



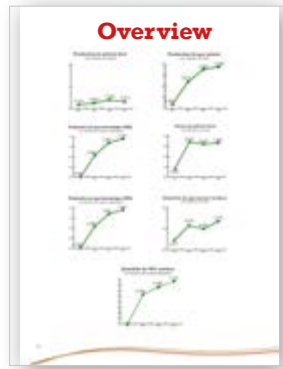
Annual
Report



2018: **And now, LNG and LPG**



Summary



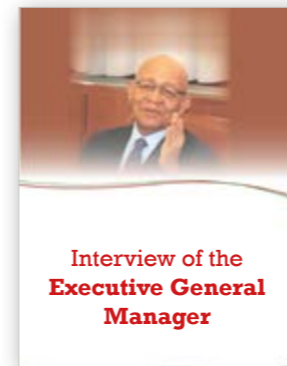
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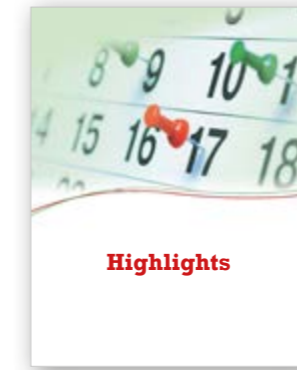
P. 06



P. 12



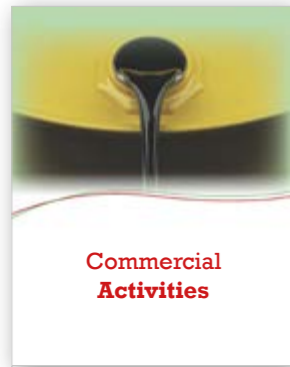
P. 15



P. 18



P. 23



P. 30



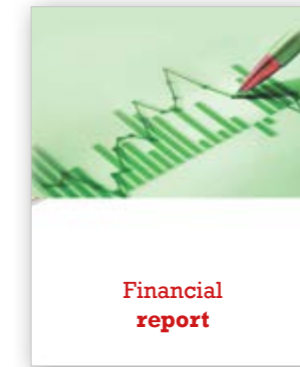
P. 35



P. 38



P. 41



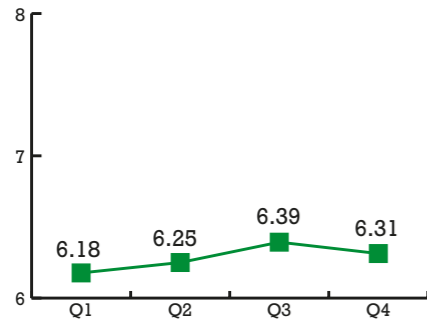
P. 44



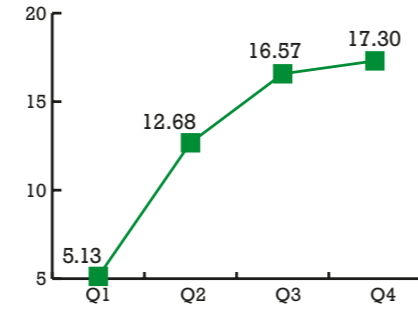
P. 48

Overview

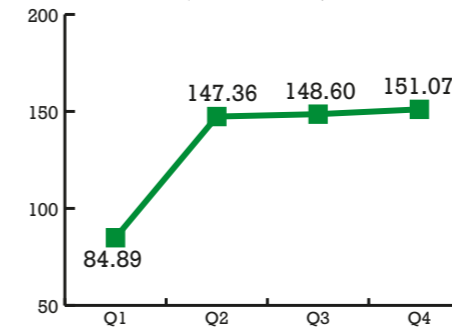
Crude oil production
(in million barrels)



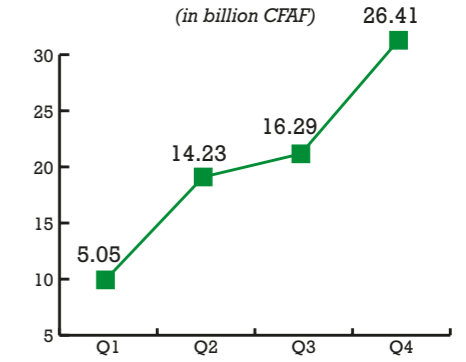
Marketable natural gas production
(in billion SCF)



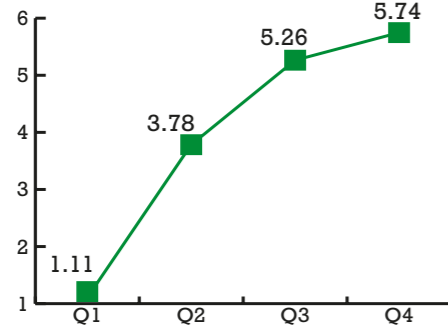
Crude oil turnover State share
(in billion CFAF)



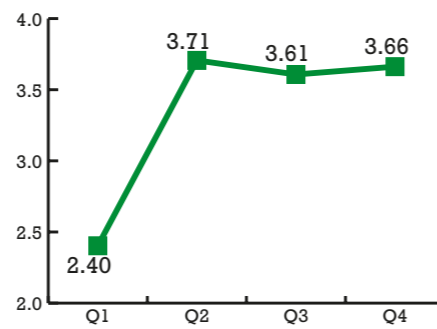
Gas turnover State share
(in billion CFAF)



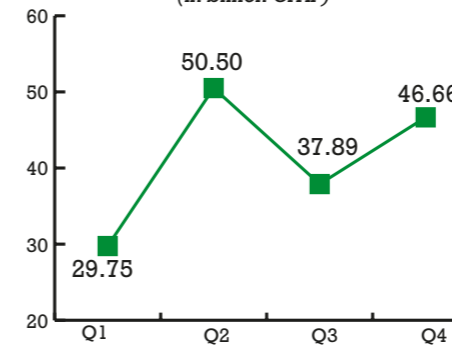
Domestic gas (LPG) production
(in thousand metric tons)



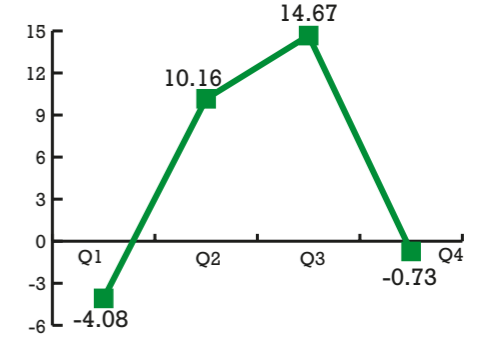
Quantities of crude oil sold
(in million barrels)



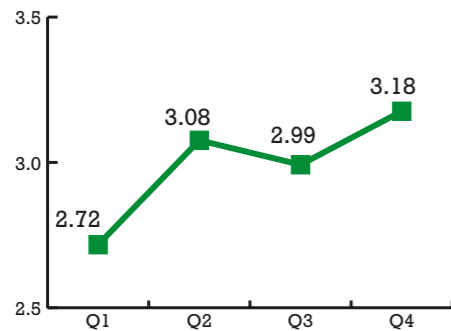
Production-related expenses on behalf of the State
(in billion CFAF)



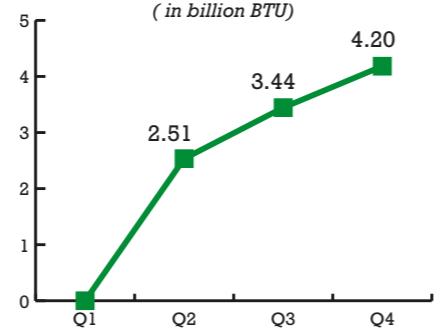
Expenses related to gas activities
(in billion CFAF)



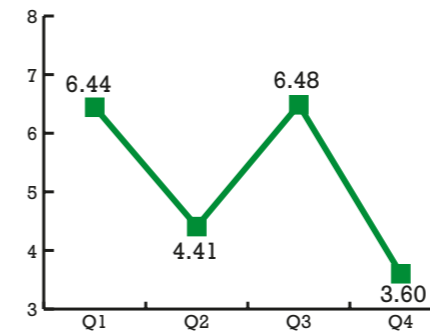
Quantities of natural gas sold
(in billion SCF)



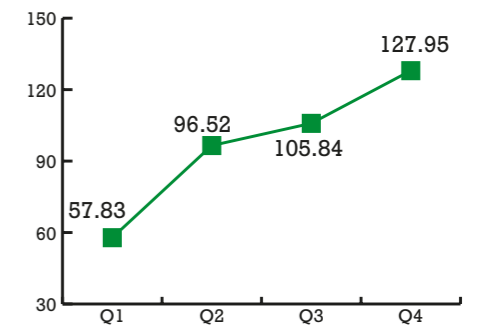
Quantities of LNG sold on behalf of the State
(in billion BTU)



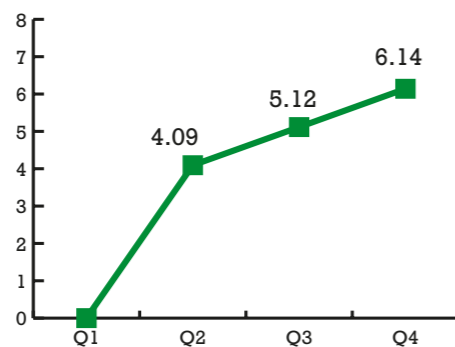
Other commitments
(in billion CFAF)



Transferable balance
(in billion CFAF)



Quantities of domestic gas (LPG) sold
(in thousand metric tons)





SNH: Representative of the State in the hydrocarbons sector

Created on 12 March 1980, SNH is a public capital corporation with the State as its sole shareholder. It has financial autonomy and is governed by Law no. 2017/011 of 12 July 2017 to lay down the general rules and regulations governing public corporations, in line with the OHADA law.

SNH's main missions are to promote and valorise the national mining domain as well as manage State interests in the hydrocarbons sector. SNH is also empowered to enter into any financial transaction.

To fulfil its missions, SNH is entitled to:

- conduct studies related to hydrocarbons;
- collect and store related information;
- conduct negotiations of oil and gas contracts, in cooperation with the ministries in charge of Mines, Finance, Energy, Economy, Trade and Environment;
- monitor the implementation of oil and gas contracts between the State and companies operating in the hydrocarbons sector;
- promote infrastructure creation for the production, transportation, processing and storage of hydrocarbons on the national territory;
- collect natural gas from producing companies and transport it to industries, power producers, other eligible customers, distribution companies and processing plants;
- sign, if need be, contracts with companies active in the field of production, transportation, distribution, processing or storage of hydrocarbons based in Cameroon;
- contribute to the formulation and implementation by the State, of its management policy for the downstream hydrocarbons sector;
- demarcate, promote and assign free blocks of the national mining domain;
- develop and exploit oil and gas fields, in association or sole risk, with the aim of valorising national hydrocarbons resources;
- oversee the management of associations, in a bid to control oil costs, whose increase has an impact on State revenues;
- monitor crude oil loading operations at the terminals.

Presentation of the National Hydrocarbons Corporation



In accordance with its missions, SNH is responsible for:

- the follow-up of lifting and the marketing of the share of national hydrocarbons production accruing to the State;
- the transfer to the Public Treasury, after deducting production costs, of income derived from the sale of hydrocarbons, which contributes to the funding of the State budget;
- the management of security stocks of petroleum products to ensure supply in the country in the event of a major contingency;

In addition, SNH:

- contributes to the conduct of gas projects aiming the export of Cameroonian LNG at the international level and the development of the gas market (production of electric energy, supply of natural gas to industries and production of LPG) at the national level;
- conducts studies and executes various projects in the oil, gas, para-petroleum, as well as related sectors,



Activities well planned and carried out in accordance with principles of good governance

SNH carries out its missions on the basis of a five-year development plan, divided into annual action plans. These plans are prepared with the participation of workers of the different Units of the corporation; this ensures that the entire staff are involved in the decision-making process. Moreover, the workers have the possibility to express their points of view within the framework of Units' meetings and discussions between general management and staff representatives.

The corporation has adopted regulatory texts for its running, including internal rules and regulations whose strict implementation ensures

social harmony within the corporation, and a Code of Ethics governing relations among workers, as well as relations between the latter and partners, service providers of SNH and the public at large.

On another level, procedures are codified and the related texts compiled in a procedures manual and a regulatory file.

Moreover, internal management control is implemented and backed up by an advanced computerised system. In addition, audits are conducted regularly by renowned external firms.

Oil activities in line with industry standards



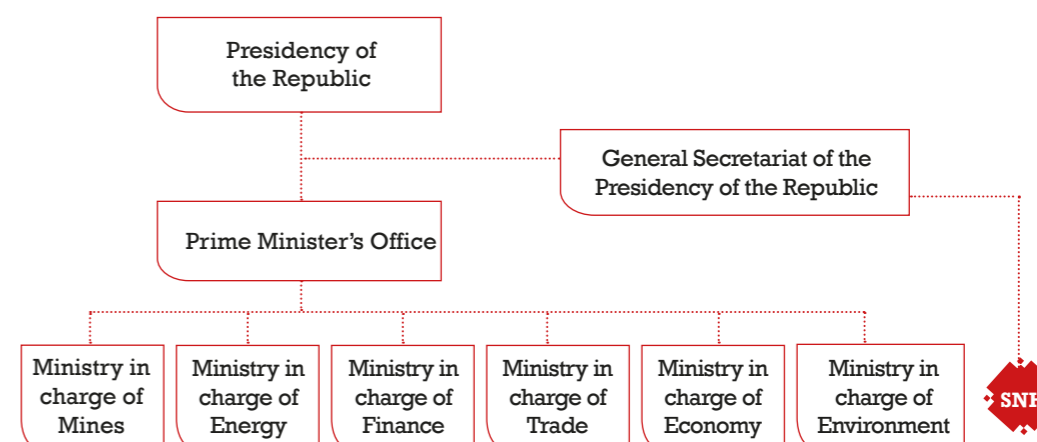
Contracts are negotiated in accordance with the Cameroon Petroleum and Gas Codes, based on the standard model contracts of the International Association of Petroleum Negotiators (IAPN). The Codes provide for two types of petroleum contracts: Concession Contracts (CC) and Production Sharing Contracts (PSC)*. The level of State participation in case of commercial hydrocarbons discovery is specified therein, as well as the work programmes to be conducted, investments to be made and provisions for the development of local expertise.

All of these information are made known to the public through the mass media. In addition,

SNH publishes all the key figures related to its activities (investments, production, turnover and transfers to the State) in its external publications, including its website (www.snh.cm). These figures are closely monitored by donors of the Cameroon government, especially the International Monetary Fund and the World Bank.

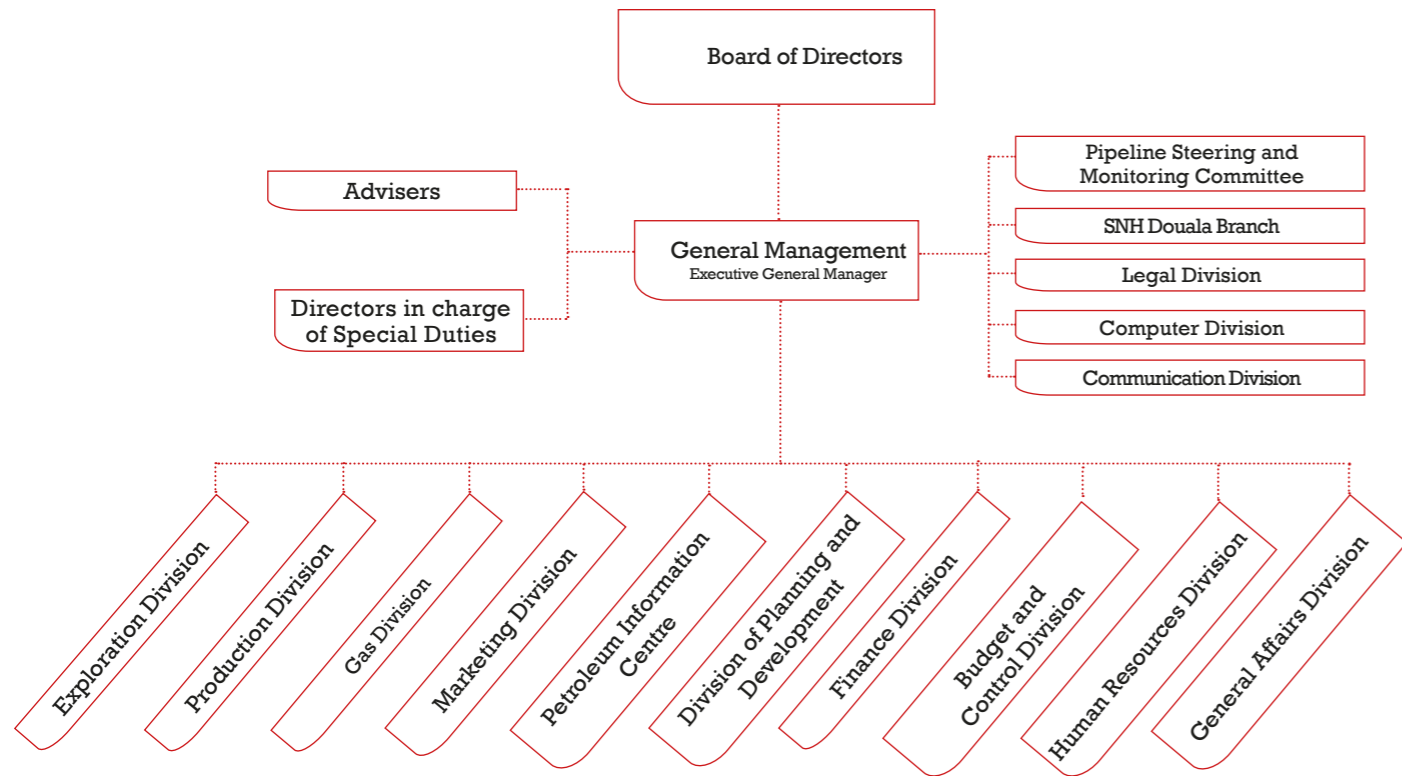
The publication of these figures is consistent with the principles of the Extractive Industries Transparency Initiative (EITI), which Cameroon joined in 2005. SNH is a member of the National Follow-up Committee of this initiative.

The institutional ties of SNH



* A new Petroleum Code, adopted in 2019, also establishes a Risk Service Contract.

Organisation of SNH



Members of the Board of Directors*



Ferdinand Ngoh Ngoh
Board chairman

Minister of State, Secretary General of the Presidency of the Republic



Adolphe Moudiki
Executive General Manager



Okie Johnson Ndoh
General Manager
Hydrocarbons Prices
Stabilization Fund



Modeste Mopa Fatoing
Director General of Taxation
Ministry of Finance



Serge Hervé Boyogueno
Director of Mines
Ministry of Mines, Industry and
Technological Development



Philip Mkong
Research Officer
at the Prime Minister's Office



Jules Mana Nschwangele
Elite of the Ocean Division
(South Region)



El Hadj Lawan Bako
Elite of the Boyo Division
(North-West Region)

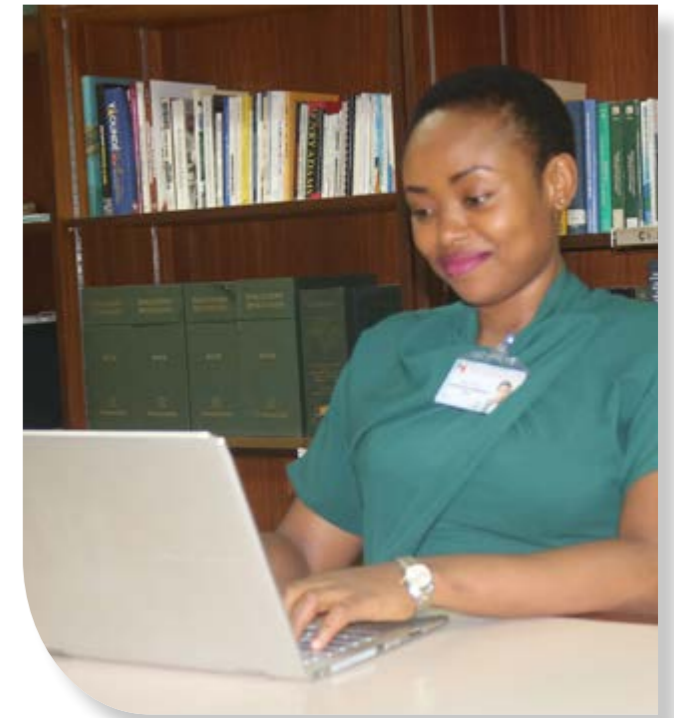
Human resources: A stable workforce

As at 31st December 2018, SNH employs a total of 336 workers, of whom 262 at the head office in Yaoundé, 37 at SNH Douala branch, 16 assigned to the Bipaga/Mpolongwe gas pipeline site (Kribi), 11 at the Bipaga LPG Depot, 01 at the Centre for Storage of Samples originating from Oil and Gas Wells (SSEF) in Mbanga Bakako (Douala), 04 at the Mvia oil production site (Edea) and 05 on secondment or leave of absence.

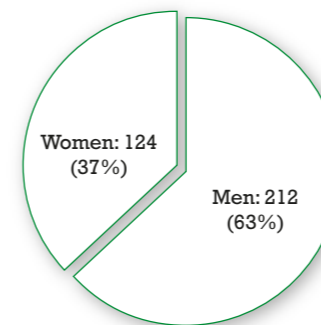
In addition, 13 workers went on retirement throughout the year.

Within the framework of replacement of retired workers on the one hand, and to meet the needs induced by the development of activities on the other hand, SNH recruited 12 new workers in 2018.

As at 31st December 2018, staff distribution according to socio-professional categories is as follows:



Staff distribution according to gender

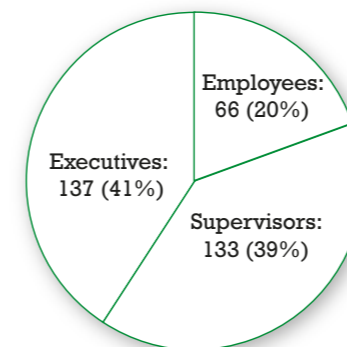


Continuous training for better performance

The implementation of the corporate training plan made it possible in 2018 to build the capacities of 216 workers in the fields of oil inspection, survival at sea, administration and use of software, occupational health and safety and finance, among others.

In addition, executives from ministries involved in SNH's sector of activity received training on oil inspection.

Staff distribution according to socio-professional categories



* As at 31st December 2018

2018 : Deceleration of global growth in an uncertain environment

The International Economic Environment

The world economy remained on a positive trend despite the escalation of tensions between the United States and China, the uncertainties related to the conditions for Britain's exit from the European Union (Brexit) and the deceleration of growth in some major emerging economies. In this context, the World Bank recorded a growth rate of 3.1% in 2018, as against 3.6% in 2017. Specifically, growth remained sustained in

the United States, China and India, while the Euro zone experienced a deceleration due to the Brexit and the tightening of environmental standards, which affected the manufacturing sector especially in Germany, the leading economy of the zone. Among the emerging countries, Argentina and Turkey experienced macroeconomic tensions.

Interest rates and evolution of the US dollar

The intervention rate of the US Federal Reserve (FED) was increased by 0.25% four consecutive times during the year, from 1.75% on 21 March to 2.75% on 19 December 2018. The European Central Bank (ECB) maintained a zero rate throughout the year.

Concerning the US dollar, its average annual exchange rate was 555.97 CFAF, down by 4.46% compared to 2017.

Oil market

The world prices of crude oil improved in 2018, especially for Dated Brent, which rose by 31.59% to stand on average at \$71.31/bbl, as against \$54.19/bbl in 2017. This increase is the result of various factors.

As regards the world supply of crude oil:

- the further reduction of the global excess supply and commercial stocks of crude oil as a result of the voluntary export limitation agreements concluded at the end of 2016.
- the continuation by major oil groups of a restrictive investment policy, which is synonymous with limiting production growth in the short term.
- and tensions in the Middle East (withdrawal by the United States from the Iranian nuclear agreement concluded in July 2015), in Russia (sanctions imposed by the United States which gave rise to fears of disruption to the country's production), in the United States (risk of saturation of logistical capacities for evacuating American shale oil), and in Libya (declaration of force majeure at terminals in eastern Libya).

With regard to crude oil demand, global consumption remained sustained given the economic resilience of major emerging Asian countries (China and India).

Moreover, it is worth noting the return of financial investors to oil markets.

On another level, world stocks remained within their 5-year average.



Economic Outlook



Global LNG Market

Natural gas prices rose in 2018 in the main regional markets. As such, the Japan Korea Marker, the main index of spot transactions on the Liquefied Natural Gas (LNG) market in Asia, increased by 36.88% compared to 2017, to reach an average of \$9.77/mmBTU.

On the supply side, 2018 was marked by the commissioning of new liquefaction facilities in the Americas, Australia, Russia and Cameroon to increase global liquefaction capacities to 406 million tonnes per year (Mtpy).

Concerning demand, world LNG consumption reached 314 million tonnes for a regasification capacity of 868 Mtpy. Global demand grew by 8.30% compared to 2017, supported by the global economic growth, China’s switch from coal to natural gas and a large nuclear capacity in South Korea that is out of service.

CEMAC Zone

The growth rate of the zone was 1.6% in 2018 according to the Bank of Central African States (BEAC). Economies of the CEMAC zone have benefited from the combined effect of increased oil production and good price performance during the greater part of the year 2018. However, growth excluding the oil sector was also 1.6%, compared to 2.3% in 2017, according to BEAC.

Foreign exchange reserves corresponded to nearly three months of imports for all the countries in the region.

Cameroon

Cameroon’s economy has continued to be resilient despite its weak growth base, high exposure to fluctuations in world commodity prices and the degradation of the security situation in some regions of the country. This has been made possible thanks to domestic demand, notably consumption and public investment, which have remained at high levels. According to the World Bank, real GDP growth was 3.8%.

This resilience is the outcome of the implementation, based on the Growth and Employment Strategy Paper (GESP 2010-2020), of a major investment programme marked by a more prudential management of public finances.



**Interview of
the Executive General Manager**



A year full of achievements



Are the indicators also positive in terms of investment?

Yes! Petroleum investments in the 2018 financial year increased by more than 24.16% compared to 2017. This rise is mainly due to the resumption of exploration/production activities following the upturn in crude oil prices.

What about production?

Crude oil production stood at 25.13 million barrels in 2018. It should be noted that 17 appraisal and development wells have been drilled on the national mining domain. We were able to maintain the decline in oil production at around 9%, despite the natural depletion of fields, most of which are mature as some have been in production since 1977.

Commercial gas production increased by more than 270%, at 51 678.62 million standard cubic feet (SCF), with the commissioning of the Hilli Episeyo.

What have been the outcomes of these activities for the State?

We managed to take advantage of the rise in oil prices. The average selling price of our crude oil improved by more than 33% to reach 71.32 USD/bbl.

Thanks to this commercial performance, SNH was able to transfer to the State, after deducting expenses, the sum of 413.32 billion CFAF, which represents an increase of 30.76% compared to 2017. In addition, SNH paid a dividend of 6 billion CFAF to the Public Treasury and a Corporate Tax of 7.482 billion CFAF.

An additional 29.43 billion CFAF were paid to the Public Treasury for the transit fee generated by the Chad/Cameroon pipeline.

Allow me to point out here that SNH is one of the few companies, if not the only public corporation, to pay dividends to the State, which is indeed its sole shareholder.

What can we retain from the year 2018 as concerns SNH?

2018 was a prosperous year for SNH, filled with great successes. I notably think of the launch of the commercial operation of Hilli Episeyo, the floating liquefied natural gas plant installed offshore Kribi since November 2017. It is the very first in the world resulting from the conversion of a vessel, which allowed Cameroon to join the restricted circle of LNG exporting countries.

Also noteworthy is the commissioning of a LPG depot built by SNH in Bipaga, which meets about 1/5th of the domestic gas needs of the national market and helps to reduce imports and subsidies allocated by the State to this product.

In addition, the operation of the Bipaga/Mpolongwe gas pipeline, which supplies the Kribi Thermal Power Plant with natural gas for electricity generation, recorded the performance of 2 000 working days without incident in mid-August.

Deliveries to this Power Plant increased by approximately 13%, exceeding the minimum lifting contractual level of 28 million cubic feet of gas per day.

Launching of the commercial operation of the floating liquefied natural gas plant, Hilli Episeyo

Marketable gas production increased by more than 270%

What is the balance sheet concerning internal management?

We have commissioned the Site for the Storage of Samples originating from Oil and Gas Wells (SSEF), built by SNH in the suburbs of Douala. The first samples were received at the Site in November 2018.

Commissioning of the Site for the Storage of Oil and Gas Drilling Samples

In addition, the annex building to SNH's head office has been occupied since July, increasing the corporation's reception capacity and improving working conditions for the staff.

The computer equipment was also used to improve efficiency in the conduct of various activities, with the implementation of three software packages developed in-house and dedicated to the management of mail, recruitment and internships.

The corporation has also revamped its website in order to better meet the information needs of our various targets.

Attract more investors

What will be the main projects for SNH in 2019?

Our actions will mainly aim to attract more investors to the national mining domain, intensify research, ensure greater productivity of the fields in operation and carry out promising projects, particularly with regard to the development of identified gas resources.

Specifically, studies will be carried out for the supply of a 340-megawatt thermal power plant in Limbe and the conversion of the Douala and Limbe thermal power plants from oil to gas.

Moreover, drilling of some twenty appraisal and development wells is planned within the various associations, in order to increase the level of hydrocarbon reserves, and consequently, that of production.

As for the SSEF, it will have to be truly functional, to accommodate the samples currently stored by SNH in Hydrac, but also, abroad by the operators.

For this project, as for the others, we will work with all the professionalism and seriousness that SNH is known for.



SSEF - Mbangwa Bakoko



Highlights

Contracts and agreements

11th January

A commercial contract was signed with the Italian company SARAS S.P.A., which operates one of the largest refineries in the Mediterranean region with a refining capacity of 300 000 barrels per day, or approximately 15% of Italy's total refining capacity.



Oil and gas activities

28th Feb.

09th March



Roadshows were organised in London and Houston to promote free blocks of the national mining domain. The events attracted about 20 oil companies.

9th April

Start of commercial operation of the LPG storage and loading facilities in Bipaga, with the delivery of the very first tanker truck in Yaoundé.



31st May



First lifting of LNG by the Galicia Spirit vessel, marking the launch of the commercial phase of the Floating LNG project.

16th October

The Oak Exclusive Exploitation Authorisation valid for liquid hydrocarbons was instituted by decree n°2018/582, to the benefit of the Petroleum Association made up of SNH and Glencore Exploration Cameroon Ltd.



26th November



The Site for the Storage of Samples originating from Oil and Gas Wells received its first well samples, collected from the Mokoko Abana field.

Corporate life

12th January



New Year wishes ceremony at SNH. The Executive General Manager (EGM), Adolphe Moudiki, encouraged the staff to persevere in their efforts to meet the new challenges of the corporation

17th January

The new SNH website went online. The ergonomics of the new interface facilitates navigation and access to key corporate data.



1st March



Election of Staff Representatives. 17 workers, elected to represent the staff for two years in Yaoundé, Douala and Kribi, were installed on 15th March.

8th March

Celebration of the International Women's Day. Female workers made the commitment to work harder to continue improving the corporation's results.



12th March



Commemoration of the 38th anniversary of SNH, marked by a sports walk organised in Yaoundé.

1st May

The International Labour Day was celebrated under the theme «Social Dialogue: a factor in the promotion of decent work and socio-economic progress in Cameroon». The General Management congratulated the staff for their contribution to the corporation's achievements.



25th May



Celebration of the 18th edition of Mothers' Day at SNH. The EGM congratulated the female workers on their sense of responsibility and sharing.

5th June

The first annual session of the Board of Directors was held. The Board congratulated General Management for the major progress made in the development of Cameroon's natural gas.



1st July



The annex building to the Head Office welcomed its first occupants.

22nd November



SNH received the Big Five Board Award as the “Best African National Oil Company” in London. The event was hosted by Africa Petroleum Club of Frontier Communications (FC) group.

4th December

The second annual session of the Board of Directors was held. The Board warmly congratulated General Management on the successful completion of the Floating LNG project, which is a world first.



20th December



A ceremony was organised to hand over end of year gifts to the workers' children. Nearly 600 children between the ages of 0 and 15 received gifts on this occasion.

International cooperation

11th June

SNH participated in a special session of the African Petroleum Producers' Organisation (APPO) in Abuja, Nigeria, devoted mainly to the restructuring of the organisation.

25th – 29th June

Participation in the World Gas Conference in Washington, D.C., U.S.A. The innovation brought to the LNG field with the advent of the first floating liquefaction plants was one of the focal points of the meeting. The example of the Cameroonian FLNG project was presented.



Exploration & production

Situation of the national mining domain

Petroleum activities went on actively in two of Cameroon's three major sedimentary basins, namely: Rio Del Rey (producing since 1977) and Douala/Kribi-Campo (producing since 1997). There were no activities in the Logone Birni basin during the year due to the security situation in the Far North of Cameroon.

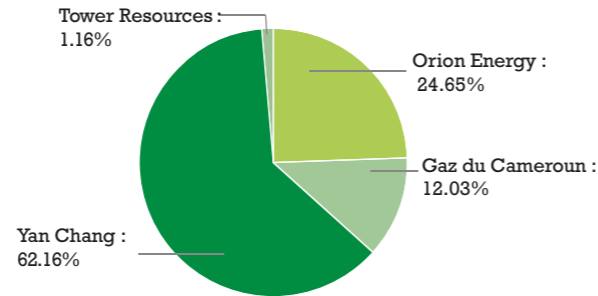
National mining domain on contract

As at December 31st, the national mining domain had an occupancy rate of 44.98%, or 14 321.09 km², for a total area of 31 839.82 km². It includes:

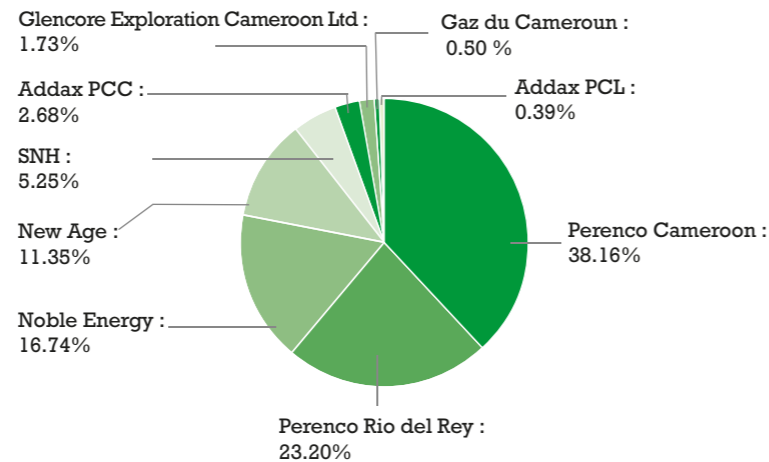
- 04 Exclusive Exploration Authorisations (AER) covering a total area of 12 10 263.33 km² (32.23% of the total area);
- 21 Concessions and/or Exclusive Exploitation Authorisations (EEA), covering a total area of 4 057.76 km² (12.74% of the total area).

18 oil companies were active in oil prospecting or production in Cameroon, on their own or within the framework of consortiums created for that purpose.

Distribution of Exclusive Exploration Authorisations per Operator as at 31/12/18



Distribution of Exclusive Exploitation Authorisations per Operator as at 31/12/18

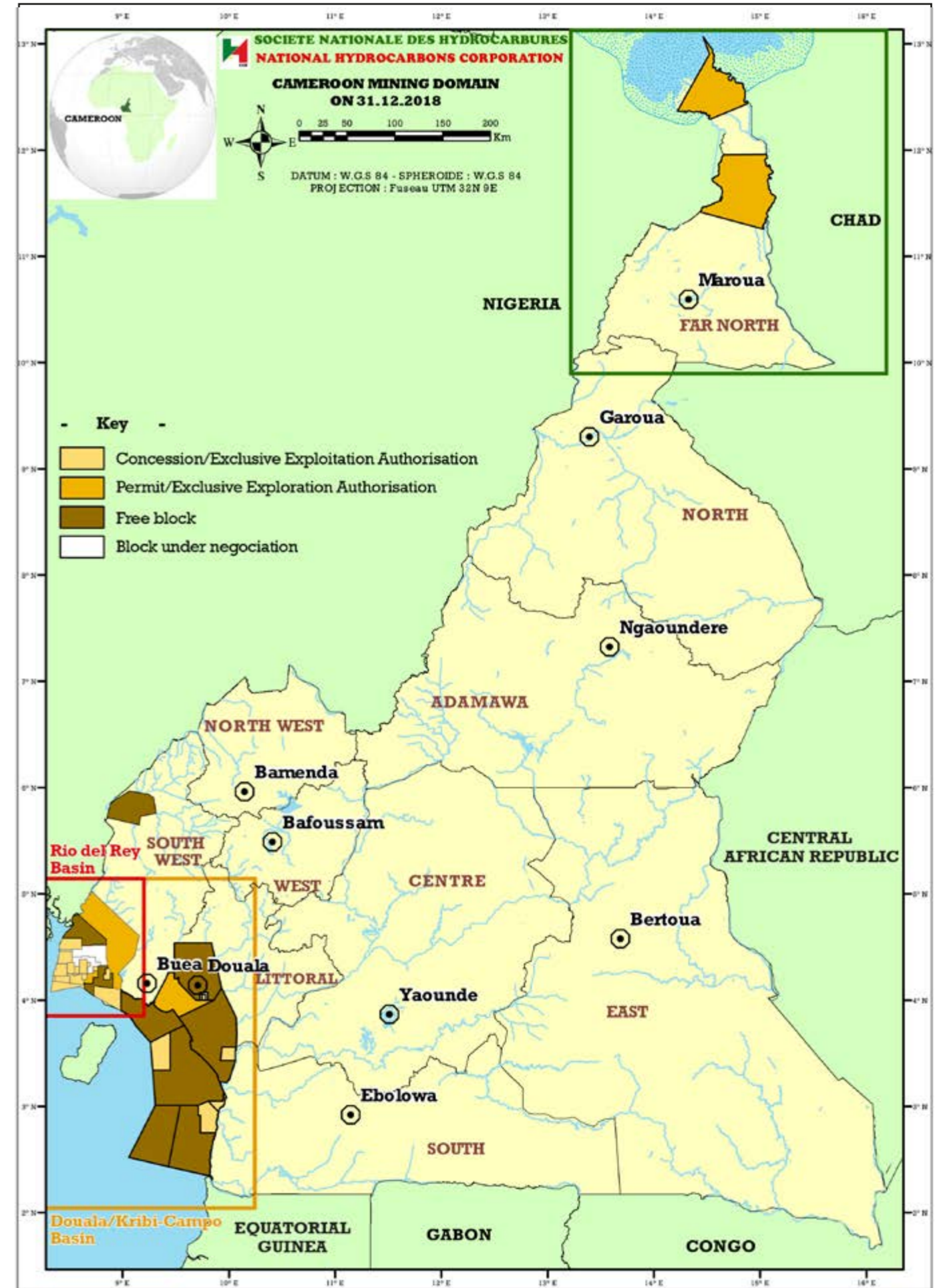


Free national mining domain

As at 31st December 2018, the free National Mining Domain comprises:

- 03 blocks in the process of negotiations (Logbaba Exploration, in the Douala/Kribi-Campo basin; Ngosso and Bomana, in the Rio Del Rey basin), covering a surface area of 741.17 km² (2.33% of the overall surface area);
- 08 free blocks (Bakassi & Bolongo Exploration, in the Rio del Rey Basin; Etinde Exploration, Elombo, Ntem, Tilapia, Bomono and Kombe-Nsepe, in the Douala/Kribi-Campo Basin), covering a total surface area of 16 777.56 km² (52.69% of the overall surface area).

Overview of the mining domain as at 31/12/2018



Existing petroleum associations as at 31st December 2018

Concessions / Exclusive Exploitation Autorisations

Associations	Associates	Nationalities of parent companies	Shares
Douala/Kribi-Campo Basin			
Ebome	SNH (State)	Cameroonian	50%
	Perenco Cameroon*	Franco-British	28.5%
	SNH	Cameroonian	21.5%
Mvia	SNH*	Cameroonian	100%
Yoyo	SNH (State)	Cameroonian	50%
	Noble Energy*	American	25%
	Petronas	Malaysian	25%
Logbaba	SNH (State)	Cameroonian	5%
	Gaz du Cameroun*	British	57%
	RSM	American	38%
Sanaga Sud	SNH (State)	Cameroonian	25%
	Perenco Cameroon*	Franco-British	75%
Rio Del Rey Basin			
Etinde	SNH (State)	Cameroonian	20%
	New Age*	British	30%
	Lukoil	Russian	30%
	EurOil	British	20%
Dissoni Nord	SNH (State)	Cameroonian	25%
	Perenco Rio del Rey (Perenco RDR)*	Franco-British	37.5%
	Addax Petroleum Cameroon Company (APCC)	Chinese	37.5%
Iroko	SNH (State)	Cameroonian	30%
	Addax Petroleum Cameroon Limited (APCL)*	Chinese	70%
-Kole Marine -Ekundu Marine -Boa Bakassi -Bavo Asoma -Kita Edem -Sandy Gas	SNH (State)	Cameroonian	50%
	Perenco RDR*	Franco-British	25.50%
	APCC	Chinese	24.50%
Lipenja Erong	SNH (State)	Cameroonian	50%
	Perenco RDR*	Franco-British	17.75%
	APCC	Chinese	32.25%
South Asoma Marine	SNH (State)	Cameroonian	50%
	Perenco RDR*	Franco-British	25%
	APCC	Chinese	25%
Moudi	SNH (State)	Cameroonian	50%
	Perenco Cameroon*	Franco-British	40%
Mokoko Abana	SNH	Cameroonian	10%
	SNH (State)	Cameroonian	50%
Moabi	APCC*	Chinese	40%
	Perenco RDR	Franco-British	10%
Mondoni	SNH (State)	Cameroonian	25%
	Perenco Cameroon*	Franco-British	75%
	SNH (State)	Cameroonian	50%
Oak	APCC*	Chinese	25%
	Perenco RDR	Franco-British	25%
	SNH (State)	Cameroonian	25%
	Glencore Cameroon*	British	75%

*Operator

Prospecting Permits/ Exclusive Exploration Authorisations

Associations	Associates	Nationalities of parent companies	Shares
Douala/Kribi-Campo Basin			
Matanda	Gaz du Cameroun*	British	75%
	Afex	British	25%
Rio Del Rey Basin			
Ndian River II	Orion Energy*	Chinese	90%
	Heta Oil & Gas Ltd	Cameroonian	10%
Thali	Tower Resources Cameroun S.A*	British	100%
Logone Birni Basin			
Zina Makary	Yan Chang Logone Development Holding Co. Ltd*	Chinese	100%

*Operator

Mining titles

Awards, assignments and withdrawals

Douala/Kribi-Campo Basin

- Decree no.2018/792 of 17 December 2018 authorises the transfer of all the rights and obligations (90%) of Glencore Exploration Cameroon Limited in the Matanda Production Sharing Contract (PSC) for the benefit of Gaz du Cameroun (GDC) and Afex Global Limited (AFEX) to the tune of 75% and 15% respectively. The shares of the parties in this PSC are now distributed as follows: GDC: 75% and AFEX: 25%
- The Bomono AER expired on 12th December, after a 2-year extension during which the Operator EurOil failed to fulfil its contractual obligations.

Rio Del Rey Basin

- Signing, on 16th October 2018, of Presidential Decree No. 2018/582 instituting the Oak Exclusive Exploitation Authorisation (EEA), valid for liquid hydrocarbons, for the benefit of Glencore Exploration Cameroon Ltd (75%)/SNH (25%) Association.
- A surface area of 159.99 km² was returned to the public domain, following the request for the allocation of the Oak EEA. The surface area was integrated into that of the Bolongo Exploration free block;

Extensions and renewals

Rio Del Rey Basin

- The initial period of the Prospection Phase of the Thali AER was extended by one year, starting on 15 September 2018, to allow the operator Tower Resources to carry out its work programme.



Drilling activities

In 2018, 17 wells were drilled including 13 development wells, two appraisal wells and two exploration wells.

Name of the well	AER/AEE	Operator	Depth (m MD)	Start of Drilling	End of Drilling/ completion	Results/Initial flow
Exploration/appreciation						
IM-6	Etinde	New Age	3 550	21/05/2018	08/08/2018	P&A*
IE-4			2 932	26/08/2018	30/09/2018	P&A
KLM-12 ST	Foxtrot	APCC	-	07/09/2018	03/12/2018	40-60 million cubic feet of gas/d
KLM-01ST	Padouk	APCL	3 105	04/12/2018	-	P & A*
Development						
KLM-12 ST	Kole Marine	Perenco RDR	1 876	22/03/2018	16/04/2018	500
KLM-01ST			1 778	16/04/2018	11/05/2018	54.61
KLM-16ST			1 814	11/05/2018	12/06/2018	1 500
KLM-06ST			1 879	14/06/2018	11/07/2018	271.67
KLM-09ST2			-	30/07/2018	01/09/2018	P&A
KLM-14ST			3 105	01/09/2018	19/09/2018	498.27
KLM-04ST			-	03/10/2018	05/11/2018	1 105.90
KLM-03ST			3 105	05/11/2018	13/12/2018	803.53
Lima-03ST1	Lima	APCC	-	18/04/2018	06/05/2018	86.72
Lima-09ST1			3 105	06/05/2018	24/05/2018	542.88
Lima-02ST1			-	25/05/2018	06/06/2018	94.42
Lima-08ST1			3 105	31/07/2018	15/08/2018	117.73
Padouk-6L	Padouk	APCL	1 910	07/06/2018	30/07/2018	1 521.90

*P&A : plug & abandon

Exploration/production investments

In 2018, petroleum investments stood at 293.651 million US dollars, of which 9.325 million US for exploration in permits, 89.627 million for appraisals in concessions and 194.699 million US dollars for new and infill developments.

Exploitation and production costs

Unit exploitation cost :

The average unit exploitation cost for all producing fields is 9.42 US dollars per barrel. The upward trend is mainly due to the decrease in production (-9.36%).

Unit production cost :

The average unit technical production cost for all producing fields is 24.72 US dollars per barrel. The upward trend is also due to the decrease in production.

Audit of oil expenditures

The overall audit of expenditures shows a total gain of 1 214 290.81 USD, after the final closure of audits. This amount corresponds to a share of 428 959.91 USD for the State. These audits concern the following associations: Rio del Rey (2014 and 2015 fiscal years), Lokele (2013 to 2015 fiscal years), Dissoni (2014 to 2015 fiscal years) and Moudi & Ebome (2013 and 2014 fiscal years).

Production

Oil production

Crude oil production stood at 25.13 million barrels, down by 9.36% compared to 2017.

This decrease was due to ageing oil fields and a weak recovery in oil activity.

The State and SNH's share of liquid hydrocarbons production is 15 389 235.13 barrels in 2018, representing 61.23% of the overall production.

Gas production

Marketable gas production stood at 51 678.62 million cubic feet (1 463.37 million m³), up 288.17% compared to 2017. This sharp increase is due to the putting on production of two wells on the Sanaga Sud field, which supply the Hilli Episeyo floating plant (FLNG).

The State and SNH's share of gas production is 14 063.35 million cubic feet (398.23 million m³), representing 27.21% of the overall production.



Remaining oil reserves to be produced

At 31st December 2018, remaining oil reserves are estimated at 196.95 million barrels, down 6.49% compared to the same period in 2017. This decrease is mainly due to the absence of new discoveries.

Natural gas resources

As at 31st December 2018, natural gas resources are estimated at 6 TCF.



Commercial Activities

SNH sells on the national and international markets the share of hydrocarbon production accruing to the State, pursuant to the oil contracts in force in Cameroon. It also sells its own share of Cameroonian crude oil grades as well as that of its partners upon their request.

The market value of Cameroonian crude oils is determined in relation to the North Sea Brent, as is the case with the prices of most West African crude oil grades.

The commercial policy implemented by SNH is based on three pillars: direct sales to refiners located in its natural zone of export (consisting of Europe and the Mediterranean region); sales to traders, which make it possible to reach more distant markets (Far East and the Americas) as well as new markets; invitations to tender are also issued to establish price references and boost sales.

Types of crude oil produced in Cameroon and cargo volumes

- Kole (28.39° API), sold in 950 000 barrel cargoes;
- Lokele (23.40° API), sold in 650 000 barrel cargoes;
- Ebome (57.65° API), sold in 400 000 barrel cargoes.

Crude oil sales

The quantities of crude oil sold on behalf of the State stood at 13.378 million barrels,

as against 16.818 million barrels in 2017, implying a decrease of 20.45%.

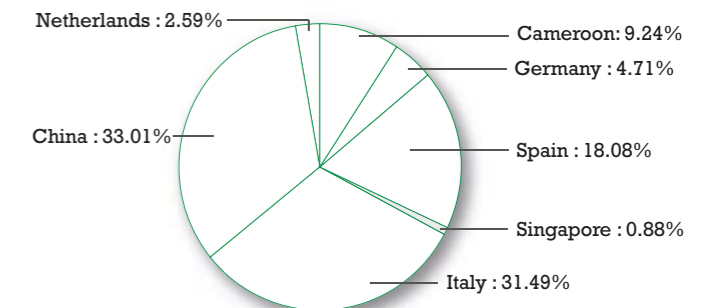
Compared to Dated Brent, differentials of Cameroonian crude oil grades stood on average at -0.98 \$US per barrel, as against -0.90 per barrel in 2017. Thus,

- ✓ the differential for Kole was -0.50 \$/bbl, as against -0.53\$/bbl in 2017;
- ✓ the differential for Lokélé stood at -1.70 \$/bbl, as against -1.92 \$/bbl in 2017;
- ✓ the differential for Ebome was -1.69 \$/bbl, as against a premium of 3.80 \$/bbl in 2017, due to the mixing of this crude with condensates from the Sanaga Sud field, which led to the loss of its market outlets.

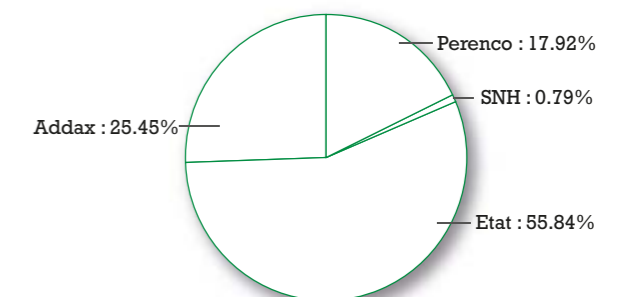
The average selling price of the crude oil accruing to the State stood at 71.32 \$/bbl, as against 53.27 \$/bbl in 2017.

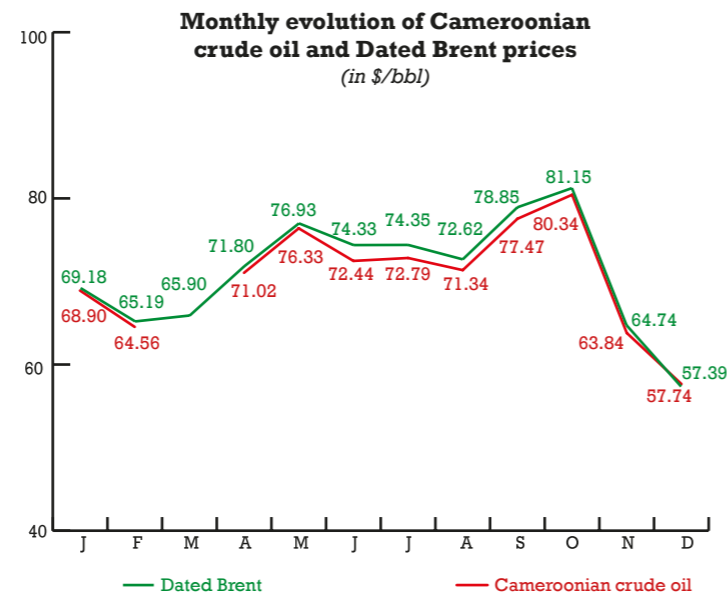
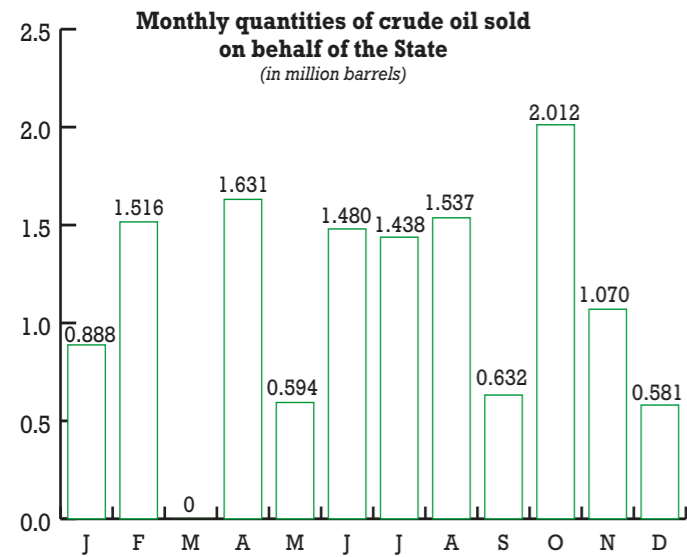
The turnover on the crude oil sales for the year stood at 954.185 million US dollars (531.918 billion CFAF), implying an increase of 6.51% compared to 2017. The reason for this upsurge is the rise in crude oil prices.

Main destinations of crudes sold by SNH



Associate's allocation of liftings





LNG Sales

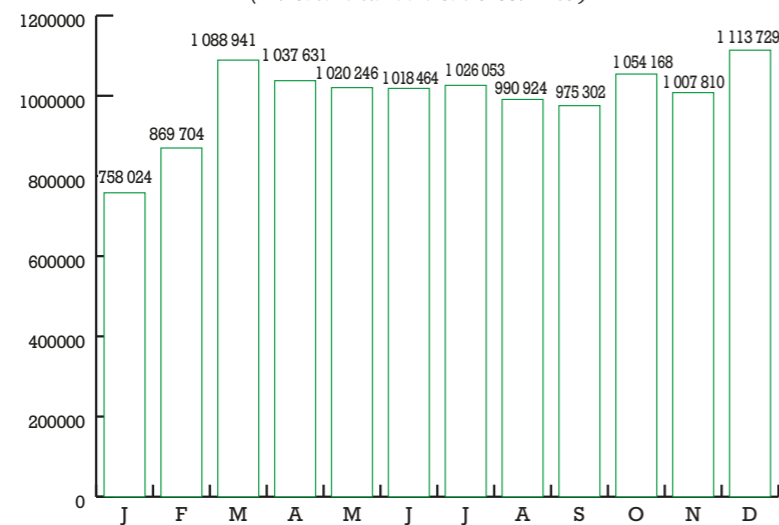
Marketing of natural gas

Gas supply to the Kribi Thermal Power Plant

SNH supplied 11 960.993 million cubic feet (mmscf) of natural gas to the Kribi Thermal Power Plant at 1 000 BTU/SCF of natural gas (338.742 million m³). The volume is up 12.94% compared to 2017. The average selling price was 2 067.375 Euros (1 356 109 CFAF) per mmscf.

The revenue generated for the State, including its share in the Sanaga Sud PSC, amounted to 20.329 billion CFAF, as against 20.373 billion CFAF in 2017.

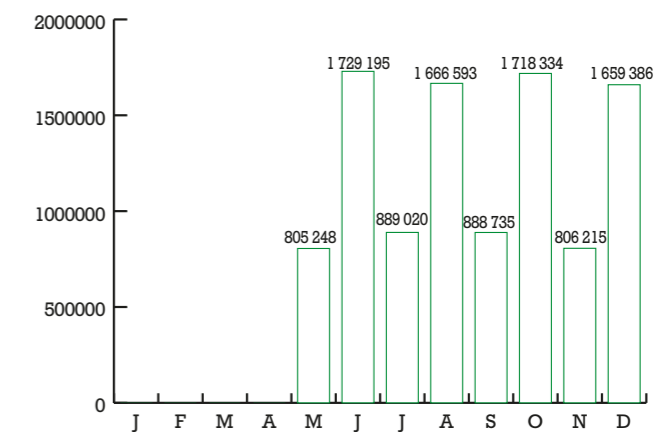
Monthly quantities of gas supplied to the Kribi Thermal Power Plant (in thousand standard cubic feet - mscf)



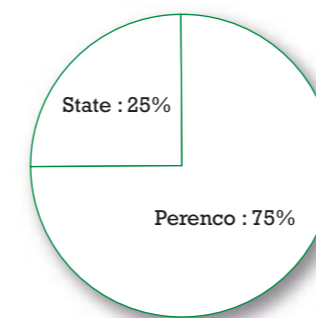
LNG sales started on 31st May 2018 with the lifting of the first cargo. During the year, 10 162 724.25 million British Thermal Units (mmBTU) were sold on behalf of the State at an average price of 6.0116 \$/mmBTU. Cameroonian LNG is at a discount compared to the JKM, due to the start of operations after the end of the 2017/2018 winter and the special prices charged during commissioning (pre-commissioning tests).

Turnover from LNG sales amounted to 61.098 million US dollars.

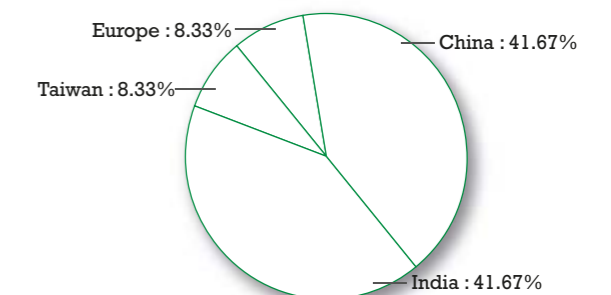
LNG volumes exported on behalf of the State (in mmBTU)



Associate's allocation of LNG liftings



Destinations of LNG sold by SNH



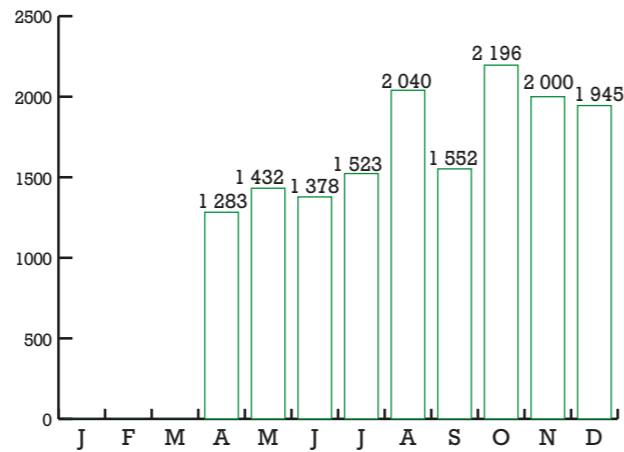
LPG Supply to the domestic market



Supply to the domestic market started on 9th April with the loading of the first tanker truck which was headed for Yaounde. Sales of Liquefied Petroleum Gas reached 15 349.431 Metric Tons (MT). The average selling price was 383 371.850 CFAF per MT.

The revenue generated for the State, including its share in the Sanaga Sud PSC, amounted to 7.085 billion CFAF.

Monthly LPG volumes supplied to the domestic market (in metric tons)



Data related to the marketing of natural gas and by-products by SNH

Quantities	Price	Turnover	State's share
LNG ⁽¹⁾			
10 162 724.25 mmBTU	6.0116 USD/mmBTU	61.098 million USD	-
Natural Gas ⁽²⁾			
11 960 993 thousand cubic feet	2 067.375 Euros (1 356 109 CFAF) per mmscf	16.220 billion CFAF	4.109 billion CFAF
LPG ⁽³⁾			
15 349.431 MT	383 371.850 CFAF/MT	5.885 billion CFAF	1.2 billion CFAF

- (1) LNG production marketed by SNH on behalf of the State was sold to the Singaporean subsidiary of Gazprom.
- (2) Natural gas production marketed by SNH on behalf of the State was purchased from the Sanaga Sud Association (State/SNH & Perenco) and sold to Kribi Power Development Company (KPDC), operator of the Kribi Thermal Power Plant.
- (3) LPG production marketed by SNH on behalf of the State was purchased from the Sanaga Sud Association (State/SNH & Perenco) and sold to Tradex, for the supply of Yaoundé and its surrounding areas.

Gas Activities

Liquefaction and export of natural gas



After a commissioning phase from 3rd December 2017 to 30th April 2018, the floating natural gas liquefaction plant (Hilli Episeyo), owned by Golar, became operational on May 17th.

A solemn ceremony to launch the liquefaction operations took place on May 30th at the Bipaga gas processing centre; and on May 31st, SNH and Perenco issued Golar with a Certificate of Acceptance for the Hilli Episeyo, thus marking the start of the commercial phase of the FLNG Project.

As at December 31st, 12 cargoes of LNG had been lifted.



Storage and loading of LPG tanker trucks

The operations of the Bipaga LPG Depot, with a capacity of 1 000 tons, made it possible to supply Yaoundé and its environs without notable shortages and to cope with a tense situation in the city of Douala at the beginning of December 2018, with a few tanker trucks loaded for this destination.

Between 9th April and 31st December, 770 tanker trucks were loaded at the depot. The cumulative volume of domestic gas delivered to the national market is 15 349.431 MT.

LPG deliveries from Bipaga contributed 13.82% of the domestic gas supply to the national market.

Key data on operations

- Beginning of filling the spheres with gas: 5th February;
- Start of LPG reception: 17th February;
- Start of loading of tanker trucks: 9th April;
- Performance tests: 9th-30th April;
- Loading record in one day: 10 tanker trucks;
- Number of days without accident or incident reported as at 31st December: 317;
- Availability rate of the depot from 9th April to 13th December: 100%.

Distribution of natural gas to Douala-based industries

The natural gas distribution network to Douala-based industries expanded from 50 to 52 kilometres and connects 37 companies, compared to 36 in 2017.

As at 31st December, a cumulative volume of 1 410.522 million cubic feet of gas was produced and supplied since the Logbaba gas field came on-stream.

In addition, a feasibility study on the use of natural gas in Cameroon, carried out by the consultant Gaffney, Cline & Associates and whose final report was validated on July 13th, notably confirmed

the priority of the electricity outlet and identified additional needs in the mining industry sector in terms of Natural Gas for Vehicles (NGV) and the distribution of Compressed Natural Gas (CNG).

One of the recommendations resulting from this study is the planning of the gas transportation infrastructure requirements necessary to connect the proven sources of natural gas, mainly located in the Rio Del Rey basin and in the northern part of the Douala/Kribi-Campo basin, to the main gas consumption hubs that could be the town of Douala, Limbe and Kribi.

Gas supply to the Kribi Thermal Power Plant

Gas supply by SNH to the Kribi Power Development Company (KPDC) for electricity generation continued without incident. As at December 31st, the pipeline operating team recorded 2 138 days without incident.



Project to build a gas-fired thermal power plant in Limbe

With a view to supplying the plant with gas from the Etinde field operated by New Age and the concessions operated by Perenco Rio Del Rey, the Engie/Siemens consortium carried out a study that confirmed the feasibility of the project.

Several other companies showed interest in building this thermal power plant. These include General Electric, CC Energy and Perenco.

SNH indicated that it will act as gas supplier to the selected company.



Corporate Social Responsibility

Supporting sustainable development

SNH's corporate social responsibility policy is structured around five main areas:

- environmental protection;
- contribution to youth training;
- promotion of Cameroonian culture;
- support to national sporting activities;
- care of the company's human capital

Environmental protection

- SNH took part in the public hearings on March 26th-31st in Kribi for the construction of the Bipaga-1 LPG storage and truck loading facilities project. These hearings were part of the validation process of the final report of the Environmental and Social Impact Assessment of the said project.
- The company participated, from 30th April to 2nd May in London, in the statutory meetings of the International Oil Pollution Compensation (IOPC) Funds. The delegation from Cameroon was led by High Commissioner of Cameroon to the United Kingdom.
- SNH also participated, from 19th- 23th March, in the meetings of the Working Groups (Social Responsibility and Management of Pollution from Hydrocarbons) and in the Ordinary General Assembly of the International Petroleum Industry Environmental Conservation Association (IPIECA).

Social actions

The company rehabilitated classrooms at the Yawanda public school and rooms of the Abee-Yassoukou health centre, where the Mvia field is located. The donations were handed over to the State on 20th February. Rolling stock, medical and office equipment were also offered.

Standing by the employees

SNH was the voice of the Employer Group at the signing ceremony of a new collective agreement for the upstream hydrocarbons sector, held on 10 July in Yaoundé. Ten of the seventy articles of the previous text, adopted in 2013, have been amended. They notably provide for an increase in the basic wages of employees in the sector.

Contribution to youth training

- From 16th to 30th November, SNH awarded prizes to the best public secondary schools in the 10 regions of the country according to the ranking of the *Office du Baccalaureat du Cameroun*. Each school received a donation of books worth one million FCFA.
- SNH offered textbooks and school materials to the best students of Dehane and Elog Bohi public schools, located in the Yassoukou canton, and those of Londji Plage public school and Grand Batanga High School in Kribi, on June 22nd and 23rd.
- A donation worth 500 000 CFAF, granted by SNH, was handed over on March 20th to the winners of various competitions organised by the Minister of External Relations, as part of the celebration of the 48th International Francophonie Day.
- SNH took part in the Academic and Professional Guidance Forum (SOAP), organised from 23rd to 25th May by the Ministry of Higher Education. The theme was "Academic and vocational guidance in the light of the merging of the knowledge economy with the digital economy".
- Between March and September, the company hosted 121 pupils and students for academic internships and holidays. They were able to acclimatize themselves to the work environment.



Support to sporting activities

SNH lent support to major sports events such as:

- the 16th International Cycling Tour of Cameroon, organised from 28th May to 3rd June;
- the 18th edition of the Grand Prix Chantal Biya International Cycling Tour, organised from 12th to 16th September.

SNH also organised, as it does every year, the golf tournament called SNH Race at the Yaoundé Golf Club.

This year, the company launched the very first edition of the Inter-Petroleum Golf Tournament, held on 20th October in Kribi.



Support to the promotion of culture

SNH contributed to the promotion of the national cultural heritage through the sponsoring of cultural events such as the Ngondo, the Sawa coastal peoples' festival organised from 2nd November to 2nd December and the Nguon, the cultural festival of the Bamoun kingdom in the West region of Cameroon, which was held from 2nd to 9th December.



A special care for the staff

SNH ensures that its workers have adequate working conditions at the professional, health, safety and infrastructural levels. In 2018, the corporation notably:

- renewed the health insurance for all the workers and their nuclear family, and organised an annual medical check-up,
- organised information sessions on the monitoring of contributions to the National Social Insurance Fund (NSIF), the treatment of autism and pathologies of the male genital system.

Two corporate organisations continued to contribute to the well-being of workers:

- The Solidarity Fund of SNH Group Personnel, which gives different forms of assistance during happy and sad events.
- The Hydrocarbons Sports and Cultural Association (ASCH), which serves as a recreational framework through sports and cultural activities. For instance, a tourism excursion was organised in August in the Ocean Department.

Various celebrations were also organised in the course of the year: New Year wishes ceremony, Labour Day, International Women's Day, Mother's Day, Christmas tree ceremony for workers' children.

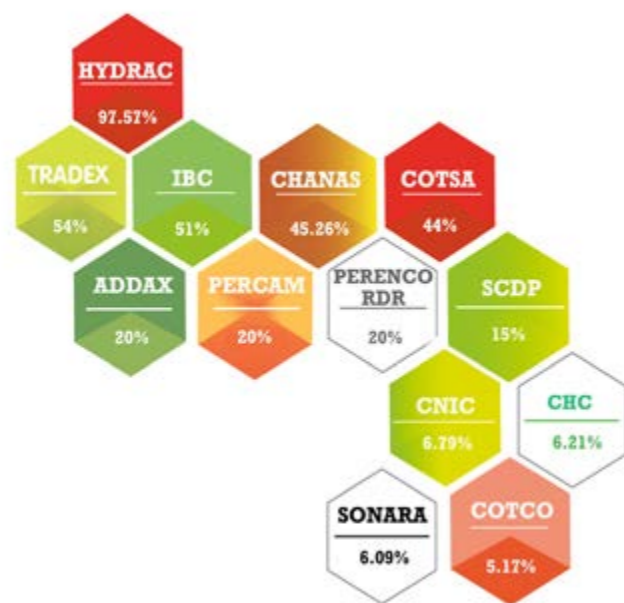


Financial Activities

Portfolio management

SNH, a diversified group

Since 1994, SNH has been diversifying its activities. As at 31st December 2018, it holds shares in 13 companies operating in the petroleum, para-petroleum and related sectors.



Branch of activity	Companies
Crude oil transportation	Cameroon Oil Transportation Company (COTCO)
Hotel industry	Cameroon Hotels Corporation (CHC - Hilton)
Storage of petroleum products	Cameroon Petroleum Depots Company (SCDP)
Exploration/production	Addax Petroleum Cameroon Company S.A.
	Perenco Rio Del Rey Perenco Cameroon
Insurance	Chanas Assurances S.A.
Crude oil refining	National Refining Company (SONARA)
Ship repair	Cameroon Shipyard and Industrial Engineering (CNIC)
Storage of crude oil	Cameroon Oil Terminal S.A. (COTSA)
Steel and industrial metals	International Business Corporation (IBC)
Trading	Société de trading et d'exportation de pétrole brut et des produits pétroliers TRADEX S.A.
Quality control	Hydrocarbures-Analyses -Contrôles (HYDRAC)

In 2018, gross dividends received from share companies amounted to 31.597 billion CFAF, as against 25.509 billion CFAF in 2017, implying an increase of 23.87%. The dividends were paid by Addax Petroleum Cameroon Company S.A, Perenco Rio Del Rey, Cameroon Oil Terminal S.A, Tradex S.A and Cameroon Oil Transportation Company.

Addax Petroleum Cameroon Company S.A. (APCC)

Results down 5.22%

The accounts closed on 31st December 2018 show a positive net result of 66.736 million US dollars, as against 70.412 million US dollars in 2017.

A dividend of 100 000 US dollars per share was paid to shareholders for the 2017 fiscal year.

Perenco Rio Del Rey (PRDR)

Results up 20.90%

The accounts closed on 31st December show a positive net result of 56.351 million US dollars, as against 46.610 million US dollars in 2017.

A dividend of 425 US dollars per share was paid to shareholders for the 2017 fiscal year.

Perenco Cameroon (PERCAM)

Results up 867.08%

The accounts closed on 31st December show a positive result of 33.316 million US dollars, as against 3.440 million US dollars in 2017. This increase is driven by the launch of LNG exports.

No dividends were paid for the 2017 fiscal year, due in particular to planned investments.

Société de trading et d'exportation de pétrole brut et des produits pétroliers (TRADEX) S.A.

Results down 19.40%

The accounts closed on 31st December show a positive net result of 8.930 billion CFAF, as against 11.080 billion CFAF in 2017. The company paid a net dividend of 9 948.37 CFAF per share to shareholders for the 2017 fiscal year.

Hydrocarbures - Analyses - Contrôles (HYDRAC)

Results up 75.66%

The accounts closed on 31st December show a positive net result of 743,971 million FCFA, as against 423.520 million CFAF in 2017. A dividend of 370.96 CFAF per share was paid to shareholders for the 2017 fiscal year.

Cameroon Oil Terminal S.A. (COTSA)

Results down 21.53%

The accounts closed on 31st December show a positive net result of 18,403 million US dollars, as against 23.453 million US dollars in 2017.

A dividend of 23.50 US dollars per share was paid to shareholders for the 2017 fiscal year.

National Refining Company (SONARA)

Negative result, down 20%.

The accounts closed on 31st December show a loss of 79.91 billion CFAF, as against a loss of 29.300 billion CFAF in 2017.

The accounts closed on 31st December show a loss of 79.91 billion CFAF, as against a loss of 29.300 billion CFAF in 2017.

Chanas Assurances S.A.

Results up 177.59%

The accounts closed on 31st December show a positive net result of 588.116 million FCFA, as against 211.862 million CFAF in 2017.

A dividend of 5 000.10 CFAF per share was paid to shareholders for the 2017 fiscal year.

International Business Corporation (IBC) S.A.

The liquidation of the company, pronounced by the Wouri Regional Court (TGI) on 11th December 2017, is ongoing.

Cameroon Oil Transportation Company (COTCO)

Results up 16.76%

The accounts closed on 31st December show a positive net result of 44,157 million US dollars, as against 37.819 million US dollars in 2017.

A dividend of 62 US dollars per share was paid to shareholders for the 2017 fiscal year.

Cameroon Petroleum Depots Company (SCDP)

Results up 183.59%

The accounts closed on 31st December show a positive result of 1 520.572 million CFAF, as against 536.180 million CFAF in 2017. This increase is attributable to the combined effect of the increase in turnover and the decrease in expenses. A dividend of 357.86 CFAF per share was paid to shareholders for the 2017 fiscal year.

Cameroon Hotels Corporation (CHC-HILTON)

Results down 36.54%

The accounts closed on 31st December show a positive net result of 324.340 million FCFA, as against 511.120 million CFAF in 2017.

A dividend of 167 CFAF per share was paid to shareholders for the 2017 fiscal year.

Cameroon Shipyard and Industrial Engineering S.A. (CNIC)

Results down 246.11%

The accounts closed on 31st December show a loss of 3.790 billion CFAF, as against positive result of 2.594 billion CFAF in 2017. This increase is attributable to a 59% decrease in turnover and an increase of 17% in operating expenses.

Financial Report

For accounting and financial purposes, SNH's activities are divided as follows:

- **Activities pertaining to the mandate** given by the State, based on the management of the latter's interests in the hydrocarbons sector. The funds are derived from the sales of crude oil and gas, expressed in US dollars and in Euros.
- **Activities pertaining to corporate management.** Income is derived from dividends paid by share companies, interest generated by investments of cash surpluses, as well as sales of the share of crude oil accruing to SNH.

State-mandated activities

Highlight

There was an increase of 11.19% in transfers to the State, which stood at 388.147 billion CFAP in 2018, as against 349.084 billion CFAP in 2017.

Activities related to Associations

Indicators for the calculation of the balance transferable into the Public Treasury:

- Share of oil production accruing the State: 15.478 million barrels, as against 16.385 million barrels in 2017;
- Share of gas production accruing the State: 14.063 billion standard cubic feet (scf), as against 2.922 billion scf in the preceding year;
- Share of LPG production accruing the State: 4.004 metric tonnes (first year of production);
- Oil production sold on behalf of the State: 13.378 million barrels, as against 16.818 million barrels in 2017;
- Gas production sold on behalf of the State: 13.866 billion scf compared to 2.872 billion scf in the preceding year;
- LPG production sold on behalf of the State: 4.399 MT for the first year;
- Average rate of the US dollar: 1 dollar = 557.458 CFAP, as against 581.853 CFAP in 2017;
- Average official price of the crude oil barrel: 71.322 US dollars compared to 53.268 US dollars in 2017;
- Total revenue (crude oil and natural gas sales): 1 064.504 million US dollars (593.908 billion CFAP), as against 905.582 million US dollars (526.886 billion CFAP) in 2017;
- Expenditure on oil and gas activities borne by the State: 205.761 billion CFAP compared to 177.802 billion CFAP in the preceding year;
- Transferable balance: 388.147 billion CFAP compared to 349.084 billion CFAP in 2017.

Synthesis of operations on State-mandated activities

Operations items	Quantities			Amount	
	Crude Oil (in million barrels)	Natural Gas (in billion cubic feet-Scf)	LPG (metric tonnes)	USD (million)	CFAF (billion)
Details					
Share of production accruing to the State	15.478	14.063	4.004		
1. Production sold	13.378	13.866	4.399	1064.504	593.908

Operations items	Values
Average exchange rate	557.458 CFAF/USD
Average official price	71.322 USD/Bbl
Gas selling price to the State	1 259.83 XAF/Thousand SCF
Gas selling price to KPDC	1 356.11 XAF/Thousand SCF
LPG selling price to the State	272 929.70 XAF/MT
LPG selling price to TRADEX	383 371.85 XAF/MT
LNG selling price to Gazprom	6.012 USD/Thousand SCF

Operations items	Amount	
	USD (million)	CFAF (billion)
2. SNH commitments	369.683	205.761
2.1 SNH commitments/Associations	296.232	164.804
a) Operating costs	112.895	62.671
b) Sanaga Sud exploitation/development	7.661	4.313
c) Dissoni Nord exploitation/development	4.935	2.743
d) Appraisal/Development (Rio Del Rey + Lokele + Moudi + Ebome)	68.568	38.437
e) Iroko exploitation/development	13.494	7.599
f) Royalties	88.679	49.041
2.2 Commitments on gas	35.581	20.019
a) Liquefaction costs	50.352	28.243
b) Gas purchase cost for the Kribi Thermal Plant	26.813	14.875
c) LPG purchase cost	7.718	4.346
d) Resumption provisions-LNG project	-55.818	-31.021
e) Interest on late payment of KPDC invoices	-0.38	-0.209
f) Reimbursement for gas oil consumed-FLNG Project	-0.071	-0.04
g) Gas projects	6.967	3.825
2.3 Other SNH commitments	37.87	20.938
a) Inspection costs	0.497	0.279
b) Security stocks	0.544	0.303
c) African Petroleum Producers Organisation (APPO)	0.142	0.079
d) Securing of petroleum operations	9.37	5.228
e) Other decommissioning provisions	3.025	1.615
f) Chad/Cameroon pipeline	2.527	1.409
g) Other expenses	21.765	12.025
3) Transferable balance to the Public Treasury	694.821	388.147

Activities related to SNH management

Highlight

There was an increase of 23.87% in gross dividends collected from share companies on account of the 2017 fiscal year, which stood at 31.597 billion CFAF, as against 25.509 billion CFAF collected in 2017 on account of the 2016 fiscal year.

Dividend paid to the State

SNH paid a gross dividend of 6 billion CFAF to the State, as against 4 billion CFAF in 2017.

Income statement

The net result for the year 2018 (after corporate tax) recorded an increase of 8.630 billion CFAF in absolute terms and 81% in relative terms, i.e. an amount of 19.284 billion CFAF, as against 10.654 billion CFAF in 2017. This situation is due to the strong increase in the dividends received from share companies.

Tax paid

SNH paid 7.482 billion CFAF as corporate tax, compared to 3.395 billion CFAF for the 2017 fiscal year, implying an increase of 2.980 billion in absolute terms and 87.77% in relative terms.

Comparative consolidated balance-sheets (in million CFAF)

Assets	2017	2016	%	Liabilities	2017	2016	%
Net capital assets	286 556	316 625	-9.50	Stable resources	353 407	373 839	-5.47
Current assets	290 516	265 660	9.36	Current liabilities	334 856	282 385	18.58
Assets account	171 925	146 507	17.35	Funds liabilities	60 734	72 568	-16.31
Total	748 997	728 792	2.77	Total	748 997	728 792	2.77
				Result of group's share	8 355	-712	-1237.46

Consolidated and comparative profit and loss accounts (in million CFAF)

Item	2017	2016
Operating result	17 150	19 674
Financial result	153	-8 817
Result of ordinary activities	17 303	10 857
Result excluding ordinary activities	273	-283
Share and taxes	-14 958	-12 799
Net result of integrated companies	1 292	-2 331
Result of companies equivalence	12 898	5 207
Consolidated net result	14 190	2 876
Minority interest/Result	5 835	3 588
Net result: group's share	8 355	-712

Annexes

Appendices

1. Procedures for awarding oil contracts
2. Accounting principles and standards applied
3. Accounting procedure
4. Fiscal procedure
5. Mandate of the State : Statutory auditor's report on financial statements
6. Portfolio Management :Statutory Auditor's Report

Procedures for awarding oil contracts

There are two methods of awarding a free block for the signing of a Petroleum Contract:

The **procedure for awarding a block by invitation to tender**, which is limited in time and follows several steps.

- publication of Terms of Reference (TOR) of the blocks on promotion in specialised magazines as well as the website of SNH;
- organisation of sessions to review technical data on the blocks' prospectivity (data rooms) at the SNH head office in Yaoundé as well as in the major petroleum capitals of Houston (USA) and London (UK);
- submission of bids;
- opening of bids at the SNH head office by the Permanent Commission for Checking and Evaluation of Bids, in the presence of bidders or their representatives;
- analysis of bids by the above-mentioned Permanent Commission, which sees to it that the bidding companies have the technical and financial capacities to conduct hydrocarbons prospecting and production activities in Cameroon;

- publication of results and notice to the bidders;
- negotiation of an oil contract between the preferred bidder and the Permanent Commission for the Negotiations of Oil and Gas Contracts, comprising a team of representatives of SNH and the Ministries in charge of Mines, Energy, Finance, Economy, Trade and Environment.

The **procedure for awarding a block by mutual agreement**, which is valid throughout the year and almost similar to the one by invitation to tender, except for the following items :

- publication of TORs of the blocks on offer is labelled "Consultation by mutual agreement" instead of "Open International Invitation to Tender";
- each bid received is immediately opened and evaluated by the Permanent Commission for Checking and Evaluation of Bids for the award of mining titles, and the results are made known to the bidder.

Note: Bids are received from oil companies. Nevertheless, several companies, of which at least one must be an oil company as defined by the Petroleum Code, may come together within the framework of a consortium and bid for a given block. The consortium shall name one of the companies as operator, i.e. an oil company which is given the responsibility to lead and conduct oil operations.

The operator is bound to have proven experience in the conduct of petroleum operations, notably in zones and conditions similar to the solicited block and regarding environmental protection.

Accounting principles and standards applied

The accounts of the 2018 fiscal year are settled in accordance with generally accepted accounting standards and principles, and provisions of the new SYSCOHA-DA accounting standards in force in the CEMAC zone. The general presentation of these accounts also respects the specific features of SNH and the hydrocarbons sector.

Method of assessing share certificates

Share certificates held in subsidiaries are recorded as financial fixed assets, in the account “share certificates” and bear their value of acquisition. However, a provision for depreciation of securities is set up as soon as the mathematical value of a subsidiary’s shares becomes lower than their value of acquisition.

Method of amortizing investments

Investments appear on the balance sheet at their historic cost in CFA Francs or equivalent at the rate of the foreign currency concerned as of the date of acquisition; they are amortised following the straight-line amortisation method, pursuant to law No. 2002/003 of 19th April 2002 on the General Tax Code of the Republic of Cameroon, which defined the amortisation rates to be applied for the different investments (capital expenditure), and to the provisions of Convention of Establishment signed between SNH and the State of Cameroon.

Prospection and development costs

The costs incurred in studies and hydrocarbon prospection activities are recorded in the intangible fixed assets. Their accounting treatment is as follows:

- Prospection expenses recorded under outstanding fixed assets are not subject to amortisation before the end of prospection work. Their depreciation is ascertained immediately production begins in the related field;
- Development expenses concerning producing fields, and which for this reason are subject to depreciation, are amortised at the end of each fiscal year.

Hydrocarbon stocks

Les stocks de pétrole brut sont évalués et comptabilisés au coût de production.

Accounting procedure

Operations related to associations (or State-mandated operations)

The treatment of operations related to the Rio Del Rey, Lokele, Moudi, Ebome Marine, Dissoni, Sanaga Sud and Iroko associations is based on a “call for funds” system. The consolidated use of these funds in an invoice is allocated into capital expenses or capital costs, operating costs and variation of consumables stocks.

Funding of association expenses

Association expenses are funded by each partner based on a quota system and recorded in the accounts of the operator partner, against a cash account.

The outstanding debts are recorded in the accounting invoice which gives details of the use of funds originally called and their allocation into cost of capital, operating costs and variation of consumables stocks.

For permits under exploration, the funding method is the same and the re-

lated expenses, which are recorded as outstanding fixed assets, are subject to transfer either into tangible fixed assets accounts or intangible fixed assets accounts at the end of exploration.

Remuneration of partners or Profit Oil

The remuneration of partners, which is determined pursuant to the provisions of the Production Sharing Contract (PSC), is based on a right to oil (production share). The share received by SNH as the State’s agent is recorded under “Sales of manufactured products”.

Operations related to the management of SNH

In addition to its own interest in exploration/production activities, SNH also holds shares in companies with related activities and invests fund surpluses that yield dividends and interests. In addition, SNH is the operator of the Mvia field since the end of 2013.

Fiscal procedure

Operations related to associations (or State-mandated operations)

Income received from the sale of crude oil by SNH as the State’s agent is not subject to corporate tax.

Operations related to the management of SNH

Pursuant to the provisions of the contract of association relating to Ebome Marine and Moudi concessions, the production shares accruing to SNH as partner are subject to a tax rate of 38.5% for Ebome and 57.5% for Moudi. The share of production accruing to SNH management within the framework of the exploitation of Mvia field is subject to a corporate tax rate of 38.5%.

As for the proceeds accruing from the management of share companies and remuneration of investment surpluses, which include dividends and interests received, they are subject to the common law regime and a tax rate of 33%.



Mandate of the State

Statutory auditor's report on financial statements Year ended 31st December 2018

To the Board of Directors of the National Hydrocarbons Corporation

Dear Board Members,

In fulfilment of the assignment entrusted to us, we hereby present to you our audit report on the annual financial statements of the NHC – Mandate of the State component, for the financial year ended 31st December 2018. The annual financial statements comprise the balance sheet, the income statement, the cash flow statement, and the annexed statement. It is the responsibility of the management of NHC to prepare the financial statements. Our responsibility is to issue an opinion on these financial statements based on our audit.

Our audit was carried out according to the International Standards on Auditing (ISA) and the professional standards applicable in Cameroon. It involved tests of controls, sampling methods and other audit procedures we deemed necessary to express an opinion on the true and fair view of the annual financial statements.

The financial statements we audited present the following significant figures:

in million of CFA Francs	2018	2017
Balance-sheet total	1 035 493	976 225
Sales revenue	594 416	544 877
Net profit (before transfers into the public treasury)	414 201	275 328
Net cash	401 275	367 027

1. Confirmation of independence

We confirm that we are independent of the National Hydrocarbons Corporation (NHC – Mandate of the State component), in accordance with the code of ethics for professional accountants by the International Ethics Standard Board for Accountants (IESBA) and we have fulfilled every other ethical requirement by all relevant provisions.

2. Our methodology

We audited the accompanying financial statements of the National Hydrocarbons Corporation which present information on the operations under State Mandate. We performed our audit according to the generally accepted standards on audit which require the use of audit procedures that enable us to provide reasonable assurance that the financial statements do not present any material misstatements.

An audit consists in examining by sampling methods, evidence supporting the information contained in the financial statements. It also involves an assessment of the accounting principles applied, the validity of the significant estimates made, and the overall presentation of the financial statements.

We carried out the following audit procedures:

- An assessment of the internal controls and procedures at the NHC with the aim of identifying potential risk areas and possible errors within the financial statements on the one hand, and on the other hand, to determine the timing and extent of the samplings to be carried out on the financial statements;
- Addressed confirmation letters to third parties in business with the corporation, mainly the banks, clients, suppliers, legal counsels, insurance companies, and partnerships;
- Performed our audit of the financial statements after identifying and evaluating the risk of error in every account or group of accounts.

3. Conclusions of our engagement

3.1. Evaluation of the internal control procedures

We carried out an evaluation of the accounting procedures and the internal control system to assess the reliability of the accounting entries and financial information. This was done with the aim of determining the nature, extent and timing of the audit procedures required to issue our opinion on the annual financial statements. The assessment did not necessarily identify all the weaknesses that a specific and more detailed study would reveal.

Following our evaluation of the internal control system, we did not find any significant weakness.

3.2. Control of accounts

Our audit of the financial statements for the year ended 31st December 2018 did not reveal any material misstatements.

3.3 Opinion on the financial statements

We believe that the audit procedures we used provide a suitable basis for the opinion presented here below.

In our opinion, the annual financial statements present fairly, in all material respect, the financial position of the company at December 31st, 2018, and its financial performance and its cash flows for the year then ended in accordance with accounting principles prescribed by the OHADA Uniform Act on organization and harmonization of accounting systems of commercial companies member States and with accounting rules and methods generally applied by companies operating in oil and gas activities at the exploration/production stage.

The Statutory Auditor
CAMEROUN AUDIT CONSEIL

Jérôme MINLEND
Douala, 12th July 2019



Portfolio Management

Statutory Auditor's Report

Financial Statements

Year ended 31st December 2018

To the Board of Directors of the National Hydrocarbons Corporation

In our capacity as statutory auditor, we present below our report on:

- The accompanying financial statements of National Hydrocarbons Corporation, Portfolio Management and,
- The specific procedures and disclosures prescribed by law, for the period ended December 31st, 2018.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. Financial statements audit

1.1. Opinion

We have audited the financial statements of National Hydrocarbons Corporation – Portfolio Management.

In our opinion, the financial statements of NHC Portfolio management present fairly, in conformity with generally accepted accounting principles, the financial position of the company at December 31st, 2018, and the results of its operations for the year then ended.

1.2. Basis for opinion

We have audited the financial statements in accordance with professional standards applicable to Cameroon and, accordingly, performed such auditing procedures as we considered necessary in the circumstances in compliance with Ohada Act.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

2. Specific audit procedures and disclosures

We have carried out specific audit procedures required by law in Cameroon. We do not have any special point to raise as for the truth and fair view, or the conformity of the information provided to the Board of Directors on the financial statements with the said financial statements.

The Statutory Auditor
CAMEROUN AUDIT CONSEIL

Jérôme MINLEND
Douala, 03rd May 2019

