



Annual Report of the
National Hydrocarbons Corporation

2020: **Under the sign of resilience**

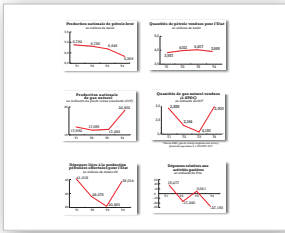


© SNH

Texts: Communication Division & Ad- hoc Commission
in charge of drafting the SNH Annual Report

Editorial secretariat, illustration and layout: Communication Division

Summary



Overview
P. 04



Presentation of SNH
P. 07



Note on the economic
situation P. 13



Interview of the Executive
General Manager P. 17



Highlights
P. 21



Exploration/production
P. 23



Commercial activities
P. 33



Gas activities
P. 37



Corporate social responsibility
P.41



Financial activities
P. 45

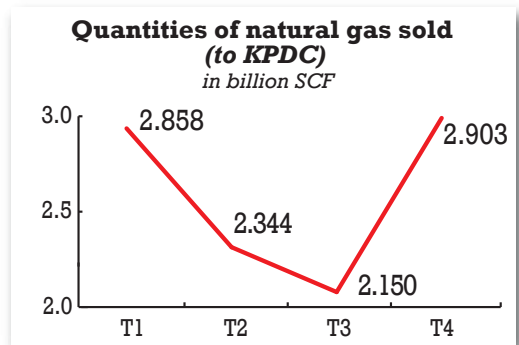
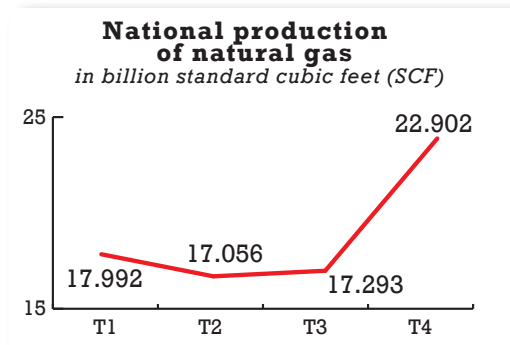
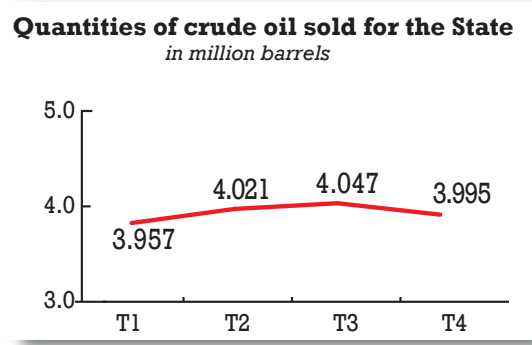
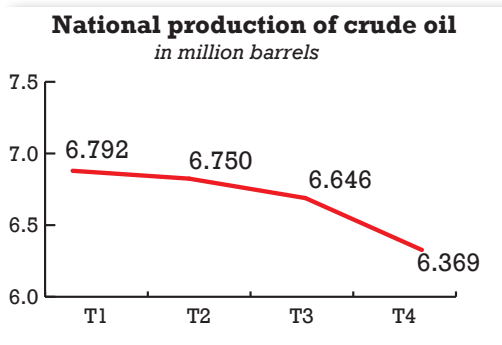


Financial report
P. 49

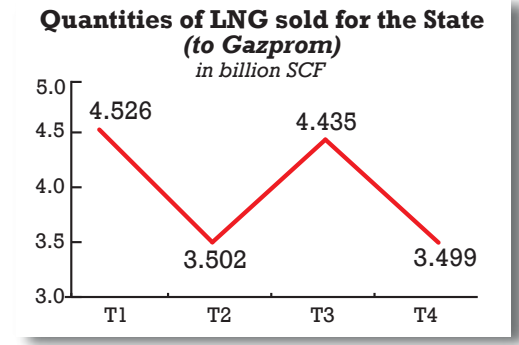
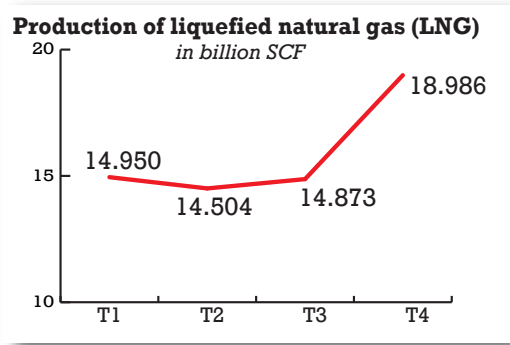


Appendices
P. 53

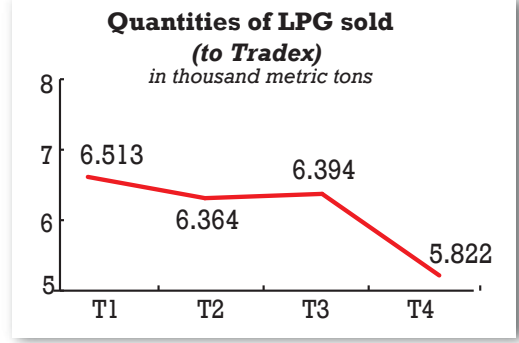
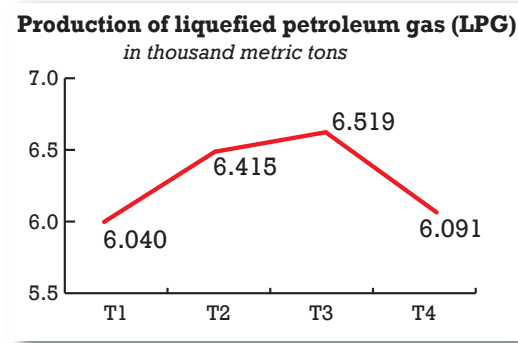
Overview



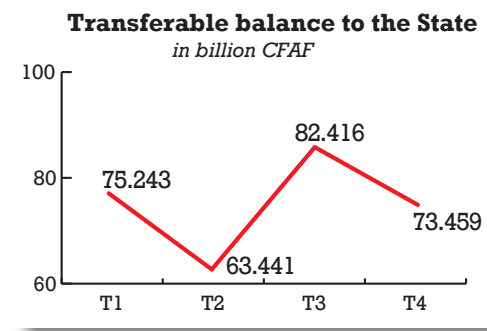
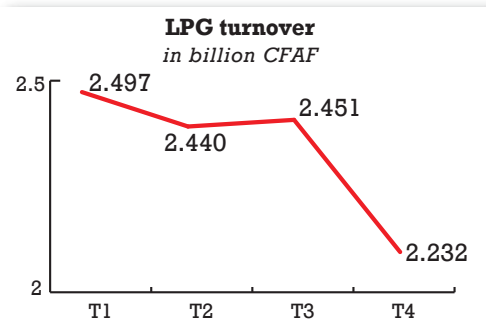
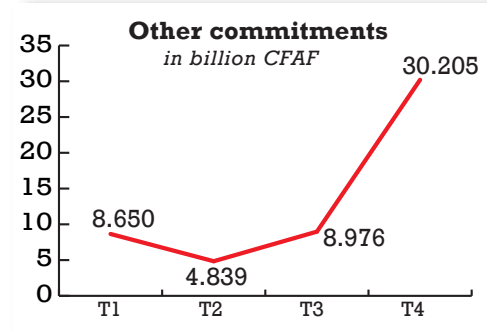
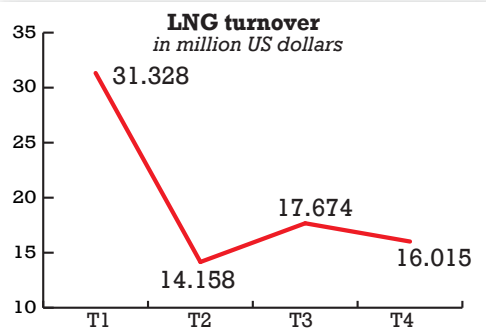
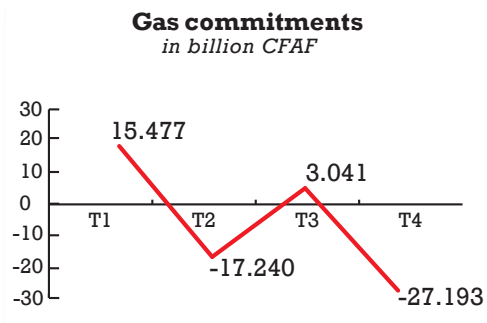
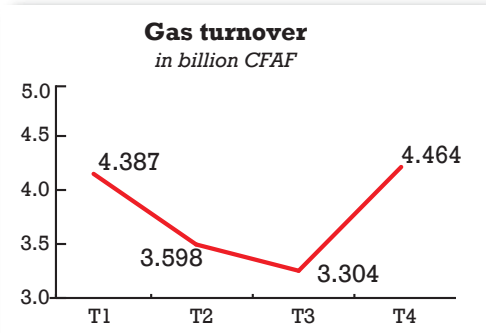
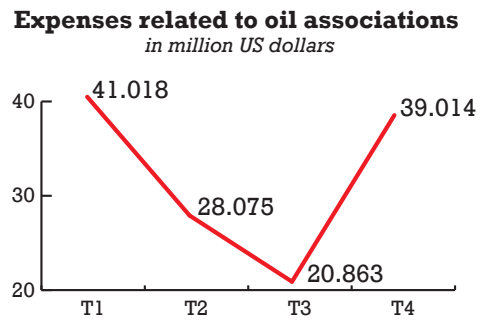
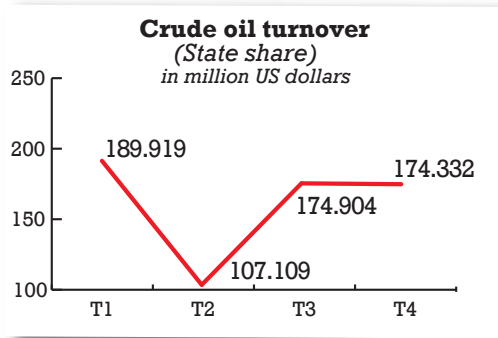
* SNH sales (excluding gas from the Logbaba field).
Quantities expressed in 1 000 BTU/SCF



Quantities expressed in 1 000 BTU/SCF



Overview



Acronyms

EXA	:	Exclusive Exploitation Authorisation
EEA	:	Exclusive Exploration Authorisation
APCC	:	Addax Petroleum Cameroon Company
APCL	:	Addax Petroleum Cameroon Limited
APPO	:	African Petroleum Producers' Organisation
BBL	:	Barrel
BCF	:	Billion Cubic Feet
BTU	:	British Thermal Unit
PSC	:	Production Sharing Contract
PSMC	:	Pipeline Steering and Monitoring Committee
CSST	:	Occupational Health and Safety Committee
DKC	:	Douala-Kribi/Campo (Cameroonian sedimentary basin)
IOPC Funds	:	International Oil Pollution Compensation Funds
FLNG	:	Floating Liquefied Natural Gas
GDC	:	Gaz du Cameroun
LNG	:	Liquefied Natural Gas
LPG	:	Liquefied Petroleum Gas (commonly known as domestic gas)
HSE	:	Health-Safety-Environment
IPIECA	:	International Petroleum Industry Environmental Conservation Association
EITI	:	Extractive Industries Transparency Initiative
JKM	:	Japan Korean Marker (LNG spot market value in North-East Asia)
KPDC	:	Kribi Power Development Company
MBD	:	Million barrels per day
OHADA	:	Organization for the Harmonization of Business Law in Africa
OPEP+	:	Group of members of the Organization of the Petroleum Exporting Countries and ten other allied countries
RDR	:	Rio Del Rey (Cameroonian sedimentary basin)
SCF	:	Standard Cubic Feet
SCGPL	:	Storage and Loading of LPG tankers
TCF	:	Trillion Cubic Feet
MT	:	Metric Ton
USD (\$)	:	American dollar
FED	:	Federal Reserve System (i.e. US central bank)
BEAC	:	Bank of Central African States
ECB	:	European Central Bank
CEMAC	:	Central African Economic and Monetary Community
CEO	:	Chief Executive Officer

**PRESENTATION OF THE
NATIONAL HYDROCARBONS CORPORATION**



SNH: Secular arm of the State of Cameroon for the development of hydrocarbons

SNH is a public capital corporation with the State as its sole shareholder. It was created on 12 March 1980 to manage the State's interests in the hydrocarbon sector. SNH 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.

In order to carry out its missions, SNH:

- conducts studies related to hydrocarbons;
- collects and stores related information;
- demarcates, promotes and assigns free blocks of the national mining domain;
- conducts negotiations of oil and gas contracts, in cooperation with the ministries in charge of Mines, Finance, Energy, Economy, Trade and Environment;
- concludes, as necessary, agreements with companies established in Cameroon, operating in the field of production, transportation, distribution, processing or storage of hydrocarbons;
- monitors the implementation of oil and gas contracts between the State and companies operating in the hydrocarbons sector;
- develops and operates, in association or at its own risk (sole risk), oil and gas fields;
- oversees the management of associations, in a bid to control oil costs;
- promotes infrastructure creation for the production, transportation, processing and storage of hydrocarbons on the national territory;
- collects natural gas from producing companies and transports it to industries, electricity producers, other eligible customers, distribution companies and processing plants, where appropriate;
- contributes to the achievement of gas projects aiming, at the national level, at developing the gas market (power generation, supply of natural gas to industries and LPG production) and at the international level, the export of Cameroonian liquefied natural gas (LNG);
- monitors hydrocarbons loading operations at terminals;
- markets the share of national hydrocarbons production accruing to the State;
- transfers to the Public Treasury, after deduction of charges, revenues from hydrocarbon sales, which contributes to funding of the State budget.



SNH is also empowered to conduct all financial operations.

In addition to its core activities, SNH manages the security stocks of petroleum products, to guarantee the country's supply in case of major unforeseen events.

To carry out its missions, SNH can open branches, offices, agencies, counters and depots in Cameroon or abroad.

Participatory management by objectives

SNH carries out its missions on the basis of a five-year development plan, broken down into annual action plans. They are developed with the participation of workers from the different Divisions of the company.

The company has adopted various regulations to govern its operations. Thus, procedures are codified and the related texts are gathered in a specific manual and a regulatory file. The system is completed by internal regulations, whose strict application ensures social harmony.

A Code of Ethics, which governs relations between employees, and between the latter and SNH's partners, service providers and any other public, completes this regulatory framework.

On another level, an internal management control system has been implemented, supported by a state-of-the-art IT tool. Concurrently, audits are regularly carried out by external firms of established reputation.



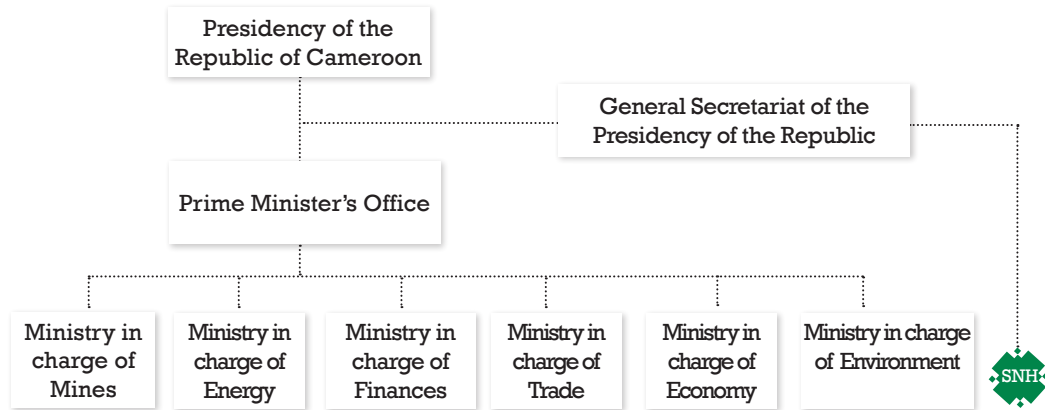
Traceability and transparency of operations

Contracts are negotiated in accordance with the Cameroonian Oil and Gas Codes, based on the models aligned with the standards of the International Association of Petroleum Negotiators (IAPN). These Codes provide for three types of oil contracts: the Concession Contract (CC), the Production Sharing Contract (PSC) and the Risk Service Contract (RSC). The rate of State participation in the event of a commercial discovery is specified therein, as well as the work programs, the investments to be made and the provisions for the development of local content.

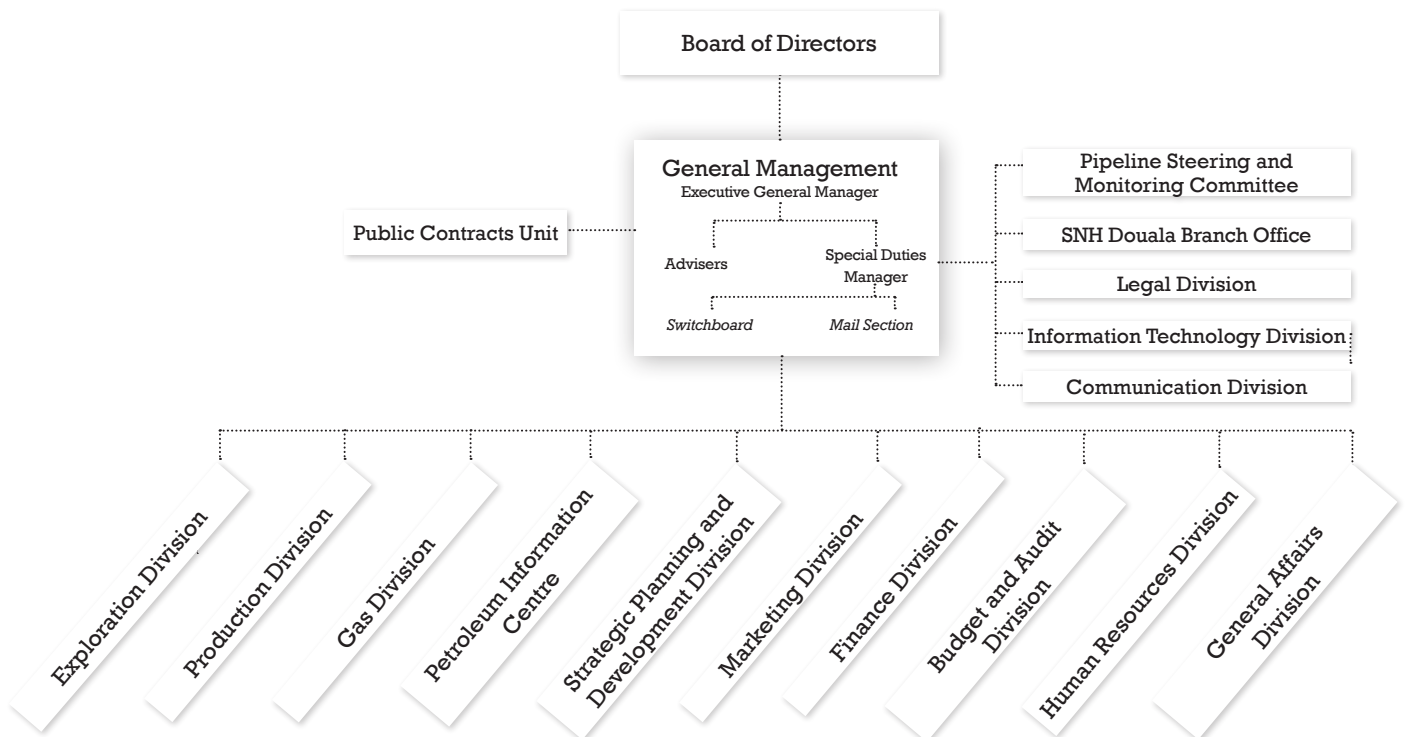
SNH publishes all the key figures relating to its activities (investments, production, turnover and transfers to the State) in its external publications, including its website (www.snh.cm) and other mass media.

Publication of this data is in compliance with the principles of the Extractive Industries Transparency Initiative (EITI), which Cameroon joined in 2005. SNH is a member of the National Monitoring Committee of this initiative.

The institutional ties of SNH



Organisation chart of SNH



Members of the Board of Directors*



Ferdinand Ngoh Ngoh

Board Chairman

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



Adolphe Moudiki

Executive General Manager



Okie Johnson Ndoh

General Manager of the Hydrocarbons Prices Stabilization Fund



Modeste Mopa Fatoing

Director General of Taxation
Ministry of Finance



Serge Hervé Boyogueno

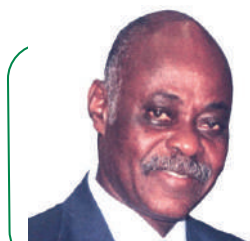
Director of Mines
Ministry of Mines, Industry and Technological Development



Lilian Nabola Efenge

Special Duties Director at the Prime Minister's Office

Personalities appointed by the President of the Republic



Jules Mana Nschwangele

Elite of the Ocean Division
(South Region)



El Hadj Lawan Bako

Elite of the Boyo Division
(North-West Region)



Fritzgerald Nasako

Elite of the Ndian Division
(South-West Region)

* As at 31 December 2020

Efficient management of human resources

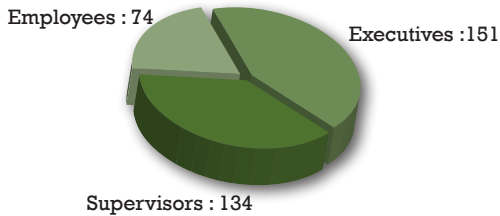
Controlled staff levels

As at 31 December, SNH employed 359 workers, including 281 at the head office in Yaoundé, 34 at the SNH Douala Branch Office, 17 at the Bipaga/Mpolongwe gas pipeline site, 14 at the Bipaga LPG depot, 04 at the Mvia oil site, 05 at the Storage Site for samples originating from oil and gas wells and 04 workers on secondment.

With the aim of replacing retired workers (19 during the year) on the one hand, and meeting the needs induced by the development of its activities on the other hand, SNH recruited 42 new workers.



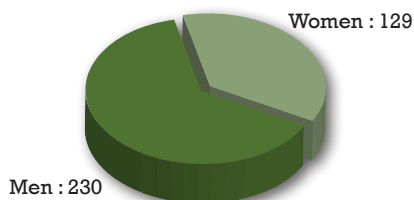
Staff distribution according to socio-professional categories



Continuous training, for better performance

The implementation of the company's training plan enabled to build in 2020, the capacity of 44 workers in various areas, notably offshore security, oil data protection, digitalisation of the offshore pipeline industry, website security and legal intelligence.

Staff distribution according to gender



NOTE ON THE ECONOMIC SITUATION



A year impacted by the Covid-19 pandemic

The year 2020 was marked by a health crisis caused by Covid-19. The restrictive measures taken by governments to contain its spread caused an unprecedented slowdown in global economic activities.

Global growth contraction in 2020

Global growth contracted by 3.4%, following a 2.8% increase in 2019. Reflecting the economic activity's evolution, trade volume declined by 9.6% compared to +1% in 2019. This is largely due to a low consumption rate within the context of the global recession.

Concerning prices, annual average inflation fell from 3.5% in 2019 to

3.2% in 2020, due to poor demand. In developed countries, inflation was 0.7% in 2020, down from 1.4% in 2019. In emerging and developing countries, inflation stood at 5.1% in 2019 and 2020. In sub-Saharan Africa, inflation rose to 10.8% in 2020, up from 8.5% in 2019.

Oil price collapse

Oil prices plunged in 2020, due to the fall in demand at the peak of the Covid-19 pandemic.

Thus, Dated Brent lost 66.08% of its value in March, to a low of USD 13.24/bbl on 21 April (its lowest over 21 years) before beginning a relative upward trend to peak out at USD 45.99/bbl on 25 August. WTI, for its part, recorded a negative price for the first time (-37.63 \$/bbl on 20 April).

Throughout the year, the average price of Dated Brent was \$41.84/bbl, compared to \$64.21/bbl in 2019.

Crude oil demand collapsed (-29 MB/D in April) following the implementation of containment measures.



Global crude oil supply for the year is estimated at 93.85 MB/D, compared to 100.66 MB/D in 2019, implying a decrease of 6.81 MB/D, mainly due to the exceptional measures taken by OPEC+ to reduce its production by 9.7 MB/D in early May.



Fall in natural gas prices

Similar to crude oil, the international natural gas market was impacted by the global health and economic crisis. As a result, the Japan Korean Marker reached US\$ 1.825/mmBTU, its lowest value ever recorded.

Global LNG supply for the period stood at 46.70 Bcf/d, up 0.20 Bcf/d compared to 2019.

Demand settled at 46.96 Bcf/d, up 1.67% compared to 2019, driven by increased imports in China (+11.17%) and India (+12.89%), due to the ongoing switch from coal to natural gas in both countries.

Volatility of the US dollar against the Euro

The American Federal Reserve's key interest rate fell by one basis point, from 1.25% on 3 March to 0.25% on 15 March, while that of the European Central Bank remained unchanged at zero since 10 March 2016.

After peaking at 612.64 CFAF on 20 March, then reaching its lowest point at 547.22 CFAF on 1st September, the average rate of the US dollar over the year stood at 573.33 CFAF.

Decline in growth in the CEMAC zone

The economic growth rate of member states of the Central African Economic and Monetary Community (CEMAC) declined to -1.7 %, compared to +2.1% in 2019, within the context of a recession in global economic activity and a contraction in oil prices.

The oil sector activities went down by -4% in 2020 from 2.2% in 2019, while those of the non-oil sector dropped by -1.1% in 2020 as against +2% in 2019. Moreover, a negative growth was observed in 2020 in almost all the countries of the sub-region, with the exception of the Central African Republic and Cameroon.

Cameroon: economic activity declines

In 2020, the Cameroonian economy was strongly impacted by the combined effects of the Covid-19 pandemic, the persistence of the security and political crises as well as the fall in global oil prices. Gross domestic product fell to 0.7%, compared to the 3.7% growth in 2019. This decline in economic activity was largely due to the fall in world oil prices. Inflation was kept below the CEMAC's convergence threshold of 3%, at 2.4% in 2020, as against 2.5% in 2019.



**INTERVIEW OF THE
EXECUTIVE GENERAL MANAGER**



“

Adolphe Moudiki:

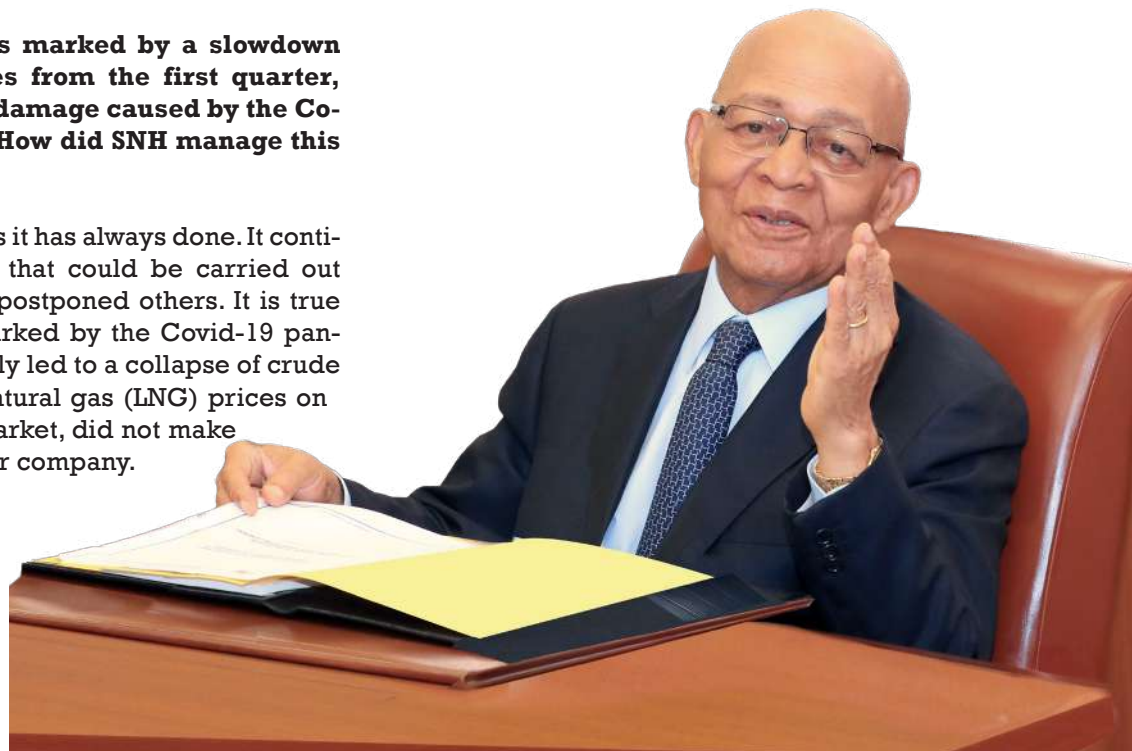
« SNH continued to implement its action plan, with positive results overall »

”

The year 2020 was marked by a slowdown in global activities from the first quarter, mainly due to the damage caused by the Covid-19 pandemic. How did SNH manage this situation?

SNH had to adapt, as it has always done. It continued the activities that could be carried out and suspended or postponed others. It is true that the context marked by the Covid-19 pandemic, which notably led to a collapse of crude oil and liquefied natural gas (LNG) prices on the international market, did not make the task easy for our company.

However, despite this difficult environment, SNH continued to implement its action plan, with positive results overall.



I particularly commend the responsiveness of our teams and those of our partners, which were able to adapt quickly and take the necessary measures to ensure the continuation of operations on oil and gas sites.

Mining promotion activities often involve meetings and travelling. How were they conducted in this context?

Increase in gas production

We put in place mechanisms which enabled us to continue our



promotion activities while preserving the health of our workers. We mainly held meetings by videoconference with companies that were prospecting or interested in the Cameroonian mining sector.

Negotiations were notably initiated with Addax Petroleum Cameroon Limited, with a view to concluding a Production Sharing Contract (PSC) for the Ngosso block.

On another level, we started renegotiating, with Perenco and Addax, the Establishment Agreements and Partnership Contracts of the oil Concessions in the Douala/Kribi-Campo and Rio Del Rey basins, which are due to expire.

There was an increase in national hydrocarbon production, which stood at 38.402 million barrels of oil equivalent at the end of 2020. How do you explain this performance?

We did everything possible to ensure that production activities were affected

as little as possible by the consequences of the health crisis. This enabled us to maintain and even increase the level of oil production and gas production capacity.

It is true that without the measures imposed to contain the spread of Covid-19, which led to the suspension of complementary development activities for several months, these results could have been better.

Renegotiation of Establishment Agreements and Partnership Contracts

What about the commercial aspect of SNH's activities?

The unfavourable economic situation had a significant impact on our sales, in line with what was observed on the world market. The average price of Dated Brent, our benchmark crude oil, fell to record lows. This was compounded by the abundance of oil supply on the world market, which negatively impacted demand, and the high level of the US dollar.

All these factors affected the average selling price of Cameroonian crude

oil, which fell from 64.604 \$/barrel in 2019, to 40.341\$/barrel in 2020. Although volumes sold only fell by 5.57%, the drop in prices negatively impacted our turnover and, in turn, the revenue generated for the State.

What is the impact on transfers to the state?

As I mentioned earlier, the drop in global hydrocarbon prices had a negative effect on our revenues. The transferrable balance to the State after deduction of expenses was thus down by 39.38% compared to 2019.

What are the priorities for 2021?

With the anticipated gradual return to normal activity in 2021, SNH intends to relaunch

exploration/production activities through a more active promotion of the national oil and gas domain and the execution of various works on producing fields, with the objective of boosting production.

The development of gas resources will also remain a priority, notably with the implementation of new projects concerning, among others, the supply of natural gas to a ceramic tile production plant and to the Limbe and Bekoko thermal power plants. These projects can lead to a substantial increase in the national gas supply.

In addition, a new platform is planned to be commissioned on the Sanaga Sud field to maintain the production plateau of the Hilli Episeyo floating natural gas liquefaction plant.

Attract more investors



HIGHLIGHTS



- 31 January :** Presentation of labour medals of honour to 38 deserving workers. The ceremony was presided over by the MINTSS, Grégoire Owona, who commended the quality of SNH's management.
-
- 03 February :** The softwares Actio and FilinS, designed to facilitate the monitoring of SNH's action plan and processing of administrative files respectively, were presented.
-
- 18 February :** Medal award ceremony to 18 members of the Permanent Commission for the Negotiations of Oil and Gas Contracts, including 11 from SNH. The medals were awarded by the MINMIDT to reward the successful negotiation of 23 contracts for the exploration and production of hydrocarbons.
-
- 05 March :** Presentation of a new plan for the development of national gas resources. They are estimated at 172 billion cubic metres.
- 12 March :** SNH celebrated its 40 years of existence.
-
- 18 May :** Signing of Amendments No. 2 and 3 to the Matanda PSC. They notably concern the formalisation of the transfer of 75% of Glencore Exploration Cameroon Limited's interest to Gaz du Cameroon, and 15% to AFEX Global Limited, which now holds a 25% interest.
-
- 11 June :** End of the home consultation of members of the Board of Directors for the first annual session of the organ's meeting (imposed by Covid-19 pandemic restrictions). The Board acknowledged an increase in oil production on this occasion.
- 21 August:** Fitzgerald Nasako was appointed a member of the Board of Directors, as a personality designated by the Head of State. He notably also served in the past as Secretary General at MINEE and MINMIDT.
-
- 22 October :** Investment opportunities in the exploration/production sector in Cameroon were presented during the virtual Africa Upstream LNG & Gas regional summit.
-
- 19 - 26 November :** The second annual session of the Board of Directors' meeting was held in the form of a home consultation. The Board commended SNH's resilience faced with oil prices collapse on the international market.
-

**EXPLORATION
& PRODUCTION**



Situation of the national mining domain

Oil activities continued in two of Cameroon's three major sedimentary basins, namely the Rio del Rey basin (producing since 1977) and the Douala/Kribi-Campo basin (producing since 1997). There were no activities in the Logone Birni Basin during the year, due to the security situation in the Far North region of Cameroon.

Fifteen oil companies, partners of SNH, are active in oil/gas exploration or production.

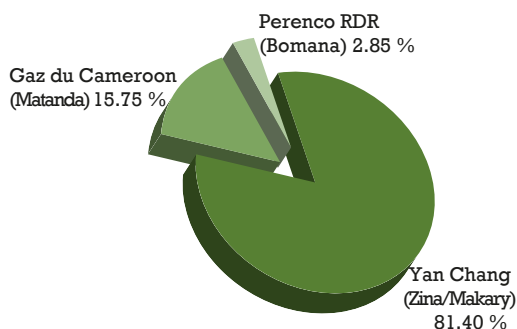


Mining domain under contract

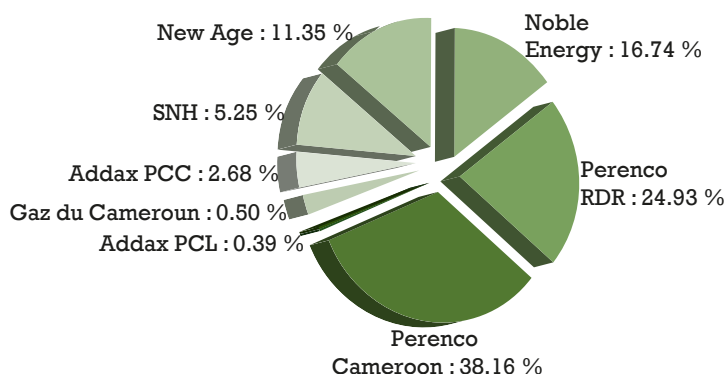
The mining domain under contract did not undergo any change in 2020. As at December 31, the national mining domain had an occupancy rate of 37.36 %, i.e. 11 894.64 km², for a total area of 31 839.30 km². It includes:

- 03 Exclusive Exploration Authorisations (EEA) covering a total area of 7 836.88 km² (24.61% of the total area);
- 21 Concessions and/or Exclusive Exploitation Authorisations (EXA), covering 4 057.76 km² (12.74% of the total area).

Distribution of the surface areas of Exclusive Exploration Authorisations by Operator as at 31 December 2020



Distribution of Exclusive Exploitation Authorisations per Operator as at 31/12/20



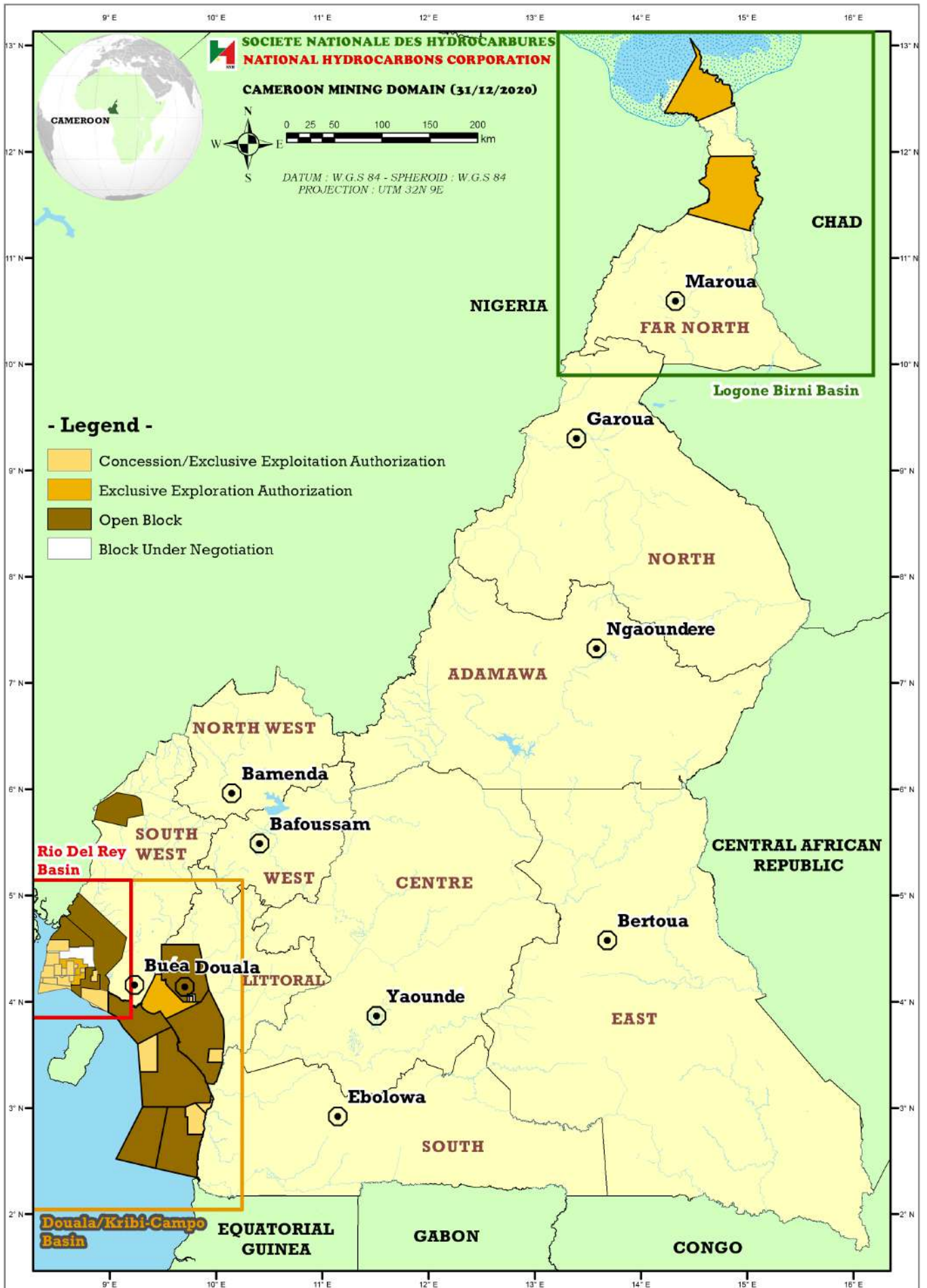
Free mining domain

As at 31 December 2020, the national free mining domain comprises 10 free blocks. They are Bakassi, Bolongo Exploration, Ndiar River and Thali in the Rio Del Rey Basin; Etinde Exploration, Elombo, Ntem, Tilapia, Bomono and Kombe-Nsepe in the Douala/Kribi-Campo Basin. The surface area of the free mining domain is 19 426.46 km², i.e. 61.01 % of the total surface area.

Blocks under negotiation

Two blocks are under negotiation: Logbaba Exploration in the Douala/Kribi-Campo basin and Ngosso, in the Rio Del Rey basin. They cover a surface area of 517.90 km², i.e. 1.63% of the total surface area.

Overview of the mining domain as at 31/12/2020



Existing oil associations as at 31 December 2020

Concessions/Exclusive Exploitation Authorisations

Associations	Associates	Nationalities of parent companies	Shares				
Douala/Kribi-Campo Basin							
Ebome (Marine)	SNH (State)	Cameroonian	50%				
	Perenco Cameroon*	Franco-british	28.5%				
	SNH	Cameroonian	21.5%				
Mvia	SNH*	Cameroonian	100%				
Yoyo	SNH (State)	Cameroonian	25%				
	Noble Energy*	American	75%				
Logbaba	SNH (State)	Cameroonian	5%				
	Gaz du Cameroun*	British	57%				
	RSM Production Corp.	American	38%				
Sanaga Sud	SNH (State)	Cameroonian	25%				
	Perenco Cameroon*	Franco-british	75%				
Rio Del Rey Basin							
Matanda	Gaz du Cameroun*	British	75%				
				Afex	British	25%	
	Etinde	SNH (State)	Cameroonian				20%
		New Age*	British	30%			
Dissoni Nord	Lukoil	Russian	30%				
	EurOil	British	20%				
Bomana	Perenco Rio del Rey	Franco-british	100%				
				Iroko	SNH (State)	Cameroonian	25%
					Perenco RDR*	Franco-british	37.5%
- Kole Marine - Ekundu Marine - Boa Bakassi - Bavo Asoma - Kita Edem - Sandy Gas	Addax PCC	Chinese	37.5%				
Zina-Markary	Yan Chang Logone Development Holding Co. Ltd*	Chinese	100%				
				Lipenja Erong	SNH (Etat)	Cameroonian	30%
					Addax PCL*	Chinese	70%
South Asoma Marine	Perenco RDR*	Franco-british	25.50%				
Moudi	Perenco Cameroon*	Franco-british	40%				
				SNH (Etat)	Cameroonian	50%	
				SNH	Cameroonian	10%	
Mokoko Abana	Addax PCC*	Chinese	40%				
				Perenco RDR	Franco-british	10%	
				SNH (Etat)	Cameroonian	25%	
Moabi	Perenco Cameroon*	Franco-british	75%				
				SNH (Etat)	Cameroonian	25%	
Mondoni	Perenco RDR	Franco-british	25%				
				SNH (Etat)	Cameroonian	50%	
				Addax PCC*	Chinese	25%	
Oak	Perenco RDR*	British	37.75%				
				SNH (Etat)	Cameroonian	25%	
				Glencore Cameroon	Franco-british	37.75%	

*Operator

Mining titles

Evolution of mining titles

Rio Del Rey Basin

15 September: The Thali EEA, which expired on 14 September 2019, was returned to the free national oil and gas domain.

Douala/Kribi-Campo Basin

18 May: Signing of Amendments No. 2 and No. 3 to the Matanda PSC, relating on the one hand, to the formalisation of the change of the Contractor following the transfer of 75% of Glencore Exploration Cameroon Limited's interest to GDC, designated as operator, and 15% interest to AFEX Global Limited, which now holds a 25% interest; and on the other hand, the expiry of the 1st and 2nd renewal periods of the initial period of the exploration phase of this the expiry of the 1st and 2nd renewal periods of the initial period of the prospection phase of this PSC, as well as recovery of costs and the modification of the minimum work programme.

17 November: MINMIDT approved a one-year extension, starting on 17 December 2020, of the 2nd renewal period of the Matanda Exclusive Exploration Authorisation, which expired on 16 December 2020.

Moreover, SNH began negotiations with the companies PERCAM, PRDR and APCC, within the framework of the conversion into PSCs, of the Establishment Agreements and Partnership Contracts governing the oil concessions in the DKC and RDR basins. The aim was to bring them in line with the Code adopted in 2019 and to relaunch exploration/production activities.



Drilling activities

During 2020, 16 development wells were scheduled and eight wells were effectively drilled. The remaining eight were being drilled as at 31 december.



Name of the well	Association	Operator	Final depth (mMD)	Start of drilling	End of drilling	Initial flow (bpd)
EKM -061ST	Rio Del Rey	PRDR	2 120	13/11/2019	08/02/2020	1 490
EKM-053ST			1 855	24/12/2019	18/02/2020	818
EKM -055ST			1 719	25/02/2020	24/12/2020	90
EKM -072			2 434	18/02/2020	09/12/2020	557
EKM-057ST			-	02/03/2020	-	-
EKM-073			-	23/09/2020	-	-
EKM-074			-	28/09/2020	-	-
EKM-075			-	30/09/2020	-	-
SKM-003	Moabi	PERCAM	1 790	22/11/2019	04/02/2020	868
SKM-004			2 676	24/11/2019	28/02/2020	565
SKM-005			1 560	17/11/2019	13/02/2020	739
TKM-004			1 390	02/03/2020	19/02/2020	900
TKM-005			1 504	28/02/2020	-	-
TKM-006			-	03/03/2020	-	-
TKM-007			-	25/11/2020	-	-
TKM-008			-	27/11/2020	-	-



Investments in exploration, appraisal and development

Oil investments amounted to US\$274.825 million, down 26.18% compared to 2019. This decrease is accounted for by the postponement of several development projects to 2021, due to the Covid-19 pandemic, with the first cases in Cameroon detected in March 2020.

The investments concerned exploration on permits, appraisal on Concessions as well as new and complementary developments.

Unit exploitation costs

Unit exploitation cost

The annual trend in average unit operating cost in current currency, for all producing liquid hydrocarbon fields was \$8.74/barrel, as against \$8.68/barrel in 2019.

The unit operating cost for the Sanaga Sud Association for gas production and exploitation was \$1.09/barrel of oil equivalent (boe), as against 1.31\$ boe in 2019.

Unit production cost

The annual trend in the average unit technical cost of production, in current currency, for all producing oil fields was \$17.72/barrel, as against \$24.13/barrel in 2019.

The unit production cost for the Sanaga Sud Association for gas production and exploitation was \$4.38/boe, compared to \$11.51/boe in 2019.

Audit of oil expenditures

Two contracts were signed for the audit of the 2016-2017 joint operations accounts of the Mokoko Abana Concession, on the one hand, and the 2016-2017 oil costs of the Iroko EXA on the other hand.

Production

Oil production

Crude oil production amounted to 26.556 million barrels (MB), up 2.16% compared to 2019.

The cumulated State and SNH share of liquid hydrocarbon production amounted to 16.154 MB, down by 1.03%.

Gas production

Gas production stood at 83 280.33 million cubic feet, including a marketable share of 75 243.08 million cubic feet (+6.19%).

The share of gas production accruing to the State and SNH was 20 518.70 billion cubic feet, up 7.27%.

The increase in the production levels was the result of the sidetracking of wells from the LUG rig's drilling campaign in the Rio Del Rey basin by the RDR and Moabi associations, as well as improved rehabilitation activities.



Reserves

Remaining oil reserves to be produced

As at 31 December, remaining oil reserves in concessions and EXAs are estimated at 309.97 million barrels, down by 0.43% compared to 2019. The decrease is mainly due to the depletion of producing fields and the postponement of some drilling projects, following the occurrence of the Covid-19 pandemic.

Additional crude oil reserves estimated at 8.56 million barrels of crude oil were however identified during the year following the drillings conducted and various well interventions aimed at optimising the production.

Natural gas resources

As at 31 December, natural gas resources are estimated at 6.35 TCF (179.81 billion m³), down by 1.24% compared to 2019. The decline is due to the natural depletion of producing fields.



Safety and security of operations sites

No accidents or acts of piracy were recorded in oil and gas operations sites. Concerning the safety of the facilities, the actions carried out notably included the continuation of the campaign to restore the integrity of the platforms on the operating sites and the annual inspection of the cranes installed on the oil platforms of the Rio Del Rey Association.

COMMERCIAL
ACTIVITIES



Sale procedure

SNH sells the share of hydrocarbon production accruing to the State, in accordance with the oil contracts in force in Cameroon. It also ensures the marketing of its own share of production and that of a partner which so requests.

The market value of Cameroonian crude oil is determined in relation to the North Sea Brent, as are the prices of the vast majority of crudes produced in West Africa.

SNH's commercial policy is based on three pillars: direct sales to refiners located in its natural zone of export (comprising Europe and the Mediterranean region); sales to traders, which

makes it possible to reach more distant markets (the Far East and the Americas) as well as new markets; and finally, invitations to tender, to establish price references and boost the market.

Types of crudes sold by SNH

- **Kolé** (28.22° API)*, sold in cargoes of 950 000 barrels ;
- **Lokélé** (23.50° API), sold in cargoes of 650 000 barrels;
- **Ebomé** (51.34° API), sold in cargoes of 400 000 barrels.

Crude oil sales

The quantities of crude oil sold on behalf of the State amounted to 16.020 million barrels, down by 5.57%.

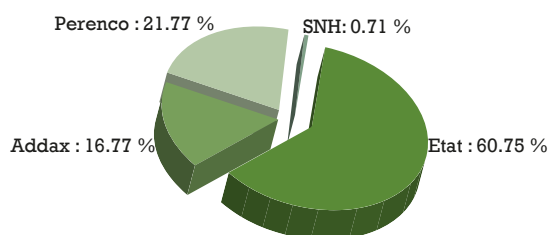
The average price of Cameroonian crude oil grades stood at US\$40.34 per barrel (\$/bbl), as against 64.60 \$/bbl in 2019. Thus in 2020:

- the Kolé differential was -\$0.11/bbl, down by \$0.69/bbl compared to 2019;
- the Lokélé differential reached -\$1.19/bbl, i.e. a drop of \$2.02/bbl;
- Ebomé's differential was -\$7.14/bbl, up \$0.51/bbl.

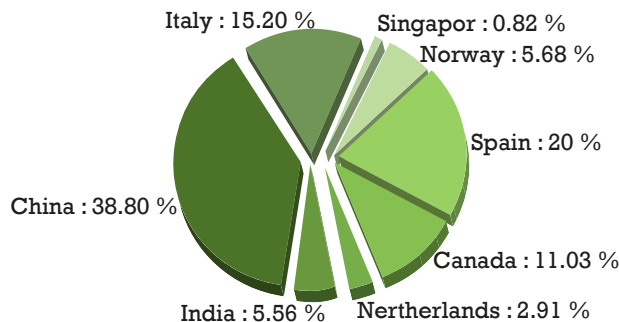
Revenue from oil sales for the year amounted to US\$ 646.265 million (370.524 billion CFAF), implying a drop of 41.04% compared to 2019.

As regards trading activities, 24 cargoes of crude oil were sold on behalf of a third party, compared to 26 in 2019. The total volume represented by these cargoes was 1.971 million barrels, for revenues amounting to USD 328 855.80.

Partners' allocation of liftings

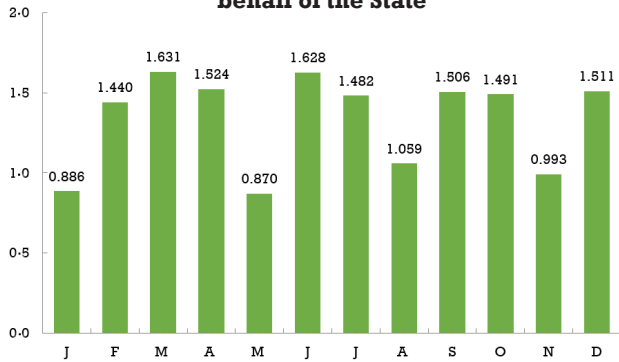


Main destination of crude oils sold by SNH

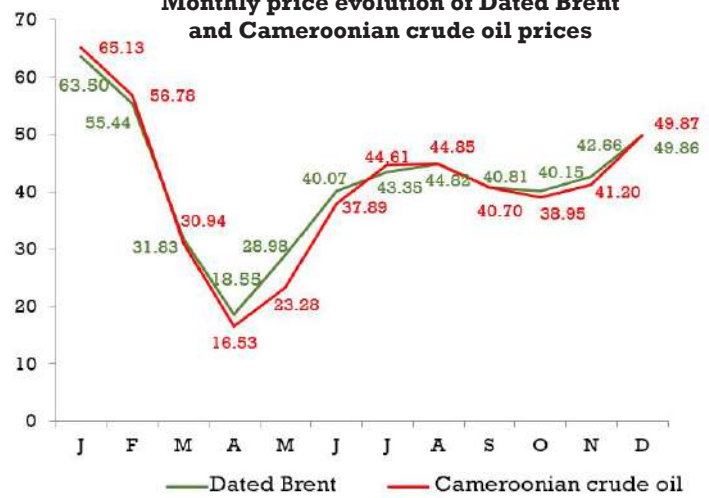


*API density is a scale expressing the density of crude oil in degrees, developed by the American Petroleum Institute.

Monthly quantities of crude oil sold on behalf of the State



Monthly price evolution of Dated Brent and Cameroonian crude oil prices



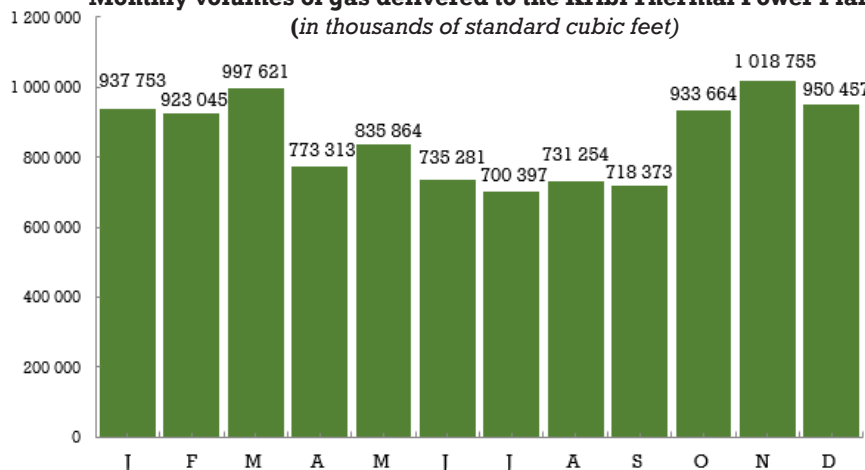
Natural gas sale

Supply to the Kribi thermal power plant

SNH delivered 10 255.777 billion cubic feet (mmscf)* of natural gas, or 290.41 million m³ to the Kribi Thermal Power Plant. This volume is up 1.59% compared to 2019. The weighted average selling price of the gas delivered was € 2.3416 (1 536.0034 CFAF) per thousand cubic feet.

The turnover from natural gas sales to KPDC, operator of the plant, was 15.753 billion CFAF. Added to this, is 4.044 billion CFAF from the sale of the State's share in upstream gas sales by the Sanaga Sud Association.

Monthly volumes of gas delivered to the Kribi Thermal Power Plant (in thousands of standard cubic feet)

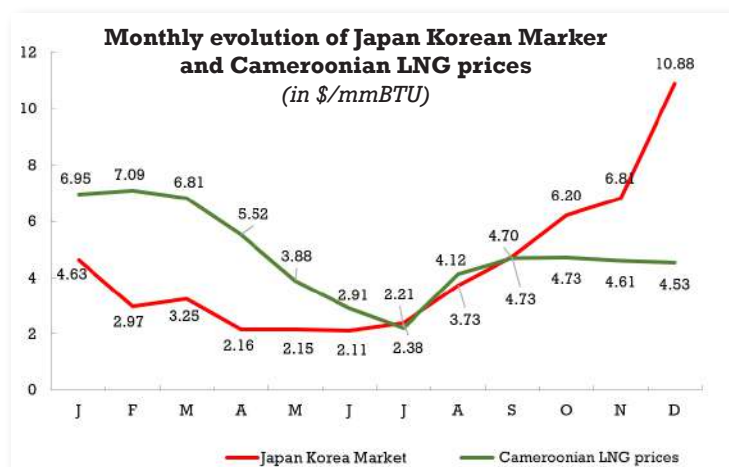
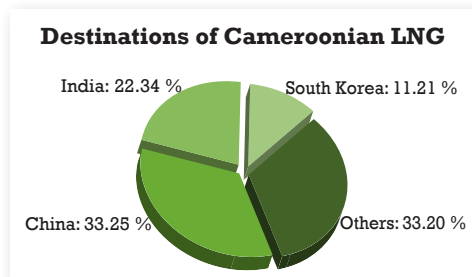
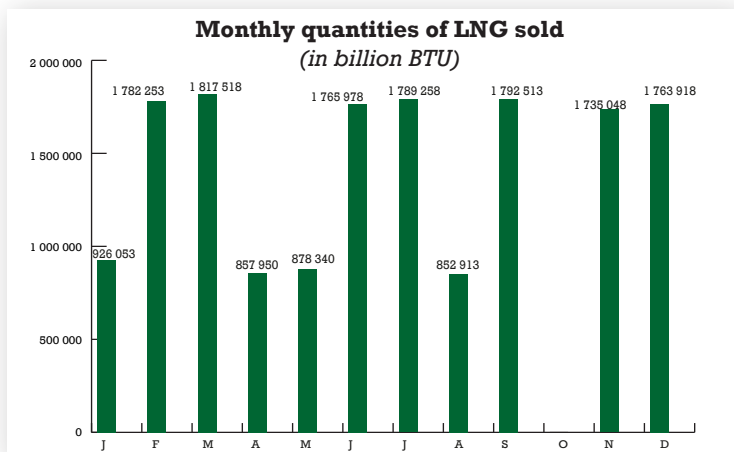


*At 1 000 BTU/scf

LNG sales

18 cargoes of LNG, equivalent to 2 758 212 m³, were sold to Gazprom's Singapore subsidiary. The State's share was 15 961 738 million BTU (689 553 m³), up 0.88%. The average selling

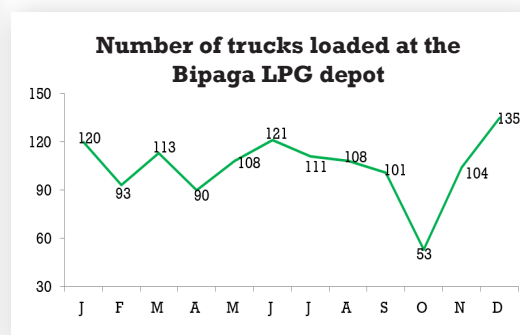
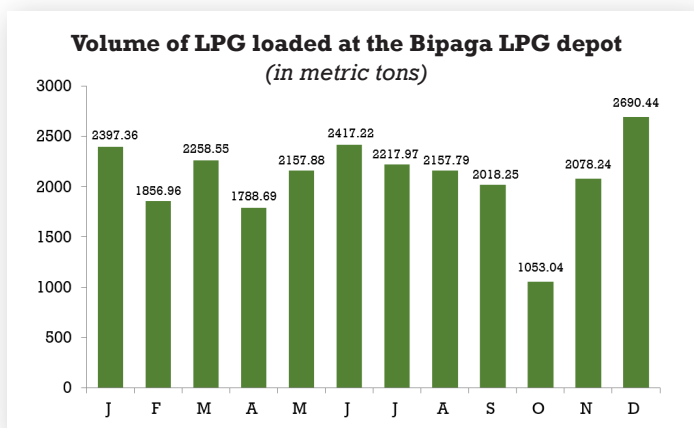
price of this LNG was \$4.9647/mmBTU. The revenue generated by the sale of the State share was US\$ 79.175 million.



LPG supply to the domestic market

SNH sold 25 092.4 metric tons (MT) of LPG, representing an increase of 2.66% compared to 2019. The selling price was 383 371.85 FCFA per TM. The turnover generated by these sales is

9.620 billion CFAF, plus 1.951 billion CFA francs from the sale of the State share in the sales of LPG upstream by the Sanaga-Sud Association.



GAS
ACTIVITIES



LPG storage and loading of tanker trucks

1 257 tanker trucks were loaded with LPG at the Bipaga depot in 2020, for a cumulative volume of 25 092.4 MT (+2.66 compared to 2019). The availability rate for loading tankers amounted to 98.11%.

The operation of this infrastructure has enabled SNH to contribute 17% to the supply of the domestic market.

According to SNH's estimates, compared to imports, Bipaga's LPG production has enabled the State of Cameroon to achieve savings estimated at US\$ 13.214 million in foreign exchange reserves.

At the HSE level, the Depot recorded 1 084 days without accidents or reported pollution as at December 31.



The LPG Depot is a facility operated by a 100% SNH team that started loading tanker trucks on 9 April 2018. This infrastructure, which has a storage capacity of 1 000 MT, is supplied by a pipeline from the natural gas processing facilities operated by Perenco Cameroon. It can load tanker trucks with an average size of 20 metric tons.

The Bipaga LPG depot is the only local source of domestic gas production, since the fire incident that led to the suspension of the National Refining Company (SONARA) activities on 31 May 2019.

Supply to industrial companies of Douala



The total volume of gas produced and distributed to industrial companies in Douala from 1st January to 31st December 2020 was 1 778.33 million cubic feet (50.363 million m³), compared to 2.967 billion cubic feet (84.02 million m³) in 2019.

The natural gas distribution network to companies in Douala is about 50 km long. It supplies 43 companies based in the industrial zones of Bassa and Bonabéri.

Gas supply to the Kribi thermal power plant



The supply of gas to the Kribi thermal power plant by SNH for electricity generation continued according to the quantities requested by the operator of the thermal power plant, which averaged 9.474 billion cubic feet per day, equivalent to 268.323 million cubic metres. The contribution of the Kribi thermal power plant to the national electricity mix is estimated at around 17%.

In terms of Health, Safety and Environment (HSE), the operation team of the Bipaga-1/Mpolongwe 2 gas pipeline recorded 2 869 days without incident as at 31 December. The 18 km long pipeline transports natural gas from the Gas Processing Centre in Bipaga 1 to the Kribi thermal power plant in Mpolongwé. The pipeline is operated by SNH staff.



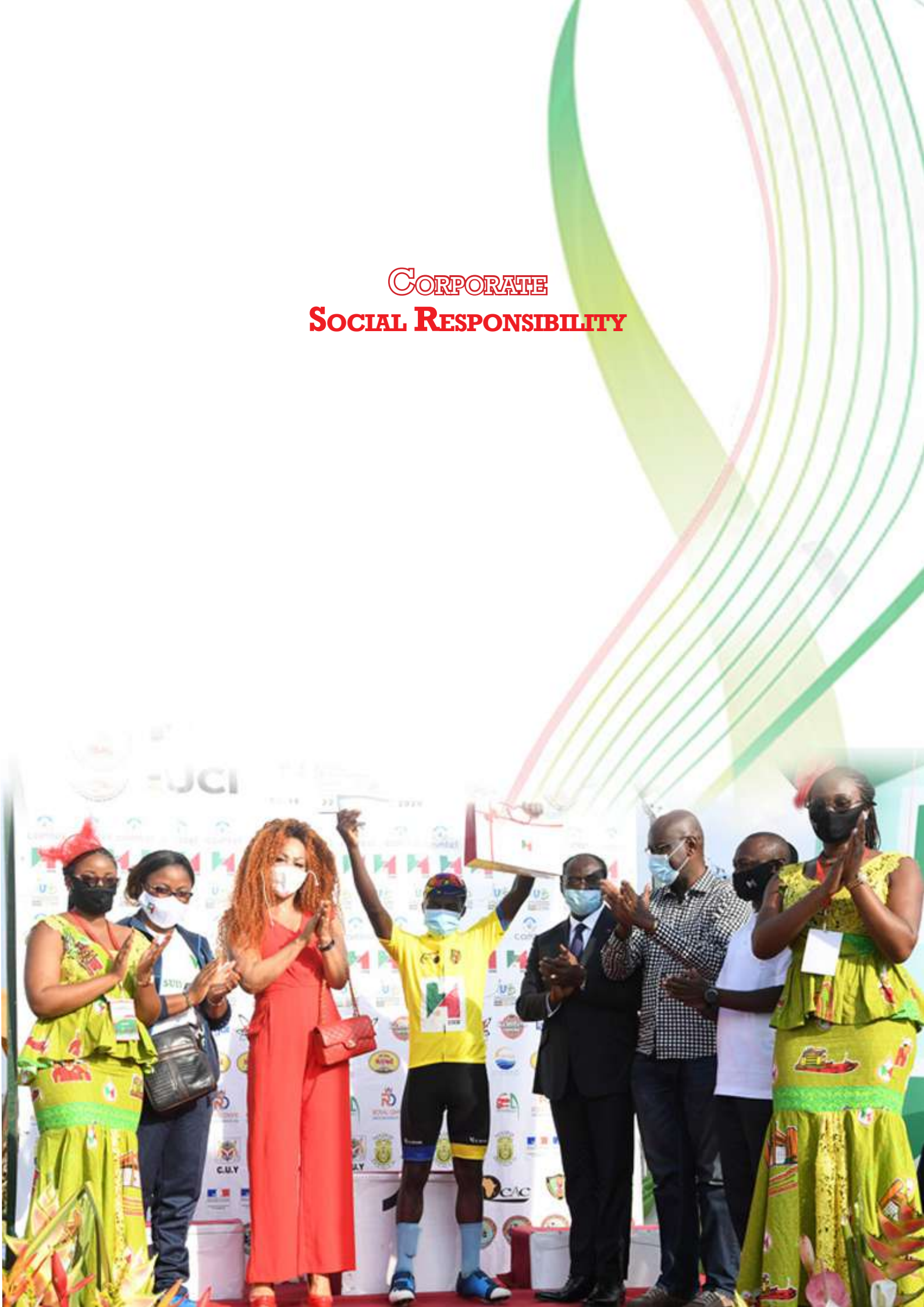
Natural gas liquefaction

As at 31 December, 18 LNG cargoes have been exported. The Hilli Episeyo FLNG produced 2 735 534.95 m³ of LNG during the year.

Planned maintenance of the floating plant facilities was carried out from 1st to 15 October.

Thanks to the commissioning of the Floating Liquefied Natural Gas (FLNG) project led by SNH and its partners Perenco and Golar, Cameroon acquired the status of natural gas exporting country in 2018. Gas from the Sanaga Sud field is liquefied on a floating facility installed offshore Kribi, for a production of 1.2 million tons of liquefied natural gas (LNG) per year. Concurrently, 1.8 million barrels of very light oil called condensate for the refinery and 30 000 tons of LPG are produced.

CORPORATE SOCIAL RESPONSIBILITY



Supporting sustainable development

SNH's social and sustainable development 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.

In 2020, the onset of the Covid-19 pandemic impacted SNH's activities in these areas, but did not stop them.



Protection of the environment

The PSMC took part in the rescue operations following a spill of diesel on 16 November on the Lom River in Bétaré Oya in the Eastern Region, caused by the overturning of a tanker truck.

In addition, actions were taken at operating sites to maintain the hydrocarbon content of the discharge water below the standard (30 ppm).

Support to the education sector



- SNH awarded prizes to the best public schools in the 10 regions of the country according to the ranking of the Cameroon Baccalaureat Board. The operation took place from 21 to 30 October. Each of the ten institutions received a donation of books worth 1 million CFAF.
 - SNH offered a set of textbooks and five brushcutters to the Mundemba community in the South-West Region on 22 July. The recipients were five schools of the area, including a bilingual high school, a technical high school and three secondary schools.
 - The PSMC, rewarded the 100 best students of primary and secondary schools located around the Chad-Cameroon pipeline.
- The schools are located in Betare-Oya in the East Region, Belel in the Adamawa Region, Touboro in the North Region and Mpangou in the South Region.
- SNH welcomed 35 pupils and students between July and October within the scope of academic internships. This enabled them to get acquainted with the professional world.
 - The company is also conducting a project aimed at professionalising teaching in the oil industry. The project involves the setting up of geosciences computer laboratories in various university institutions in Kaélé, Meïganga, Yaoundé, Douala, Dschang, Bamenda and Buea.

Sponsorship of sporting events

SNH contributed to the organisation of major sporting events, including the 20th edition of the Chantal Biya International Cycling Grand Prix, held from 18 to 22 November. The First Lady, Chantal Biya attended the arrival of the riders in Meyomessala, in the South Region, during the fourth lap.

A special care for the staff



SNH ensures that its staff are provided with adequate working conditions in terms of professional, health, safety and infrastructure. In 2020, the company notably :

- renewed health insurance for all employees and their nuclear families;
- organised the traditional annual medical check-up, including ophthalmological check-ups for all workers, as well as staff awareness sessions on malaria and Covid-19;
- organised several Covid-19 screening campaigns.

Two associations also continued to work for the wellbeing of the staff:

- The Solidarity Fund of SNH Group Personnel, which provides its members with multifaceted assistance during happy and unhappy events.
- The Hydrocarbon Sports and Cultural Association (ASCH), which provides a

recreational environment through sporting and cultural events. As such, a sports walk was organised on February 22 in Kribi, in the South Region. Activities were then suspended to comply with the barrier measures against Covid-19.



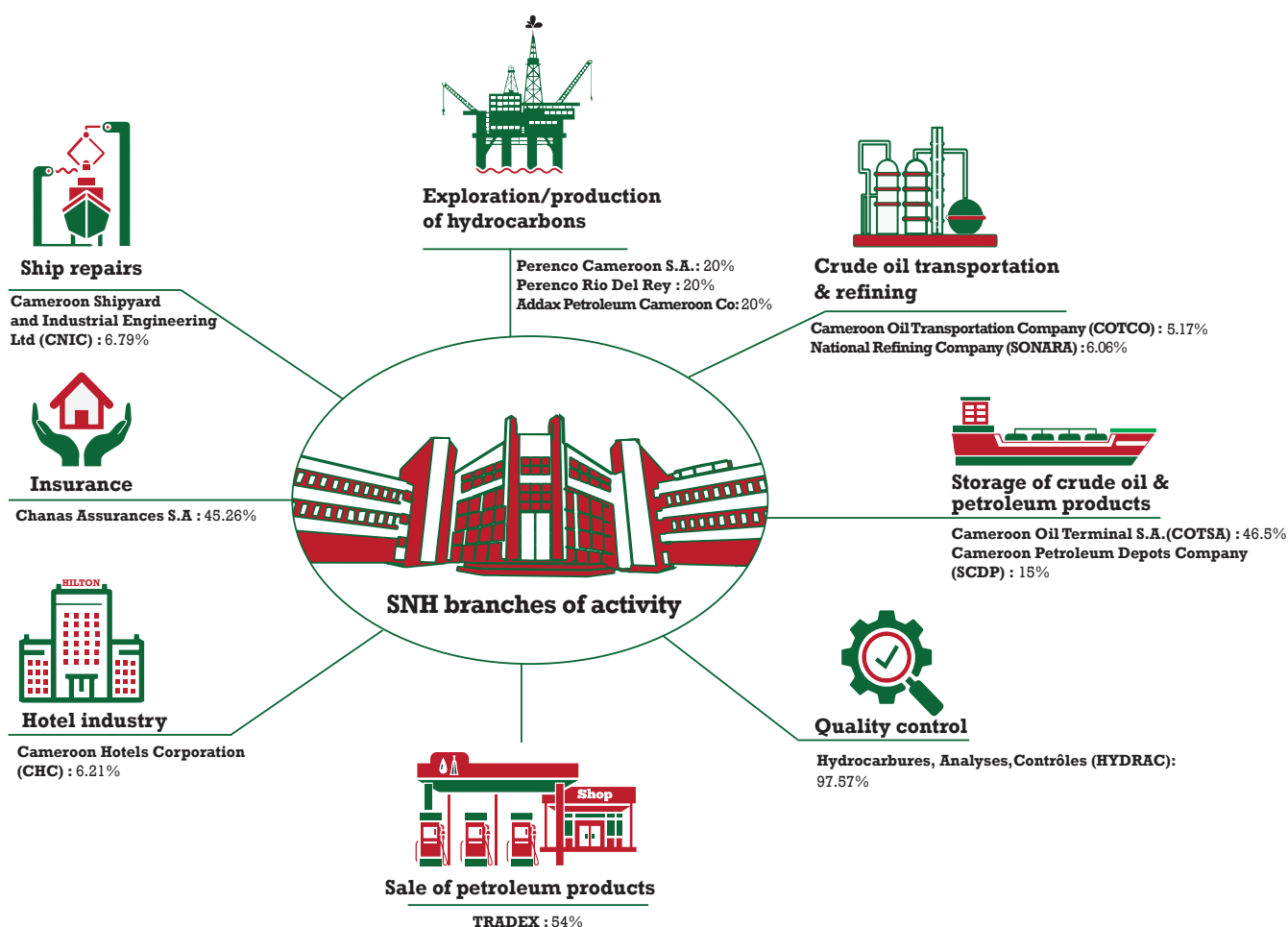
FINANCIAL ACTIVITIES



Management of share companies

SNH, a diverse group

SNH has been diversifying its activities since 1994. As at 31 December 2020, it holds interests in 12 companies active in the petroleum, para-oil and related sectors.



In 2020, gross dividends received from share companies amounted to 35.065 billion CFAF, compared to 43.393 billion CFAF in 2019.

* IBC (51%) is in liquidation

Perenco Rio Del Rey (PRDR)**Results down by 27.84%**

The accounts closed on 31 December resulted in a profit of USD 41.624 million, compared to USD 57.682 million in 2019.

A net dividend per share of USD 290 was distributed to shareholders for the 2019 fiscal year.

Perenco Cameroon (PERCAM)**Results down by 49.38%**

The accounts closed on 31 December resulted in a profit of USD 34.604 million, compared to USD 68.362 million in 2019.

A net dividend per share of USD 38 400 was distributed to shareholders for the 2019 fiscal year.

Addax Petroleum Cameroon Company S.A. (APCC)**Result down by 17.16%**

The accounts closed on 31 December resulted in a net profit of USD 44.064 million, compared to USD 53.189 million in 2019.

A net dividend per share of USD 40 000 was distributed to shareholders for the 2019 fiscal year.

Cameroon Oil Terminal S.A. (COTSA)**Result down by 2.22%**

The accounts closed on 31 December resulted in a net profit of USD 21.825 million, compared to USD 22.320 million in 2019.

A net dividend per share of USD 22.3 was distributed to shareholders for the 2019 fiscal year.

Cameroon Oil Transportation Company (COTCO)**Results up 9.43%**

The accounts closed on 31 December resulted in a net profit of USD 66.290 million, compared to USD 60.575 million in 2019.

A net dividend per share of USD 89.30 was distributed to shareholders for the 2019 fiscal year.

Hydrocarbures Analyses Contrôles (HYDRAC)**Results down by 276.02%**

The accounts closed on 31 December resulted in a net loss of 218.138 million CFAF, as against a net profit of 123.925 million CFAF in 2019.

**National Refining Company
(SONARA)**

Result improved by 90.06%

The accounts closed on 31 December resulted in a loss of 10.664 billion CFAF, as against 107.331 billion CFAF in 2019.

**Cameroon Company of Petroleum Depots
(SCDP)**

Result down by 18.34%

The accounts closed on 31 December resulted in a profit of 1.408 billion CFAF, as against 1.724 billion CFAF in 2019.

A net dividend per share of 1 550.71 CFAF was distributed to shareholders for the 2019 fiscal year.

**Société de Trading et d'Exportation de Pétrole Brut et
de Produits Pétroliers (TRADEX) S.A.**

Results up 4.80%

The accounts closed on 31 December resulted in a net profit of 7.472 billion CFAF, as against 7.130 billion CFAF in 2019.

The company paid a net dividend per share of 7 039.34 CFAF to shareholders for the 2019 fiscal year.

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

Result improved by 14.46%

The accounts closed on 31 December 2020 resulted in a net loss of 3.225 billion CFAF, as against a loss of 3.771 billion CFAF in 2019 (revised figure).

Chanas Assurances S.A.

Result up 22.89%

The accounts closed on 31 December resulted in a net profit of 839.792 million CFAF, as against 683.364 million CFAF in 2019.

A net dividend per share of 7 515.51 CFAF was distributed to shareholders for the 2019 fiscal year.

**Cameroon Hotels Corporation
(CHC-HILTON)**

Result deteriorated by 677.59%

The accounts closed on 31 December resulted in a net loss of 1.751 billion CFAF, as against a profit of 303.259 million CFAF in 2019.

**International Business Corporation
(IBC) S.A.**

En liquidation

The liquidation of the company continues.

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 hydrocarbon sector. The funds are derived from the sales of crude oil and gas sales, expressed in US dollars and in Euros, as well as interests generated by investments of cash surpluses.
- **Activities pertaining to the Corporate Management** of the company. Income is derived from dividends paid by share companies, interests generated by investments of cash surpluses as well as sales of the share of crude oil accruing to SNH as a full investor.

SNH State-mandated activities

Highlight

Decrease in the balance transferable to the State, which amounted to 294.559 billion CFAF in 2020, as against 485.939 billion CFAF the previous year.

Activities related to Associations

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

Items	Volumes/Amounts
Share of oil production accruing to the State	15.820 million barrels
Share of gas production accruing to the State	20.519 billion cubic feet (Scf)
Share of LPG production accruing to the State	6.266 thousand MT
Oil production sold on behalf of the State	16.020 million barrels
Gas production sold on behalf of the State	18.766 billion Scf
LPG production sold on behalf of the State	6.924 thousand MT
Average rate of the US dollar	1 dollar = 573.331 CFAF
Average official price of the crude oil barrel	US\$ 40 431
Total revenue (crude oil and natural gas sales)	US\$ 784.871 million (450.283 billion CFAF)
Oil and gas expenditures borne by the State	155.723 billion CFAF
Transferable balance	294.559 billion CFAF

Synthesis of operations on State-mandated activities

Operations items	Quantities			Amounts	
	Crude oil (in million barrels)	Natural gas (in billion cubic feet -Scf)	LPG (metric tons)	USD (million)	CFAF (billion)
Share of production accruing to the State	15.820	20.519	6.266		
1. Production sold	16.020	18.766	6.924	784.871	450.283
Average exchange rate	573.331 CFAF for 01 USD				
Average official price	40.341 USD/barrel (bbl)				
Gas selling price to the State	1 442.170 XAF/thousand SCF				
Gas selling price to KPDC	1 536.004 XAF/thousand SCF				
LPG selling price to the State	281 780.710 XAF/MT				
LPG selling price to TRADEX	383 371.850 XAF/MT				
LNG selling price to Gazprom	4.960 USD/thousand SCF				
2. SNH Commitments				270.844	155.723
2.1 SNH/Association Commitments				224.492	128.970
(a) Operating costs				93.524	53.527
(b) Sanaga Sud exploitation/development				13.484	7.737
(c) Dissoni Nord exploitation/development				3.820	2.150
(d) Appraisal/development (Rio Del Rey + Lokélé + Moudi + Ebomé)				58.161	33.458
(e) Iroko exploitation/development				4.099	2.381
(f) Moabi exploitation/development				16.484	9.533
(g) Bolongo exploitation/development				5.484	3.201
(h) Royalties				29.437	16.982
2.2 Gas commitments				-47.345	-25.916
(a) Liquefaction costs				61.035	35.085
(b) Gas purchase cost for the Kribi Thermal Power Plant				25.555	14.639
(c) LPG purchase cost				12.256	7.037
(d) Resumption provisions- LNG Project				-147.014	-83.163
(e) Interest on late payment of KPDC invoices				-0.510	-0.290
(f) Reimbursement for gas oil consumed - FLNG project				-0.003	-0.002
(g) Gas projects				1.337	0.778
2.3 Other SNH commitments				93.698	52.669
(a) Inspection costs				0.344	0.198
(b) Security stocks				0.396	0.223
(c) African Petroleum Producers Organization (APPO)				0.110	0.065
(d) Securing of petroleum operations				13.335	7.621
(e) Other decommissioning provisions for site rehabilitation				57.480	31.860
(f) Chad/Cameroon pipeline				2.972	1.672
(g) Other expenses				19.061	11.030
3) Transferable balance to the Public Treasury				514.027	294.559

SNH Management

Highlight

Decrease in gross dividends collected from share companies for the 2020 fiscal year, which amounted to 35.065 billion CFAF, as against 43.393 CFAF billion received in 2019 for the 2018 fiscal year.

Income statement

The net income for the 2020 fiscal year (after corporate income tax) decreased in absolute value by 4.348 billion CFAF and by 17.21% in relative value, to stand at 20.918 billion CFAF.

Dividend paid to the State

SNH paid a gross dividend of 10 billion CFAF in 2020, as against 8 billion CFAF in 2019.

Tax paid

SNH paid 9.223 billion CFAF in corporate income tax for the 2020 fiscal year, as against 11.271 billion CFAF for the 2019 fiscal year.

Comparative consolidated balance sheets

(in million CFAF)

Assets	2019	2018	%	Liabilities	2019	2018	%
Net capital assets	195 978	195 480	0.25	Stable resources	423 898	391 515	8.27
Current assets	203 975	199 127	2.43	Current liabilities	137 070	125 037	9.62
Assets accounts	195 255	158 723	23.02	Funds Liabilities	34 240	36 778	6.90
Total	595 208	553 330	7.57	Total	595 208	553 330	7.57
				Result of group's share	10 228	13 415	-23.76

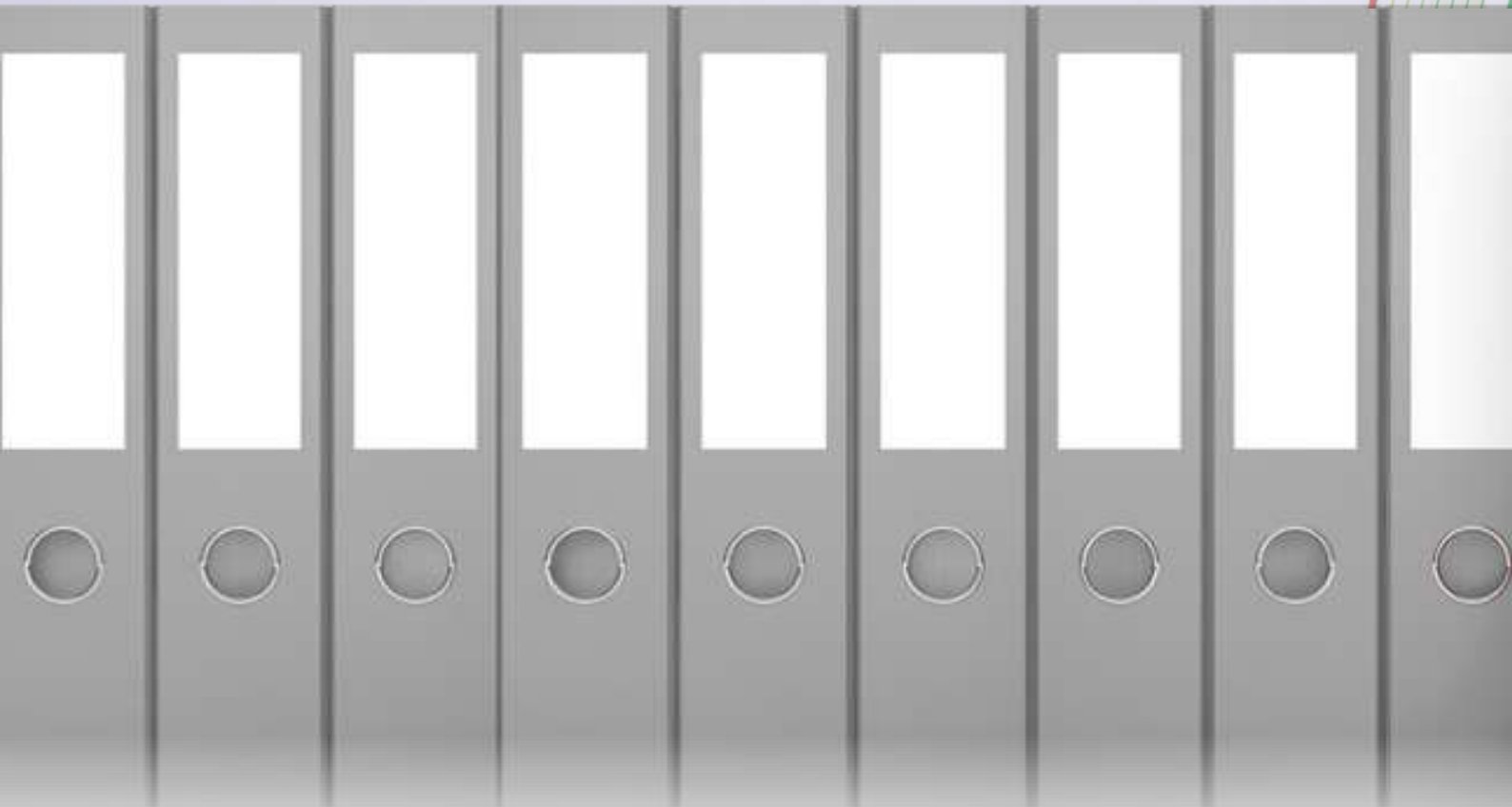
Consolidated and comparative profit and loss accounts

(in million CFAF)

Item	2019	2018
Operating result	6 065	18 975
Financial result	8 308	-4 424
Result of ordinary activities	14 373	14 551
Result excluding ordinary activities	440	941
Share and taxes	-18 342	-13 987
Net result of integrated companies	3 585	1 493
Result of companies equivalence	18 232	16 281
Consolidated net result	14 647	17 774
Minority interests/result	4 419	4 358
Net result: group's share	10 228	13 415

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 Petroleum 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 the Terms of Reference (TOR) of the blocks on promotion in specialised magazines and on SNH's website ;
- organisation of consultation sessions to review technical data on the prospectivity of the blocks (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, who see to it that the bidding companies have the technical and financial capacities to conduct hydrocarbons prospecting and production activities in Cameroon ;

N.B :Bids are received from oil companies. Nevertheless, several companies, at least one of which 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 arears and conditions similar to the solicited block as well as regarding environmental protection.

- 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 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.

Accounting principles and standards applied

The accounts of the 2020 fiscal year are settled in accordance with generally accepted accounting standards and principles, and provisions of the new SYSCOHADA 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 amortising 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 Establishment Agreements signed between SNH and the State of Cameroon.

Research 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 :

- Research expenses recorded under outstanding fixed assets are not subject to amortisation before the end of research 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

Crude oil stocks are assessed and recorded at production cost.

Accounting procedure

Operations related to associations (or State-mandated operations)

The treatment of operations related to the Rio Del Rey, Lokélé, 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 related 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 (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 December 31st, 2020

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 December 31st, 2020. The annual financial statements comprise the balance sheet, the income statement, the cash flow statement and the annexed notes. 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 in accordance with 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	2020	2019
Balance sheet total	1 138 321	1 111 070
Sales revenue	460 255	745 876
Net profit (before transfers into the Public Treasury)	302 619	380 161
Net cash	333 241	390 216

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 Standards 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 information contained in the financial statements do not present any material misstatements.

An audit consists in examining by sampling methods, evidence supporting the amounts and disclosures 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 SNH 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 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 2020 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, 2020, and its financial performance and its cash flow 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



Jean-Marc BELL BELL
Douala, August 09th, 2021

Portfolio management



Auditor's report to the Board of Directors

Financial statements

Year ended December 31st, 2020

To the Board of Directors of the National Hydrocarbons Corporation.

Dear Board Members,

In accordance with article 715 of the OHADA Uniform Act relating to the Commercial Companies and EIG (Economic Interest Groups), we hereby submit to you our audit report on the financial statements of the National Hydrocarbons Corporation for the year ended December 31st, 2020. The financial statements include the balance sheet, the income statement, the cash flow statement and the annexed notes. The Board of Directors is responsible for the preparation of the financial statements of the company. Our responsibility is to provide an opinion on the financial statements.

In accordance with the mission entrusted to us by the shareholder's meeting, we, as your statutory auditor, have carried the audit of the financial statements of the N.H.C., for the year ended December 31st, 2020.

Our audit was carried out according to International Standards on Auditing (ISA) and professional standards applicable in Cameroon. These standards require us to plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement, in accordance with provisions of articles 710 to 717 of the OHADA Uniform Act relating to the Commercial Companies and EIG (Economic Interest Groups), and CEMAC Regulation N°11/01 UEAC-027-CM-07 of 5th December 2001.

Our audit engagement was carried out on the financial statements with the following characteristics:

Million of CFA Francs	2020	2019
Total Balance sheet	252 856	247 756
Shareholder's Equity (including the profit/loss for the period)	237 181	228 790
Net Income After Taxes	20 918	25 266

1. Confirmation of independence

We confirm that we are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, specifically the IESBA Code of Ethics for professional accountants and local regulations governing the statutory audit of financial statements. We have fulfilled our other ethical responsibilities in accordance with these requirements.

2. Conclusions of our engagement

2.1. Review of the internal control procedures

In carrying out our mission as statutory auditors, we assessed the procedures and internal controls at the company's level to identify potential risk areas in the accounts and define the schedule and scope of the samples to be tested substantively in the accounts. This review did not necessarily highlight all the improvements that a specific and more detailed study could possibly reveal.

As far as the significant processes are concerned, some minor internal control weaknesses have been noticed during our audits. They were brought to the attention of the management.

2.2. Examination of accounts

We are not aware of any other significant matters that need to be brought to your attention.

2.3. Non-compliance with laws and regulations

Our investigations on the compliance with laws and regulations applicable to the Company were focused on the valuation and payment of taxes. We do not have specific information to communicate on that matter.

2.4. Opinion on financial statements

If the annual financial statements as at December 31st, 2020 are not modified, we intend to render an unqualified opinion.

3. Specific verifications and information

3.1. Report of the Board of Directors to the Shareholder’s meeting

We have nothing to report on the draft report of the Board of directors to the shareholder’s meeting.

3.2. Related party transactions

We have not been informed of any related party transactions during the period.

3.3. Board of Director’s resolutions draft of the annual Shareholder’s meeting

We do not have significant observation to report on that matter.

In accordance with laws and regulations, it is the Board of Directors’ responsibility to take due note of the present report relating to our audit of the financial statements of National Hydrocarbons Corporation, for the financial year ended December 31st, 2020.

**The Statutory Auditor
CAMEROUN AUDIT CONSEIL**



Jérôme MINLEND
Douala, April 7th, 2021

Portfolio management



**Statutory auditor’s special report
on certain related party transactions**
Year ended December 31st, 2020

In our capacity as your company’s statutory auditor, we present to you our report on contractual agreements.

We are not required to ascertain whether such contractual agreements exist but to inform you of the terms and conditions of the contracts presented on the basis of the information provided to us. It is not our role to comment on their benefits or appropriateness. In accordance with article 440 of the OHADA Uniform Act and EIG (Economic Interest Groups), it is your responsibility to evaluate the benefits resulting from these contracts prior to their approval.

We have not been informed of any convention in accordance with article 438 of the OHADA Uniform Act and EIG (Economic Interest Groups).

**The Statutory Auditor
CAMEROUN AUDIT CONSEIL**



Jérôme MINLEND
Douala, April 07th, 2021



National Hydrocarbons Corporation (SNH)
P.O. Box 955 Yaoundé Cameroon - Telephone: (+237) 222 201 910
Fax: (+237) 222 209 869 - Telex : 8514 KN - Website: www.snh.cm