible change in interest rates.

The interest rate profile of the Group's financial liabilities was as follows:

As at 31 December	2022 US$'000	2021 US$'000
Borrowings at variable interest rate – Group	529,560	380,078
Borrowings at variable interest rate – Company	—	—

The following table shows the effect of the short-term interest rates increasing by 1%, with all other variables held constant, on the Group and Company's result for the year. 1% is the movement that represents management's assessment of the reasonable possible change in interest rates.

Year ended 31 December	2022 US$'000	2021 US$'000
Impact on (loss)/profit – Group	(5,296)	(3,801)
Impact on loss – Company	—	—

The following table shows the effect of the short-term interest rates decreasing by 1%, with all other variables held constant, on the Group and Company's result for the year. 1% is the movement that represents management's assessment of the reasonable possible change in interest rates.

Year ended 31 December	2022 US$'000	2021 US$'000
Impact on (loss)/profit – Group	5,296	3,801
Impact on loss – Company	—	—

(g) Capital disclosures

The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term, and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions.

The Group funds its expenditures on commitments from existing cash and cash equivalent balances, proceeds from the issue of shares, debt financing and cash flows from its Nigerian operating entities. There are no externally imposed capital requirements. Financing decisions are made by the Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

The Directors monitor capital by tracking leverage, adjusted leverage and interest cover. Leverage is calculated as "net debt" divided by Adjusted EBITDA, while adjusted leverage is calculated as "Adjusted net debt" divided by Adjusted EBITDA. Adjusted net debt is defined as borrowings less cash at bank, plus cash that is being held to service interest payable on the Group's Accugas loan. Interest cover is defined as Adjusted EBITDA divided by finance costs excluding unwinding of certain liabilities less finance income.

EBITDA is defined as earnings before interest, tax, depletion, depreciation and amortisation after adjusting for transaction expenses. Adjusted EBITDA is defined as EBITDA including deferred revenue and other invoiced amounts, less royalty payables on the additional deferred revenue and other invoiced amounts and expected credit loss and other related adjustments.

Notes to the Financial Statements continued

for the year ended 31 December 2022

35. Financial instruments continued

(g) Capital disclosures continued

As at 31 December	2022 US$'000	2021 US$'000
Borrowings	645,789	524,245
Less: cash at bank	(240,888)	(152,644)
Restricted cash	(28)	(1,635)
Net debt	**404,873**	369,966
Add: amounts set aside for interest payable	98,355	75,540
Adjusted net debt	**503,228**	445,506

Year ended 31 December	2022 US$'000	2021 US$'000
Operating profit	54,183	87,713
Add:		
Depletion, depreciation and amortisation	40,645	36,227
Transaction expenses	14,487	7,374
EBITDA	**109,315**	131,314
Add: other invoiced amounts	77,946	44,675
Less: royalty payable on additional gas volume	(1,801)	(1,032)
Expected credit loss and other related adjustments	39,495	26
Adjusted EBITDA	**224,955**	174,983

Year ended 31 December	2022 US$'000	2021 US$'000
Finance costs	78,970	76,604
Less: unwind of long-term liabilities	(10,887)	(12,924)
Finance income	(1,068)	(490)
Interest cover finance costs	**67,015**	63,190

	2022	2021
Leverage	1.8x	2.1x
Adjusted leverage	2.2x	2.5x
Interest cover ratio	3.4x	2.8x

The Group's capital management aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. Breaches in meeting the financial covenants would provide the lenders with the ability to immediately call loans and borrowings.

As detailed in note 2, the loan facility held by Accugas Limited has been classified as current.

No changes were made to the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

36. Intercompany receivable/payable

Company

As at 31 December	2022 US$'000	2021 US$'000
Intercompany receivable	379,860	336,337
Intercompany payable	(116,465)	(62,783)

Intercompany receivables are amounts on demand and are not interest bearing. The receivables balance has increased in the year due to time writing recharges and payment of invoices on behalf of subsidiary undertakings. The increase in intercompany payables in the year was due to cash pooling arrangements made from subsidiaries to the Company as well as invoices being paid on behalf of the Company by its subsidiary undertakings. The prior year amounts have been restated, refer to note 2 for more detail.

37. Related party transactions

Transactions between the Company and its subsidiaries which are related parties of the Company have been eliminated on consolidation and are not disclosed in this note; refer to amounts disclosed in note 36 for related party balances within the Company. Details of transactions between the Company and other related parties are disclosed below.

Compensation of key management personnel

Key management are the Directors (Executive and Non-Executive). Compensation of key management personnel is disclosed in note 9. Further information about the remuneration of individual Directors is provided in the Directors' Remuneration Report.

Trading transactions

Other than normal intercompany transactions, there was a related party transaction in respect of the Junior Loan Facility described in note 30. On 30 December 2021, the Group and Lothian Capital Partners 4 Limited ("LCP4L") as lender entered into a US$32.0 million Junior Loan Facility, together with up to 101,113,992 ordinary share warrants to be issued to LCP4L. Andrew Knott, Chief Executive Officer, is the beneficial owner of LCP4L. The warrants were issued in January 2022 following the approval of the shareholders and have been recognised within Other reserves.

38. Cash flow reconciliations

Group

A reconciliation of loss before tax to net cash generated from operating activities is as follows:

	Year ended 31 December 2022 US$'000	Year ended 31 December 2021 US$'000
Loss for the year before tax	(52,946)	(7,745)
Adjustments for:		
Depreciation	2,242	1,764
Depletion	38,403	34,463
Finance income	(948)	(49)
Finance costs	78,970	76,604
Fair value movement	8,134	610
Share of profit from associates	(65)	—
Gain on disposal	(7,372)	—
Unrealised foreign translation loss	12,374	9,791
Share option charge	1,268	1,602
Expected credit loss and other related adjustments	39,495	26
Operating cash flows before movements in working capital	119,555	117,066
Increase in inventory	(6,143)	(956)
Increase in trade and other receivables	(110,845)	(57,744)
Increase in trade and other payables	20,534	29,455
Increase in contract liabilities	87,656	42,689
Income tax paid	(35,064)	(2,395)
Net cash generated from operating activities	75,693	128,115

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

	Borrowings US$'000	Interest payable US$'000	Lease liabilities US$'000	Total US$'000
At 1 January 2022	524,245	80,101	6,783	611,129
Cash flows				
Repayment	(57,008)	(34,342)	(1,474)	(92,824)
Proceeds	12,810	—	—	12,810
Realised foreign translation	(15)	114	—	99
	(44,213)	(34,228)	(1,474)	(79,915)
Non-cash adjustments				
Deemed proceeds	162,023	—	—	162,023
Payment-in-kind adjustment/accretion of interest	3,544	59,776	367	63,687
Net debt fees recognised	(681)	—	—	(681)
Borrowing fair value adjustments	2,010	—	—	2,010
Working capital movements	—	—	(17)	(17)
Foreign translation	(1,139)	(49)	(580)	(1,768)
At 31 December 2022	645,789	105,600	5,079	756,468

	Borrowings US$'000	Interest payable US$'000	Lease liabilities US$'000	Total US$'000
At 1 January 2021	514,662	51,544	8,061	574,267
Cash flows				
Repayment	(15,818)	(22,584)	(1,850)	(40,252)
Proceeds	18,476	—	—	18,476
Realised foreign translation	175	—	—	175
	2,833	(22,584)	(1,850)	(21,601)
Non-cash adjustments				
Payment-in-kind adjustment/accretion of interest	10,544	51,327	511	62,382
Lease liability additions	—	—	138	138
Net debt fees recognised	(2,774)	—	—	(2,774)
Borrowing fair value adjustments	610	—	—	610
Working capital movements	—	—	(29)	(29)
Foreign translation	(1,630)	(186)	(48)	(1,864)
At 31 December 2021	524,245	80,101	6,783	611,129

Notes to the Financial Statements continued

for the year ended 31 December 2022

38. Cash flow reconciliations continued

Company

A reconciliation of profit or loss before tax to net cash used operating activities is as follows:

Year ended 31 December	2022 US$'000	2021 US$'000
Loss for the year before tax	(51,639)	(27,068)
Adjustments for:		
Depreciation	719	543
Finance costs	6,104	5,682
Finance income	(35)	(49)
Fair value movement	6,124	—
Share option charge	895	1,026
Unrealised foreign translation loss	381	(227)
Operating cash flows before movements in working capital	(37,451)	(20,093)
Decrease in other receivables and prepayments	8,028	3,506
(Decrease)/increase in trade and other payables	(4,680)	470
Increase in accruals	3,747	8,743
Net cash used in operating activities	(30,356)	(7,374)

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

	Borrowings US$'000	Interest payable US$'000	Lease liabilities US$'000	Total US$'000
At 1 January 2022	20,986	251	4,565	25,802
Cash flows				
Repayment	(21,022)	(2,616)	(667)	(24,305)
	(21,022)	(2,616)	(667)	(24,305)
Non-cash adjustments				
Accretion of interest	36	2,365	195	2,596
Working capital movements	—	—	(23)	(23)
Foreign translation	—	—	(581)	(581)
At 31 December 2022	—	—	3,489	3,489

	Borrowings US$'000	Interest payable US$'000	Lease liabilities US$'000	Total US$'000
At 1 January 2021	5,791	652	5,313	11,756
Cash flows				
Repayment	(876)	(1,886)	(1,041)	(3,803)
Proceeds	15,582	—	—	15,582
	14,706	(1,886)	(1,041)	11,779
Non-cash adjustments				
Accretion of interest	407	1,485	233	2,125
Lease liability additions	—	—	138	138
Net debt fees	75	—	—	75
Working capital movements	—	—	(30)	(30)
Foreign translation	7	—	(48)	(41)
At 31 December 2021	20,986	251	4,565	25,802

39. Capital commitments

At the reporting date, the Group had capital commitments of US$316,000 (2021: US$1.5 million), all expected to be satisfied within 12 months.

40. Contingent liabilities

One of the Group's subsidiaries ("the Subsidiary") had previously received approval from the Nigerian Investment Promotion Commission ("NIPC") that granted it an exemption from certain corporate taxes for a period of five years from February 2014 ("Pioneer Relief"). Subsequently, NIPC reduced the exemption period to three years with the remaining two years subject to a further extension request, which the Subsidiary submitted and subsequently received certificates for the periods. During a tax audit by the Nigerian tax authorities ("FIRS"), the validity of the extension request was queried. The Group is of the view that it has fully complied with all requirements necessary to obtain the extension and has received certificates confirming the status from NIPC. However, if FIRS are ultimately successful, an additional US$61.0 million of gas profits would be subject to corporate taxes of approximately US$3.9 million together with a deferred tax charge of approximately US$15.5 million reflecting the utilisation of capital allowances.

41. Events after the reporting period

As set out in note 2, 31 March 2023, the Nationalisation of the assets and rights of any kind of SCI located in Chad or arising from the conventions between SCI and the Republic of Chad in respect of the exploration, exploitation and transportation of hydrocarbons in Chad (the "Conventions") and the assets and rights of any kind of SMIL, including the shares and rights held by SMIL in any branch office in Chad and any company having its principal place of business in Chad occurred. In particular the steps taken by the Republic of Chad have resulted in the Nationalisation of SCI's upstream production assets in Chad and SMIL's c.40% interest in Tchad Oil Transportation Company ("TOTCo"), the owner and operator of the Chad portion of the Chad-Cameroon midstream pipelines, being the sole oil export infrastructure for all oil production from Chad. The actions of the Republic of Chad are in direct breach of the Republic of Chad's undertaking under the Conventions it has entered into. As disputes under the Conventions are subject to the jurisdiction of an ICC arbitral tribunal, seated in Paris. SCI and SMIL will seek full compensation for the losses they have suffered as a result of Chad's actions. SCI has commenced ICC arbitral proceedings against the Republic of Chad to seek full recompense for the loss that it has and may suffer as a result of the Nationalisation of SCI's assets.

On 20 April 2023, the Group announced the sale of a 10% interest in its equity held investment in COTCo for a consideration of US$44.9 million. Upon completion of the sale, the Group will retain a 31.06% shareholding in COTCo.

Reserves and Resources

as at 31 December 2022

	2P Reserves		2C Resources	
	Gross	Net	Gross	Net
Niger				
Oil (MMstb)			35.0	33.3
Nigeria[1]				
Oil and condensate (MMstb)				
Uquo	0.7	0.6	—	—
Stubb Creek	12.7	4.0	—	—
Gas (Bscf)				
Uquo	503.2	402.6	82.8	66.2
Stubb Creek	—	—	515.3	293.7
Total (MMboe)	**97.3**	**71.7**	**134.7**	**93.3**

1. A Competent Person's Report, `CPR' for the Nigeria Assets was compiled by CGG Services (UK) Ltd, `CGG' which certified 2P reserves and 2C resources as at 1 October 2021. The Reserves above have been adjusted for produced volumes to year-end 2022.
2. For Niger, the Net portion of the gross resources are attributable to Savannah before royalties, taxes and government share of profit. Contingent resource estimates for Niiger are as per CGG CPR dated 17 December 2021.

Payments to Government

For the year ended 31 December 2022

Report of payments to governments

This report sets out details of the payments made to governments by the Group for the year ended 31 December 2022 as required under the Disclosure and Transparency Rules of the UK Financial Conduct Authority (the "DTRs") and in accordance with our interpretation of the draft Industry Guidance issued for the UK's Report on Payments to Governments Regulations 2014, as amended in December 2015. The DTRs require companies in the UK and operating in the extractives sector to publicly disclose payments made to governments in the countries where they undertake exploration, prospection, development and extraction of oil and natural gas deposits or other materials.

Government payments

The Group's extractive operations in Niger and Nigeria give rise to a number of payments to government, including royalties, taxes and levies made by the group on its own behalf and on behalf of suppliers and employees through the deduction of VAT, PAYE and other withholding taxes. Different payments arise at different times over the course of a typical upstream or midstream project, including the following significant items:-

Project phase	Licence fees	Signature bonuses	WHT & VAT on supplier payments	PAYE on staff salaries	Import duty	Payments to host communities & for infrastructure improvements	Royalties on production	Income tax on profits	WHT on dividends
Exploration	✓	✓	✓	✓	✓	✓			
Development/ Construction			✓	✓	✓	✓			
Production/ operation			✓	✓		✓	✓	✓	✓
Abandonment						✓			

In many cases, investment incentives available to the oil and gas sector, or to companies generally, such as tax holidays, offset of start-up losses and capital allowances, can defer the full incidence of income tax until after the commencement of production/operations.

	Upstream projects				Other	
	Uquo US$'000	Stubb Creek US$'000	Agadem US$'000	Doba* US$'000	Midstream US$'000	Corporate US$'000
Production entitlements						
Income taxes, including WHT suffered	882	—	4	34,040	1,251	—
Royalties	7,786	408	11	—	—	—
Special dividends	—	—	—	—	—	—
Signature, discovery & production bonuses	—	—	—	—	—	—
Licence fees, rental fees, entry fees & other consideration for licences	—	—	3,919	—	—	—
Payments for infrastructure improvements	—	—	203	—	—	—
	8,668	408	4,137	34,040	1,251	—
Consumption taxes (NDDC levy, NESS, ITF, etc.)	635	257	—	—	1,262	1,698
Taxes paid on behalf of others (VAT, WHT, NDC levy, PAYE)	298	689	—	998	7,319	4,899
	933	947	—	998	8,581	6,598
Total	**9,601**	**1,355**	**4,137**	**35,038**	**9,832**	**6,598**
Nigeria Federal government	9,598	1,138	—	—	8,194	—
Nigeria State government	3	212	—	—	1,636	—
Nigeria Local government	—	5	—	—	2	—
Nigeria local communities	—	—	—	—	—	—
Niger Federal government	—	—	4,137	—	—	—
UK Federal government	—	—	—	—	—	6,451
UK Local government	—	—	—	—	—	147
Chad Federal government	—	—	—	35,038	—	—
Total	**9,601**	**1,355**	**4,137**	**35,038**	**9,832**	**6,598**

* Chad Royalties and licence fees and are not included due to limited information (see Note 2 of Financial Statements)

Treatment of joint operations

- Amounts include payments made by the Group directly to governments in respect of the joint operations and sole costs.
- Cash calls made by joint operations for payments to governments are excluded.

Payments for infrastructure improvements

- These include community and social project expenditure.

Consumption taxes paid on behalf of others

- These include VAT, withholding taxes and payroll taxes withheld from payments to suppliers and employees.
- Payments other than in relation to upstream projects are not required by the EU Accountancy & Transparency Directives but

Glossary

are included for completeness.

2P Reserves	the sum of proved plus probable reserves;
2C Resources	the best estimate of Contingent Resources;
3D seismic	geophysical data that depicts the subsurface strata in three dimensions. 3D seismic typically provides a more detailed and accurate interpretation of the subsurface strata than 2D seismic;
Accugas Midstream Business	the business currently operated by Accugas Limited, comprising a 200 MMscfpd gas processing facility and approximately 260 km gas pipeline network and associated gas processing infrastructure;
AIIM	African Infrastructure Investment Managers;
Barrels or bbl	a unit of volume measurement used for petroleum and its products (for a typical crude oil 7.3 barrels = 1 tonne: 6.29 barrels = 1 cubic metre);
Bcm	billion cubic metres;
Bn	billion;
Bscf	billion standard cubic feet;
Bscfpd	billion standard cubic feet per day;
best estimate	the middle value in a range of estimates considered to be the most likely. If based on a statistical distribution, can be the mean, median or mode depending on usage;
block	an area defined for exploration licensing;
boe	barrels of oil equivalent. One barrel of oil is approximately the energy equivalent of 6 Mscf of natural gas;
Chad-Cameroon pipeline	is the 1,081 km, 30 inch oil pipeline connecting the Doba Oil Project to the Kome Kribi 1 FSO offshore Cameroon, with a nameplate capacity of 250 Kbopd (as defined in the Supplementary Admission Document dated 9 December 2022);
condensate	light hydrocarbon compounds that condense into liquid at surface temperatures and pressures. They are generally produced with natural gas and are a mixture of pentane and higher hydrocarbons;
Contingent Resources	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies;
COTCo	Cameroon Oil Transportation Company;
CPF	Central Processing Facility;
Cretaceous	geological strata formed during the period 140 million to 65 million years before the present;
crude oil	hydrocarbons that at atmospheric temperature and pressure are in a liquid state, including crude mineral oil, asphalt and ozokerites, and liquid hydrocarbons that are obtained by separation, processing or extraction;
debottlenecked	process of identifying specific areas and/or equipment in oil and gas facilities that limit the flow of product and optimising them so that overall capacity in the plant can be increased;
EBITDA	Earnings before interest, tax, depletion, depreciation and amortisation;
E&P	exploration and production;
ETS	Export Transportation System;
exploration well	a well drilled to find hydrocarbons in an unproved area or to extend significantly a known oil or natural gas reservoir;
field	an area consisting of either a single reservoir or multiple reservoirs, all grouped on or related to the same individual geological structural feature and/or stratigraphic condition;
FSO	floating storage and offloading facility;
geophysical	measurement of the earth's physical properties to explore and delineate hydrocarbons by means of electrical, seismic, gravity and magnetic methods;
GDP	Gross Domestic Product;
gross resources	the total estimated petroleum that is potentially recoverable from a field or prospect;
GSA	gas sales agreement;
1 Gt	gigatonne (1 gigatonne = 1 billion tonnes);
GW	gigawatt;
HSE	health, safety and environment;
HSE&S	health, safety, security and the environment;
hydrocarbon	a compound containing only the elements hydrogen and carbon. May exist as a solid, a liquid or a gas. The term is mainly used in a catch-all sense for oil, gas and condensate;
investment grade	a rating that indicates that a municipal or corporate bond has a relatively low risk of default;
Kboepd	thousands of barrels of oil equivalent per day;
Kbopd	thousands of barrels of oil per day;
km	kilometre;
km²	square kilometres;
kt	kilotonne;
kV	kilovolt;

kWh	kilowatt;
lead	an identified opportunity with sufficient support from geological analogues and the like to encourage further data acquisition and/or study on the basis that hydrocarbon accumulations may be found in the future;
licence	an exclusive right to search for or to develop and produce hydrocarbons within a specific area and/or a pipeline licence, as the context requires. Usually granted by the State authorities and may be time limited;
M	thousand;
MJ	megajoules;
MMboe	millions of barrels of oil equivalent;
MMbopd	millions of barrels of oil per day;
MMscf	million standard cubic feet;
MMscfpd	millions of standard cubic feet per day;
MMstb	millions of standard stock tank barrels of oil;
MT	million tonnes;
Mtoe	million tonne of oil equivalent
Mscf	thousand standard cubic feet;
Mscfe	thousand standard cubic feet of gas equivalent;
MW	megawatt;
Nationalisation	On 23 March 2023 and the subsequent promulgation in law on 31 March 2023, the Republic of Chad nationalised the interests of any kind of SCI located in Chad or arising from the conventions between SCI and the Republic of Chad in respect of the exploration, exploitation and transportation of hydrocarbons in Chad and the interests of any kind of SMIL, including the shares and rights held by SMIL in any branch office in Chad and any company having its principal place of business in Chad.
natural gas	hydrocarbon that at a standard temperature of sixty degrees Fahrenheit (60°F) and a standard pressure of one atmosphere are in a gaseous state, including wet mineral gas and dry mineral gas, casing head gas, residual gas remaining after separation treatment, processing, or extraction of liquid hydrocarbons;
Nigerian assets	the interest in the Uquo Gas Project owned by SEUGL, the interest in the Stubb Creek Field owned by Universal Energy Resources and the interest in the Accugas Midstream Business owned by Accugas Limited;
oil equivalent	international standard for comparing the thermal energy of different fuels;
operator	the entity that has legal authority to drill wells and undertake production of hydrocarbons found. The operator is often part of a consortium and acts on behalf of this consortium;
petroleum	a generic name for hydrocarbons, including crude oil, natural gas liquids, natural gas and their products;
play	a project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in order to define specific leads or prospects;
prospect	a project associated with a potential accumulation of oil or natural gas that is sufficiently well defined to represent a viable drilling target;
prospective resources	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects;
PSC	Production Sharing Contract;
Quad BTU	quadrillion British thermal units;
R3 East Development	Comprises the development of Savannah main discoveries (i.e. Amdigh, Eridal, Bushiya and Kunama);
reserves	those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions;
reservoir	a subsurface body of rock having sufficient porosity and permeability to store and transmit fluids. A reservoir is a critical component of a complete petroleum system;
resources	deposits of naturally occurring hydrocarbons which, if recoverable, include those volumes of hydrocarbons either yet to be found (prospective) or if found the development of which depends upon a number of factors (technical, legal and/or commercial) being resolved (contingent);
SCI	Savannah Chad Inc.
seal	a relatively impermeable rock, commonly shale, anhydrite or salt, that forms a barrier or cap above and around reservoir rock such that fluids cannot migrate beyond the reservoir. A seal is a critical component of a complete petroleum system;
seismic survey	a method by which an image of the earth's subsurface is created through the generation of shockwaves and analysis of their reflection from rock strata. Such surveys can be done in two or three-dimensional form;
SMIL	Savannah Midstream Investment Limited
stratigraphic	a mode of trapping hydrocarbons which is not dependent on structural entrapment;
Stubb Creek Field	the Stubb Creek marginal field located in the OML 14 block onshore Nigeria;
Tscf	trillion standard cubic feet;
Tertiary	geological strata formed during the period from 65 to 1.8 million years ago;
TOTCo	Tchad Oil Transportation Company;
Uquo CPF	the 200 MMscfpd gas processing facilities, owned by Accugas Ltd, and located at the Uquo Field;
Uquo Field	the Uquo marginal field located in the OML 13 block onshore Nigeria;
Uquo Gas Project	the gas project at the Uquo Field;

Definitions

(a) Total Revenues are defined as the total amount of invoiced sales during the period. This number is seen by management as appropriately reflecting the underlying cash generation capacity of the business as opposed to Revenue recognised in the Consolidated Statement of Comprehensive Income. A detailed explanation of the impact of IFRS 15 revenue recognition rules on our Consolidated Statement of Comprehensive Income is provided in our 2020 Annual Report in the Financial Review section on page 56. Note that Total Revenues is not an audited number.

(b) Remaining life of contact revenues estimated on a maintenance adjusted take-or-pay basis including contributions from three of our customers: Calabar Generation Company Limited (owner of the Calabar power station), Ibom Power Company Limited (owner of the Ibom power station) and the Lafarge Africa PLC (owner of the Lafarge Mfamosing cement plant). Note this is not an audited number.

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

The figure presented for 2022 is for the Group excluding Chad (which removes the impact of the Chad operations period of ownership from 9 December to 31 December 2022) as described in the Financial Review to provide a meaningful comparison with 2021. Note that the Adjusted EBITDA presented in Note 35(g) of the Financial Statements is for the Group, not Group excluding Chad.

(d) Total contributions to Nigeria and Niger defined as payments to governments, employee salaries and payments to local suppliers and contractors. Where total contributions refer to the period 2014–2022 they include contributions to Nigeria during the period pre-acquisition of the Nigerian assets by Savannah.

(e) Investment grade indicates credit support from an entity which holds an investment grade rating from either Standard & Poor's, Moody's or Fitch Ratings.

(f) Adjusted Net debt is defined as Net debt adjusted for US$98.4 million (2021: US$75.5 million) equivalent held in Naira that is set aside to cover interest payments. This measure recognises the fact that when interest is paid the Net debt will rise.

The figure presented for 2022 is for the Group excluding Chad (which removes the impact of the Chad operations period of ownership from 9 December to 31 December 2022) as described in the Financial Review to provide a meaningful comparison with 2021. Note that the Adjusted EBITDA presented in Note 35(g) of the Financial Statements is for the Group, not Group excluding Chad.

(g) Operating expenses plus administrative expenses are defined as total cost of sales, administrative and other operating expenses excluding royalty and depletion, depreciation and amortisation.

The figure presented for 2022 is for the Group excluding Chad (which removes the impact of the Chad operations period of ownership from 9 December to 31 December 2022) as described in the Financial Review to provide a meaningful comparison with 2021.

(h) Interest cover ratio is Adjusted EBITDA[c] divided by Finance costs excluding: (i) unwinding of a discount on a long-term payable; (ii) unwinding of a discount on contract liabilities; and (iii) unwinding of decommissioning discount, less Interest Finance Income.

(i) Net debt is defined as Borrowings less Cash at bank and Restricted cash.

Cash at bank excludes cash funds held in Chad at year end

(j) Cash collections are defined as the amount of cash received from customers.

(k) Leverage is defined as Net debt divided by Adjusted EBITDA.

(l) **Adjusted Leverage** is defined as Adjusted net debt divided Adjusted EBITDA. This measure thus excludes sums held to pay interest from the calculation in parallel with Adjusted net debt.

(m) **South Sudan Assets** means the assets that Savannah proposes to acquire from PETRONAS International Corporation Ltd, as announced on 12 December 2022. These assets comprise interests in three Joint Operating Companies which operate Block 3/7 (40% working interest ("WI")), Block 1/2/4 (30% WI) and Block 5A (67.9% WI), in South Sudan.

(n) Depreciation, depletion and amortisation – includes these items for the Group excluding Chad only.

(o) **Group excluding Chad** refers to the Group excluding the Chad entities. Refer to Note 5 of the Financial Statements and the Financial Review for further details.

(p) **Chad and Cameroon Assets** means the assets acquired from ExxonMobil being a 40% participating interest in the Doba Oil Field Development Area in Chad, and a 40.19% and 41.06% shareholding interest in Tchad Oil Transportation Company and Cameroon Oil Transportation Company (respectively) which own and operate the Chad-Cameroon pipeline and FSO)

Footnotes

Section title	Footnotes
At a Glance Pages 2 and 3	1. This figure includes the assets in Chad as at 31 December 2022. On 9 December 2022, Savannah's wholly owned subsidiary, Savannah Energy Chad Limited, completed the acquisition of Savannah Chad Inc. ("SCI", the former Esso Exploration and Production Chad, Inc.) and Savannah Midstream Investment Limited ("SMIL", the former Esso Pipeline Investments Limited). On 31 March 2023, the Republic of Chad nationalised SCI's upstream production assets in Chad and SMIL's c. 40% interest in TOTCo. 2. This figure includes Savannah employees as at 31 December 2022 in Cameroon, France, Niger, Nigeria and the United Kingdom. 3. Savannah has entered into a Share Purchase Agreement with PETRONAS International Corporation Limited ("PETRONAS") to acquire PETRONAS' entire oil and gas business in South Sudan. The Transaction is conditional upon the satisfaction of certain conditions precedent including, inter alia, approval of the Government of the Republic of South Sudan, the approval of Savannah's shareholders and re-admission to trading on AIM taking effect. 4. Post-year end on 20 April 2023, Savannah announced that its wholly owned subsidiary, Savannah Midstream Investment Limited ("SMIL"), had signed a Share Purchase Agreement with the national oil company of Cameroon, Société Nationale Des Hydrocarbures ("SNH") for the sale of 10% of the issued share capital in COTCo. Completion of the transfer of the shares from SMIL to SNH will result in SMIL's shareholding in COTCo reducing from 41.06% to 31.06%. Completion shall occur upon satisfaction of certain conditions precedent related to amendments to the bylaws of COTCo and is expected to occur in H2 2023. SMIL will retain the right to the dividend attaching to the Shares until the date of payment of the Consideration.
Why invest in Savannah Pages 4 and 5	1. Source: IEA. 2. Includes projects annonced post-period end. 3. Source: CNBC. 4. Post-year end on 20 April 2023, Savannah announced that its wholly owned subsidiary, Savannah Midstream Investment Limited ("SMIL"), had signed a Share Purchase Agreement with the national oil company of Cameroon, Société Nationale Des Hydrocarbures ("SNH") for the sale of 10% of the issued share capital in COTCo. Completion of the transfer of the shares from SMIL to SNH will result in SMIL's shareholding in COTCo reducing from 41.06% to 31.06%. Completion shall occur upon satisfaction of certain conditions precedent related to amendments to the bylaws of COTCo and is expected to occur in H2 2023. SMIL will retain the right to the dividend attaching to the Shares until the date of payment of the Consideration.
2022 highlights Page 7	1. 2022 Supermajors' figures are based on the published data reported by bp, Total and Eni. 2021 Supermajors' figures are based on the published data reported by bp, Total, ConocoPhilips and Eni.
Why we do what we do Pages 8 to 17	1. Gapminder.org. 2. Data is representative of the top 111 countries (with a population over 1 million) based on the amount of official aid received. Economic growth rates shown have been adjusted for inflation over the period. 3. Source: Interview with the Telegraph, 2013. 4. Source: Dead Aid: Why Aid is not working and how there is a better way for Africa.
CEO Shareholder Letter Pages 18 to 23	1. Source: The Economist, 2022 has been a year of brutal inflation. 2. Source: IMF. 3. Fed Prime Rate LIBOR. 4. Source: EIA. 5. Source: EIA. 6. Source: Eurostat. 7. Source: Food and Agriculture Organisation (FAO). 8. Source: Trading Economics. 9. Source: IMF. 10. FTSE 100, 10 years. Source: Factset. 11. Source: Growth Index. 12. Savannah estimate based on Accugas peak contributions to thermal generation for the time period. 13. Source: Fitch Solutions. 14. The document to be published by a company seeking admission of its securities to trading on AIM in accordance with Rule 3 of the AIM Rules. 15. Carbon intensity figures based on the latest available published data reported by bp, Eni and Total. 16. Source: Word Bank. 17. Source: IEA. 18. Source: World Bank. 19. Source: United Nations Human Development Report 2021. 20. Source: IMF. 21. Source: Our World in Data. 22. Source: IEA, World Energy Outlook (2022). 23. Source: S&P Global Market Intelligence, S&P Global Ratings. Universe is Global Capex 2000. 24. Source: EIA, International Energy Outlook. 25. Source: IEA, Net Zero by 2050.

Section title	Footnotes
Featured article Pages 24 to 27	1. Source: The Washington Post, How China used more cement in 3 years than the U.S. did in the entire 20th Century. 2. Source: UN data quoted by JHU. 3. Source: Vaclav Smil How the World Really Works: A Scientist's Guide to Our Past, Present and Future Penguin, 2022, p.325. 4. Source: Scientific American, Wealthy Countries Have Blown Through Their Carbon Budgets, April 5, 2023. 5. Source: IPCC. 6. Source: House of Commons Library, UK Parliament. 7. Source: The Guardian, Two-thirds of UK families could be in fuel poverty by January, research finds, 18 August 2022. 8. The Overton window is an approach to identifying the ideas that define the spectrum of acceptability of governmental policies. It says politicians can act only within the acceptable range. Shifting the Overton window involves proponents of policies outside the window persuading the public to expand the window.
Featured article Pages 28 to 31	1. Source: Energy capital power, Africa: Upstream Mergers and Acquisitions Hit Record Level in 2022. 2. Source: Oil & Gas Journal, Savannah Energy to acquire Petronas' South Sudan portfolio. 3. Source: UN's 2021 Human Development Index. 4. Source: World Bank Human Capital Index 2020. 5. Source: African Energy, Independent Oil Companies Becoming Increasingly Larger Presence in Africa's Oil and Gas Industry. 6. Source: The Africa Report, Nigeria: Can opposition withstand four years of Tinubu's presidency? 7. Source: FDI Intelligence, Africa's new extraction maths: less oil, more gas. 8. Source: Financial Times, Eni calls for south-north energy axis between Europe and Africa. 9. Source: Seeking Alpha, Exxon Mobil: Africa To The Rescue. 10. Source: African Energy, Independent Oil Companies Becoming Increasingly Larger Presence in Africa's Oil and Gas Industry. 11. Source: Oil Review, Independent oil and gas companies are here to stay. 12. Source: IEA. 13. Source: Financial Times, Africa needs $25bn a year of investment to boost energy provision, says IEA chief. 14. Source: McKinsey & Company, The future of African oil and gas: Positioning for the energy transition. 15. Source: IEA. 16. Source: Financial Times, Developing countries fight for their right to fuel growth. 17. Source: Offshore Energy, Africa turning into hotspot for oil & gas exploration as investments reach $5.1 bln in 2022. 18. Source: The Wall Street Journal, Big Investors Reconsider Oil and Gas Upside as Supplies Remain Tight. 19. Source: BlackRock, The sustainability shift: the impact on energy investment. 20. Source: Petroleum Economist, Independents drawn to African opportunities.
Business model Pages 32 and 33	1. JP Morgan shareholder analysis 28 April 2023. 2. This figure includes the assets in Chad as at 31 December 2022. On 9 December 2022, Savannah's wholly owned subsidiary, Savannah Energy Chad Limited, completed the acquisition of Savannah Chad Inc. ("SCI", the former Esso Exploration and Production Chad, Inc.) and Savannah Midstream Investment Limited ("SMIL", the former Esso Pipeline Investments Limited). On 31 March 2023, the Republic of Chad nationalised SCI's upstream production assets in Chad and SMIL's c. 40% interest in TOTCo. 3. This figure includes Savannah employees as at 31 December 2022 in Cameroon, France, Niger, Nigeria and the United Kingdom. 4. This section discusses the principal aspects of the business model we expect to follow, based upon the typical lifecycle of oil and gas and renewable energy projects. This discussion is provided for illustrative purposes only and it should be noted that Savannah is not participating in projects at every stage of the respective project lifecycles as at the date of publication. 5. Includes investment in Nigeria during the period pre-acquisition of the Nigerian assets by Savannah. 6. Where payments to government refer to the period 2014–2022 they include payments to Nigeria during the period pre-acquisition of the Nigerian assets by Savannah.
Strategy in action: Renewable energy projects Page 34	1. IEA.
Our Strategy and Key Performance Indicators Pages 38 and 39	1. Includes renewables projects in Chad which post-year end have been put on hold. 2. Total production increase does not include any production from the Chad assets. 3. The President of the Republic of Chad issued a Decree on 23 March 2023 nationalising Savannah Chad Inc's ("SCI") (formerly Esso Exploration and Production Chad Inc ("EEPCI")) upstream production assets in Chad; subsequently on 31 March 2023 the Government of Chad passed a law confirming the nationalisation of SCI's upstream production assets and also providing for the nationalisation of Savannah's c. 40% interest in Tchad Oil Transportation Company ("TOTCo"), the owner and operator of the Chad section of the ETS. Such nationalisation does not affect Savannah's interest in COTCo.
Stakeholder enngagement Pages 40 to 44	1. This figure includes Savannah employees as at 31 December 2022 in Cameroon, France, Niger, Nigeria and the United Kingdom. 2. Savannah Midstream Investment Limited ("SMIL"), a wholly owned subsidiary of Savannah, has agreed in April 2023 to sell a 10% interest in COTCo to SNH, which shall occur upon satisfaction of certain conditions precedent related to amendments to the bylaws of COTCo and is expected to occur in H2 2023.

Footnotes continued

Section title	Footnotes
Sustainability Review Pages 46 to 61	1. Post-year end, the Board approved the transfer of risk responsibilities from the Audit & Risk Committee to the HSE&S Committee. To reflect his change in remit of the two committees, the HSE&S Committee became the HSE&S and Risk Committee, while the Audit & Risk Committee became the Audit Committee. 2. Source: République Du Niger, Politique Pétrolière Nationale, December 2019. 3. Source: Gapminder.org. 4. Source: World Bank. 5. This figure includes Savannah employees as at 31 December 2022 in Cameroon, France, Niger, Nigeria and the United Kingdom. 6. Carbon intensity figures based on the latest available published data reported by bp, Eni and Total. 7. Carbon intensity figures based on the latest available published data reported by bp, ConocoPhilips, Eni and Total. 8. Carbon intensity figures based on the latest available published data reported by bp, Chevron, Eni, Shell, and Total. 9. Our UK Scope 2 emissions are calculated from electricity consumption meter readings and conversion factors to determine the contribution of CO2, CH4 and N2O to total GHG emissions. Carbon intensity is calculated by dividing the annual electricity consumption by the number of staff.
TCFD Page 62	1. Post-year end on 16 February 2023, the Board approved the transfer of oversight responsibilities for the management of risk from the Audit & Risk Committee to the HSE&S Committee. To reflect this change in the remit of the two committees, the HSE&S Committee has become the HSE&S and Risk Committee, while the Audit & Risk Committee has been become the Audit Committee. Consequently, from 16 February 2023, the HSE&S and Risk Committee has oversight responsibilities for both the sustainability strategy and risk management.
Country review: Cameroon Pages 68 to 71	1. 6.2% increase in total transported volumes from 2021 to 2022. 2. Source: IMF, 2022.
Country review: Niger Pages 72 to 79	1. Calculation based on European Investment Bank (EIB) Project Carbon Footprint Methodologies, Methodologies for the Assessment of Project GHG Emissions and Emission Variations, July 2020. 2. IMF, 2022.
Country review: Nigeria Pages 80 to 85	1. Source: BP Statistical Review 2021. 2. Source: Statistica, 2021. 3. Source: Lloyds bank trade 2023, Proshare, 2023. 4. Source: IMF, 2022. 5. Source: IMF Statistica, 2022. 6. Source: Nigerian Electricity Regulatory Commission. 7. Source: World Bank 2022. 8. Source: CIA World Fact book 2021.
Financial review Pages 86 to 91	1. Royalty is payable when gas is produced; the table makes allowance for the amount that would have been paid had the amount of gas represented by deferred revenue been delivered. 2. Net cash used in investing activities of US$46.4 million (2020: US$11.1 million) excludes US$76.8 million (2020:US$30.1 million) transferred to debt service accounts.
Board of Directors Pages 103 to 105	1. External appointments are defined as those directorships taking a material amount of time.
Corporate Governance Report Page 110	1. This figure includes Savannah employees as at 31 December 2022 in Cameroon, France, Niger, Nigeria and the United Kingdom.

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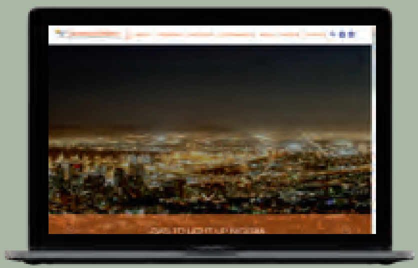

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