



2015

ANNUAL REPORT





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SNH, authorized agent of the State in the hydrocarbons sector

SNH is a public industrial and commercial company with financial autonomy. It was created on 12 March 1980, with the mission to promote and valorize the national mining domain and manage State interests in the hydrocarbons sector. Its share capital is 8 billion CFAF.

To accomplish its missions, SNH carries out the following activities:

- the conduct of studies related to hydrocarbons;
- the collection and storage of related information;
- the conduct of negotiations of oil and gas contracts, in cooperation with the competent public administrations (ministries in charge of Mines, Finance, Energy, Economy, Trade and Environment);
- the monitoring of implementation of oil and gas contracts between the State and

companies operating in the hydrocarbons sector;

- the promotion of infrastructure creation for the production, transportation, processing and storage of hydrocarbons on the national territory;
- the collection of natural gas from producing companies and transportation thereof to industries, power producers, other eligible customers, gas distribution companies and processing plants intended for gas export;
- the signing of contracts, if need be, with companies active in the field of production, transportation, distribution, processing or storage of hydrocarbons based in Cameroon and showing proof of the technical and financial capacities required for such operations.



A major player in Cameroon's development

SNH carries out various actions and projects in line with its missions:

- demarcation, promotion and allocation of free blocks of the national mining domain;
- exploitation of oil fields in association or sole risk, permitting the valorisation of national hydrocarbons resources;
- inspection of associations management in a bid to control oil costs, whose increase has an impact on State revenues;
- monitoring of crude oil loading activities at terminals;
- implementation of gas projects aiming principally at the production of liquefied natural gas, compressed natural gas for vehicles, electricity and domestic gas. These projects are intended to reduce the carbon footprint and increase national energy supply in a bid to improve households comfort and support the development of the industrial fabric;
- lifting and marketing the share of national hydrocarbons production accruing to the State, as allocated in the contracts;
- 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;
- management of security stocks of petroleum products to ensure supply in the country in the event of a major contingency;
- conduct of studies and execution of various projects related to its missions in the oil, gas, para-petroleum, as well as related sectors.

A result-oriented management, stamped with the seal of rigour

The company implements a five-year development plan, divided into annual action plans to ensure the full accomplishment of its missions.

All workers are involved in the decision making process, as they each participate in the preparation of action plans of the various Units (divisions) of the company. In addition, they share their points of view within the framework of departmental meetings and discussions between the employer and staff representatives.

Besides the internal rules and regu-

lations whose strict implementation ensures social harmony within the corporation, SNH produced and made available to its workers, a Code of Ethics which serves as a compass in the management of relations among workers, as well as relations between the latter and the partners and 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 audits are conducted by renowned external firms.



Activities conducted in total transparency

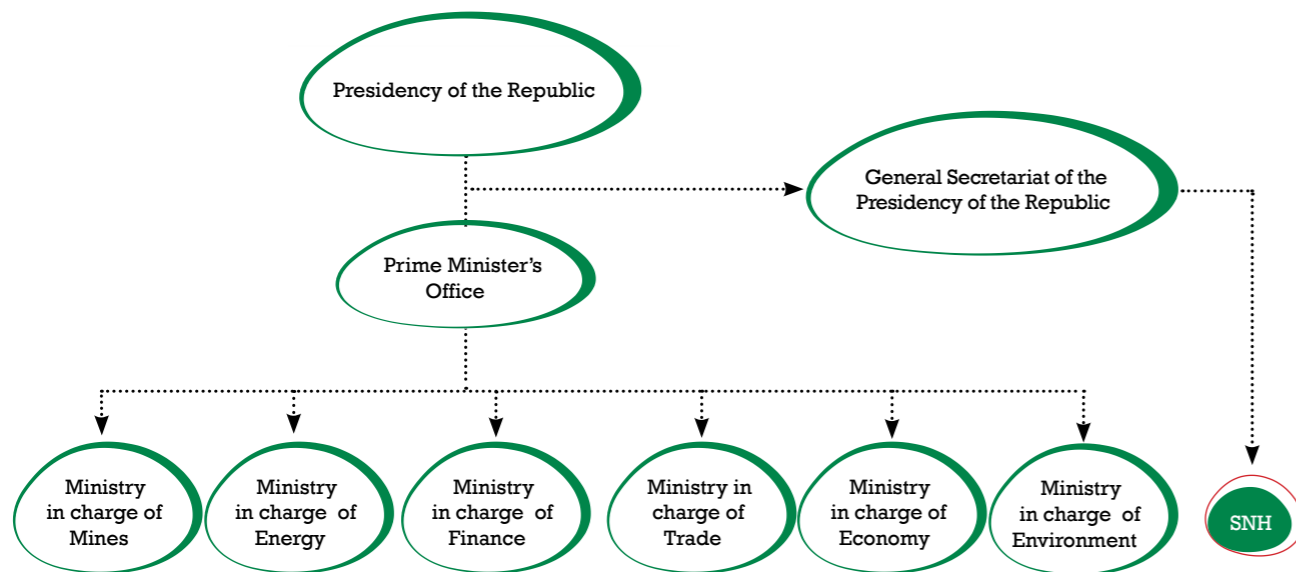
Contracts are negotiated in accordance with the Cameroon Petroleum and Gas Codes, based on the standard model contracts of the International Association of Petroleum Negotiators (IAPN). The Codes provide for two types of petroleum contracts: Concession Contracts (CC) and Production Sharing Contracts (PSC). The rate of the State's participation is specified therein, as well as the work programmes to be conducted on the mining domain, investments to be made and initiatives aiming notably the development of local expertise.

All of the above-mentioned provisions are made known to the public through the mass media. In addition to such information, SNH publishes figures related to its activities (investments, production, turnover and transfers to the State) in its different external publications, and on the corporate website (www.snh.cm). These figures are closely monitored by donors of the Cameroon government, including 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 which aims at the judicious use of resources derived from extractive industries by governments.

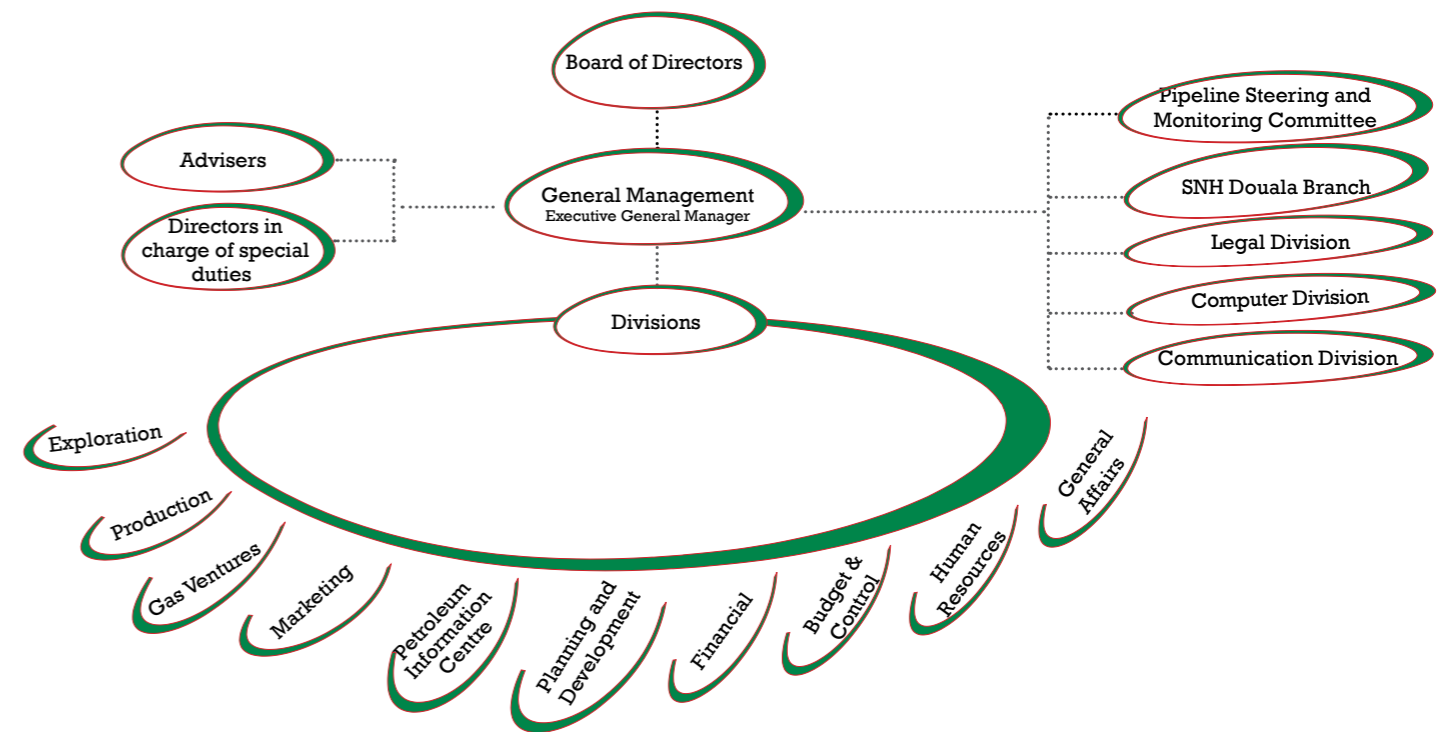


The institutional ties of SNH



The organisation of SNH

SNH falls under the Presidency of the Republic and comprises two organs: a board of directors and a general management.



Members of the Board of Directors*



Ferdinand Ngoh Ngoh
Board chairman, Secretary General of the
Presidency of the Republic



Adolphe Moudiki
Executive General Manager



Paul Elung Che
General Manager,
Fund for the Stabilisation of
Hydrocarbons Prices



Jean Kisito Mvogo
Director of Mines,
Ministry of Mines, Industry and
Technological Development



Modeste Mopa Fatoing
Director General of Taxation



Philip Mkong
Research Officer at the Prime
Minister's Office

Personalities appointed by the President of the Republic



Jules Mana Nschwangele
Elite of the Ocean Division



Chief Daniel Anki Ambo
Paramount Chief of Bakassi



El Hadj Lawan Bako
Political leader and
economic operator

*As at 31 December 2015

Human resources

A headcount under control

As at 31 December 2015, SNH employs a total of 331 workers, of whom 260 at the head office in Yaoundé, 38 at SNH Douala branch, 16 assigned to the Bipaga gas production site in Kribi, 10 at the Mvia oil production site, near Edea and 07 on secondment or temporary transfer.

Nine workers retired and nine others were recruited during the year.

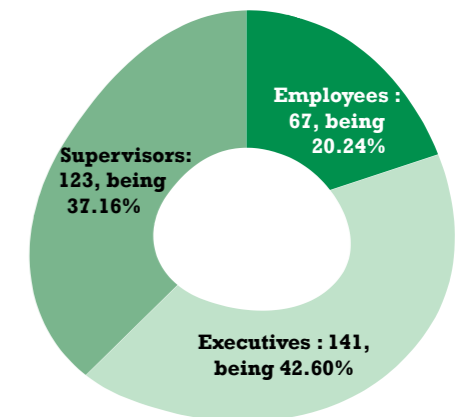


Well-trained workers for a better performance

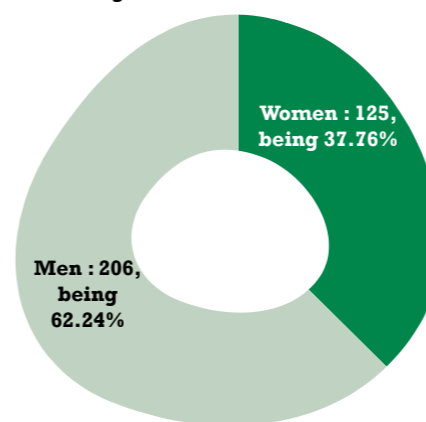
Capacity building of the workers, through a training plan, permitted to increase their performance.

Overall, 80 workers received training both in Cameroon and abroad, in various domains such as financial analysis, arbitration and mediation in companies, cyber security, maintenance of equipment, petroleum economics, human resources management and petroleum engineering.

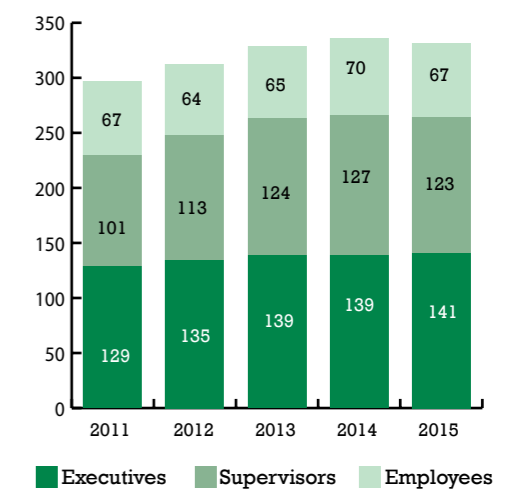
Workers distribution according to socio-professional categories as at 31/12/2015



Workers distribution according to gender as at 31/12/2015



Evolution of SNH workforce according to socio-professional categories from 2011 to 2015





A disappointing growth in 2015

2015 was a year of transition for the world economy, which grew at a rate estimated at 2.4% by the United Nations, below projections made in June 2015 by this organization, which had then projected a 2.8% acceleration.

This disappointing evolution can be explained by the persistence of uncertainties and imbalances at the macroeconomic level, low prices of raw materials and a decline in international trade, increasing instability of exchange rates and capital flows, as well as the stagnation and even the decline in investments. In this context, the major world economic blocks experienced contrasting situations.

In effect, there was a slow-down of the economy in the leading emerging countries, which was marked by readjustment in China, where growth continued to decline, with a more pronounced than expected

decrease in production in Brazil and Russia. More generally, developing countries were affected by the deterioration of terms of exchange, the decline in world trade and the scarcity of capital flows resulting from the rationalization of international investment.

On the contrary, activities in the major developed economies benefited from the drop in prices of raw materials, especially the fall in the prices of hydrocarbons, to record the most significant growth rate since 2010. For instance, despite a timid first quarter due to lower investments in the energy sector, there was sufficient economic acceleration in the United States to encourage the US Federal Reserve (FED) to abandon its zero interest-rate policy which had been in force since 2008. As for the euro zone, it experienced a much more moderate activity, due to the uncertainties associated with the economic development of some member countries.

Continuous reduction of intervention rates

Financial activity was still characterised by the appreciation of the US dollar against the euro and the maintenance at almost zero levels, of intervention rates of the European and American central banks. However, for the first time in eight years, the main intervention rate of the Federal Reserve (FED) was raised from 0.25% to 0.5%.

Decline in crude oil prices

The oil sector was mainly characterised by acceleration in the collapse of prices that began in June 2014. Therefore, Dated Brent, which started the year with a price of 54.98 \$ on 2 January, recovered substantially and stood at 61.05 \$ on 30 June, before dropping to end at 35.74 \$ on 31 December. The average annual price of Dated Brent was 52.39 \$/barrel in 2015 as against 98.95 \$/barrel in 2014, representing a 47% drop.

Faced with this economic situation, oil companies generally reacted by drastically reducing their investment budgets and renegotiating lower conditions for the purchase of goods and services. These restrictive fiscal policies naturally led to a crisis in the entire para-petroleum sector. As for the main exporting countries, they embarked on austerity policies including

the end of major social investment programs, a general reduction in subsidies and the restructuring of public companies.

Budget deficit in the CEMAC zone

In the CEMAC zone, economic growth slowed to 2.4%, as against 4.8% in 2014, according to the Bank of Central African States (BEAC). This setback was the result of the fall in crude oil prices and its effects on export earnings, as well as the impact of the insecurity generated by the terrorist group Boko Haram, particularly in the Far North of Cameroon. Consequently, budgetary revenue fell by 21.5%, due to the sharp contraction in oil revenue. The average annual inflation rate was 2.5% in 2015, after 3.2% in 2014.

Cameroon: resilience of economic growth

In Cameroon, the economy benefited from a strong diversification of the primary sector and sustained growth, which nevertheless entered a deceleration phase. The decline in crude oil prices, the aforementioned security problems and the uncertainty on external demand contributed to weakening the country's hitherto resilient economy. The growth rate of the Gross Domestic Product (GDP) nonetheless remained relatively stable at 5.8%, as against 5.9% in 2014.



Message of the Executive General Manager (EGM)

Adolphe Moudiki :

“We were able to achieve satisfactory results”

What is your assessment of the year 2015 in SNH?

The year 2015 was very difficult for our sector of activities, and consequently for our Corporation, due to the collapse of crude oil prices on the international market. However, despite this context, we were able to achieve satisfactory results.

Can you present the results?

Our efforts aimed at giving the best value to the national hydrocarbons resources were globally successful. Despite the decline in investments, there was an increase in oil production, of about 27.18%. This rise entailed a 34.77% increase in the quantities of crude oil

sold. Nevertheless, the average selling price of our crude oil fell by 48.77%, to 49.70 dollars per barrel. This change in prices reflects that of Dated Brent, the benchmark for Cameroonian crude oil, which also declined by 47.05%. As a result, our turnover was down 30.96%.

What about natural gas?

As regards natural gas, SNH delivered to the Kribi Thermal Power Plant, according to the needs expressed, a volume of 10 078 million cubic feet, which was sold at an average price of 1 558 CFAF per thousand cubic feet. The deliveries, that were 4.21% higher compared with 2014, were nonetheless equivalent to 65.3% only of the installed capacity of this Plant.

We recorded an increase in oil production



The turnover generated by the sale of gas to the plant operator decreased by 6.33%, to 15.704 billion CFAF, due to the recovery, by the customer, of gas volumes paid in 2014 under the “Take or pay” contractual obligation, but which were not lifted.

the China National Petroleum Corporation International Chad.

It is also worth mentioning that on 1 April, Cameroon cleared the loan contracted with the International Bank for Reconstruction and Development, for the partial funding of its participation in the Chad/Cameroon Pipeline project.

How does SNH intend to reduce the negative impact of the drop in crude oil prices on its activities?

We intend, notably, to increase the award rate of free blocks of the mining domain, to intensify exploration, with the aim of making new discoveries or to maintain oil production at an appreciable level.

Similarly, we will continue to ensure the control of oil costs and optimize the oil rent. This presupposes effective investment choices, the optimization of funding options and implementation of synergies in the conduct of oil operations. In this regard, I have asked SNH representatives within the various consultation bodies with oil operators, and also within the boards of directors of share companies, to continue to effectively defend the interests of our company and those of the State of Cameroon.

On the whole, what profits did the sales generate for the State?

After deducting production costs, SNH transferred a cumulative amount of 378.536 billion CFAF to the public treasury, showing a reduction of 14.88%. This is nevertheless an achievement, given the difficult context I mentioned earlier. Our company also paid a dividend of 5 billion CFAF to the State and Corporation Tax to the tune of 12.098 billion CFAF.

SNH transferred a cumulative amount of 378.536 billion CFAF to the Public Treasury

What about the revenue generated by the Chad/Cameroon Pipeline?

The Chad/Cameroon Pipeline generated a Transit Fee of 36.079 billion CFAF, representing an increase of 63.98%. This upturn is related to the 37.14% increase in the volume of crude oil lifted at the Komé-Kribi 1 terminal, following the arrival in January, of a second crude oil shipper operating in Chad,

SNH has initiated several projects to develop gas resources. What is the level of progress ?

Our gas projects are moving forward. Studies are underway for a project aiming at the large scale use of gas-fueled vehicles in Cameroon. As for the project to develop the Logbaba gas resources, it is proceeding normally; the network to supply industrial companies with gas from this field as a source of energy, is being extended and now serves the Bonabéri area. As at 31 December, some thirty companies were already connected to the network.

In addition, we are carrying on with our efforts towards the liquefaction of Cameroon's natural gas. A Gas Convention was signed to this end in September, between the State and Perenco Cameroon, Golar Hilli and Golar Cameroon, for the installation and operation of a floating natural gas liquefaction plant offshore Kribi.

What are the prospects for 2016?

We plan to finalize some projects, notably the construction in Douala, of a Center for the Storage of samples originating from oil wells. The Center, which had reached a completion rate of approximately 94% by the end of 2015, is barely waiting for the installation of furniture and various equipment required for its operation. There is also the extension of the head office building, which has reached a completion rate of 93.6%, and the commissioning of an ERP, SNH's Integrated Management Information System.

We intend to improve the placement rate of free blocks

All low-priority projects will be put on hold, in accordance with measures prescribed in a bid to achieve a general contraction of expenses, because of the context characterized by falling crude oil prices.

Our gas projects are making progress



Promotion of the mining domain

23
February
Launch of private consultations for the award of 06 free blocks of the mining domain located in the Rio Del Rey and Douala/Kribi-Campo basins.

Legislation, contracts and agreements

06
January
Signing of decree n° 2015/001 to establish an Exclusive Exploitation Authorization (EEA) for gaseous hydrocarbons called Etindé, for the benefit of New Age (African Global Energy) Ltd., Lukoil Overseas Etindé Cameroon Sarl, EurOil Ltd and SNH.

15
September
Signing of a Production Sharing Contract (PSC) with Tower Resources Cameroon S.A, for oil prospection on the Thali offshore block, in the Rio Del Rey Basin.

30
September
Signing of the first Gas Convention of the Republic of Cameroon, between the State, SNH and the companies Perenco Cameroon, Golar Hilli and Golar Cameroon. It involves the installation and operation of a floating natural gas liquefaction plant offshore Kribi.

13
October
Signing of an Amendment to the Sanaga South PSC, between the State and Perenco Cameroon. The purpose of the amendment is to put on production the gas resources of the Sanaga South field and the Ebome zone, for simultaneous supply to the floating natural gas liquefaction plant to be installed in Kribi, and the Kribi Thermal Power Plant.

14
October
Signing of an agreement between SNH, Perenco Cameroon and Gazprom Marketing & Trading Singapore Pte Ltd (GM&T), a subsidiary of the Russian group Gazprom, relating to the terms of a sales contract for the liquefied natural gas (LNG) to be produced within the framework of the FLNG project.

Oil and gas activities

12

January

Reception of the preliminary market research report on the use of natural gas for vehicles (NGV) and compressed natural gas (CNG) in Cameroon. The research revealed that there is an interest in NGV and CNG in the country.

19

January

First lifting at the Komé-Kribi 1 terminal, of crude oil sent by a new shipper from Chad, the China National Petroleum Corporation International Chad (CNPCIC).

23

March

Launch by the British company AMEC Foster Wheeler (AFW), of detailed engineering studies on the Cameroon LNG (CLNG) project, with SNH and Engie as the main sponsors. This project involves the construction of a natural gas liquefaction plant in Mboro near Kribi, known as Cameroon LNG.

21

April

For the first time since 2002, oil production exceeded the symbolic mark of 100 000 barrels per day (bbl/d), to stand at 102 586 bbl/d.

16-17

March

Organisation of a Cameroon/Nigeria bilateral drill simulating a tier 3 oil spill (major pollution), at the maritime border between the two countries.

10-16

April

Transfer to the oil spill response centers of Kribi, Douala and Limbe, of equipment for personal protection and collection of waste, acquired by the PSMC within the framework of preventive actions against pollution caused by hydrocarbons.

17

April

SNH participated, in Washington, USA, in the official launch ceremony of the initiative "Zero flaring by 2030", initiated by the GGFR. Some 30 countries, including Cameroon, have already joined the initiative.

12

June

Launch of the prize-award operation to deserving students of schools located near onshore oil operations sites and donations to public institutions of the 10 regions of Cameroon ranked among the best by the Office du Baccalauréat and the GCE Board.

26

June

Donation by SNH and its partner Engie, of three drinking water wells worth 25 million CFA francs, to the populations of Lolabé, located near the site allocated to the CLNG project.

07

September

Opening of a pre-school education centre constructed for Bagyeli pygmies, within the framework of the CLNG project. 24 students not older than six years were admitted for the first year of operation.

Corporate life

30

January

Ceremony to present New Year wishes to the EGM of SNH. Adolphe Moudiki urged the staff to "tighten their belts" and to be much more professional and creative in the conduct of their activities, in order to continue to accomplish the missions assigned to SNH in the best possible way, despite the economic situation.

08

February

Cyclists of SNH Vélo Club top the opening competition of the 2015 cycling season, by winning the first places, both in the junior and senior categories.

23

February

Launch of sessions for the presentation of new workers to the SNH Units. 23 workers recruited between January 2013 and December 2014 were briefed on the activities and functioning of the Corporation, through presentations by the respective heads.

08

March

Celebration of the International Women's Day. The EGM urged the female staff to work in such a way as to preserve the achievements of SNH, through their professionalism and scrupulous respect for discipline.

10-12

March

Organisation by the Hydrocarbons Sports and Cultural Association (ASCH), of a Golf Open in Yaoundé. 99 golfers of different nationalities took part in this competition.

22

Mars

Clovis Kamzong Abosolo of SNH Vélo Club won the yellow jersey of the 12th International Cycling Tour of Cameroon.



Corporate social responsibility

19-28

January

Organisation in Douala, Limbe and Kribi, by the Pipeline Steering and Monitoring Committee, of a training session for sailors, on the use of oil-spill response equipment.

09

March

Launch of a feasibility study on the recovery of flared gases in Cameroon, initiated within the framework of SNH's participation in the Global Gas Flaring Reduction Partnership (GGFR).





1
May

Celebration of Labour Day, under the theme «Building the future of Cameroon in peace, solidarity and decent work». The staff was urged to work harder so that SNH can continue to provide the State with the necessary resources to carry out its development projects.

18-19
May

SNH took part in the Scientific Days of the University of Dschang, where the corporation opened a stand. The Rector of this university commended the Corporation's interest in the training of young Cameroonians.

29
May

Celebration of the 15th edition of Mother's Day at SNH. The EGM congratulated the mothers for their creativity and encouraged them to preserve this factor of cohesion and harmony that Mother's Day has become.

20-22
October

SNH took part in the 3rd edition of the Students' Forum, held at the University of Buea. The corporation seized the opportunity to present the main trades of the hydrocarbons sector to the youths.

12
November

SNH took part in the SAPEF, a fair to promote French studies. The objective was to encourage young Cameroonians to be trained in the oil and gas trades, in order to meet the needs created by projects conducted by SNH in the long run.

23
December

Organisation of the Christmas Tree ceremony for workers' children. 446 children up to 15 years old were offered gifts on that occasion.

International cooperation

16-17
May

SNH participated in Uyo, Nigeria, in a workshop on cross-border hydrocarbons cooperation, between the Republic of Cameroon and the Republic of Nigeria.

1-5
June

SNH participated, as a member, in the World Gas Congress in Paris, organized by the International Gas Union (IGU). During the meeting, the development strategy drawn up by SNH within the framework of the CLNG project was presented. A diploma was awarded to SNH, in recognition of its contribution to the success of this edition.

28-02
Sept - Oct

SNH took part in the 50th meeting of the Experts Committee of the African Petroleum Producers Association (APPA), which centered on the balance-sheet of the Executive Secretariat from 2009 to 2015.

19-23
May

SNH took part in the statutory meetings of the International Oil Pollution Compensation Funds (IOPC). During the meeting, two SNH officers were appointed 2nd Vice-President of the 1992 IOPC Fund Assembly for a one-year term of office renewable and member of the management control organ of IOPCs for a three year term, renewable once.



**Exploration
&
production**

Situation of the mining domain

National mining domain on contract

Petroleum activities in Cameroon are taking place in three sedimentary basins, namely: Rio Del Rey (producing since 1977), Douala/Kribi-Campo (producing since 1997) and Logone Birni (not yet producing).

As at 31 December 2015, the national mining domain comprises:

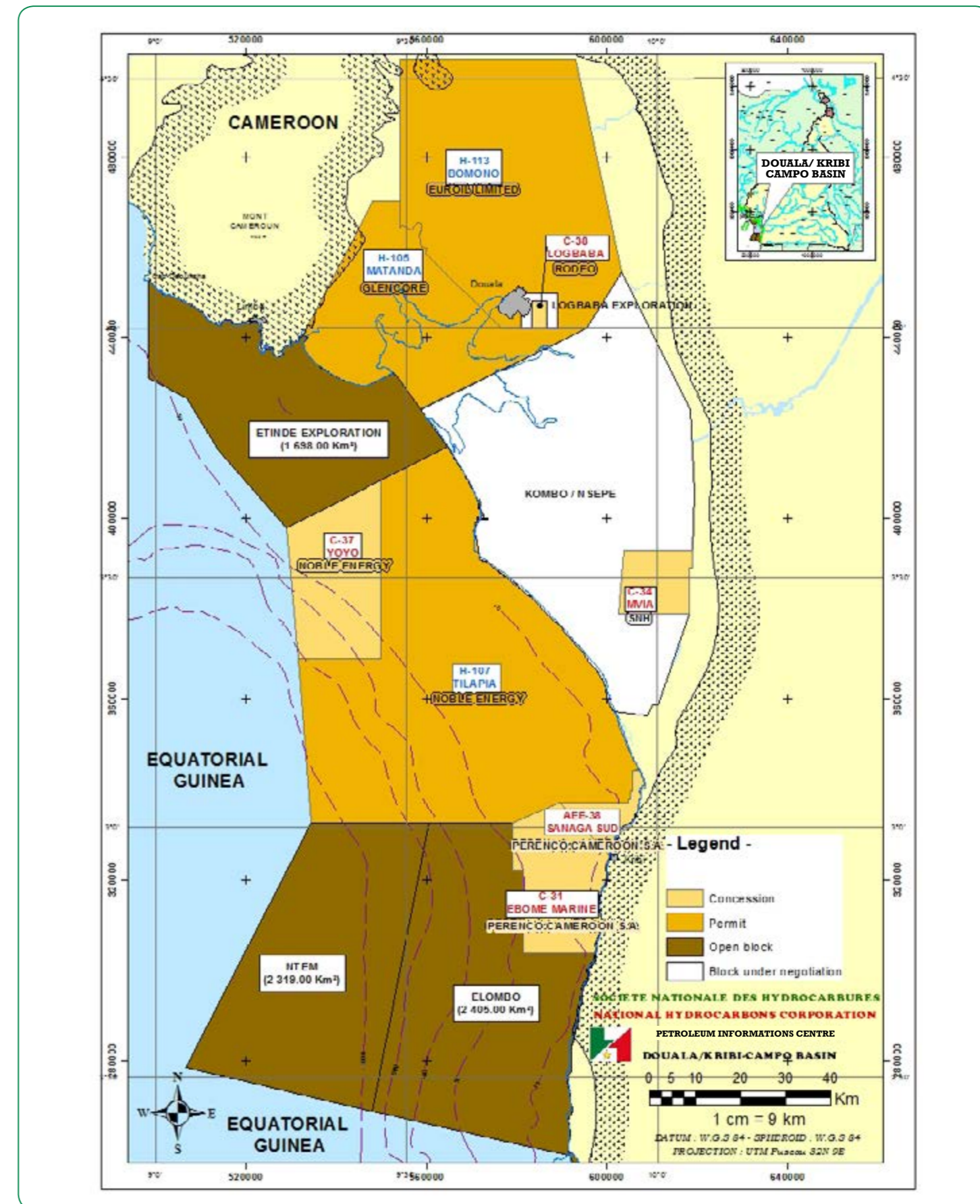
- ◆ 10 Permits and/or Exclusive Prospecting Authorizations (EPA), covering a total area of 17 679.96 km²;
- ◆ 19 Concessions and/or Exclusive Exploitation Authorizations (EEA), covering a total area of 3 850.32 km².

Unlicensed national mining domain

As at 31 December, it comprises 08 free blocks, with a total area of 8 448.64 km² and 02 blocks for which negotiations were ongoing, with a total area of 3 069.90 km².

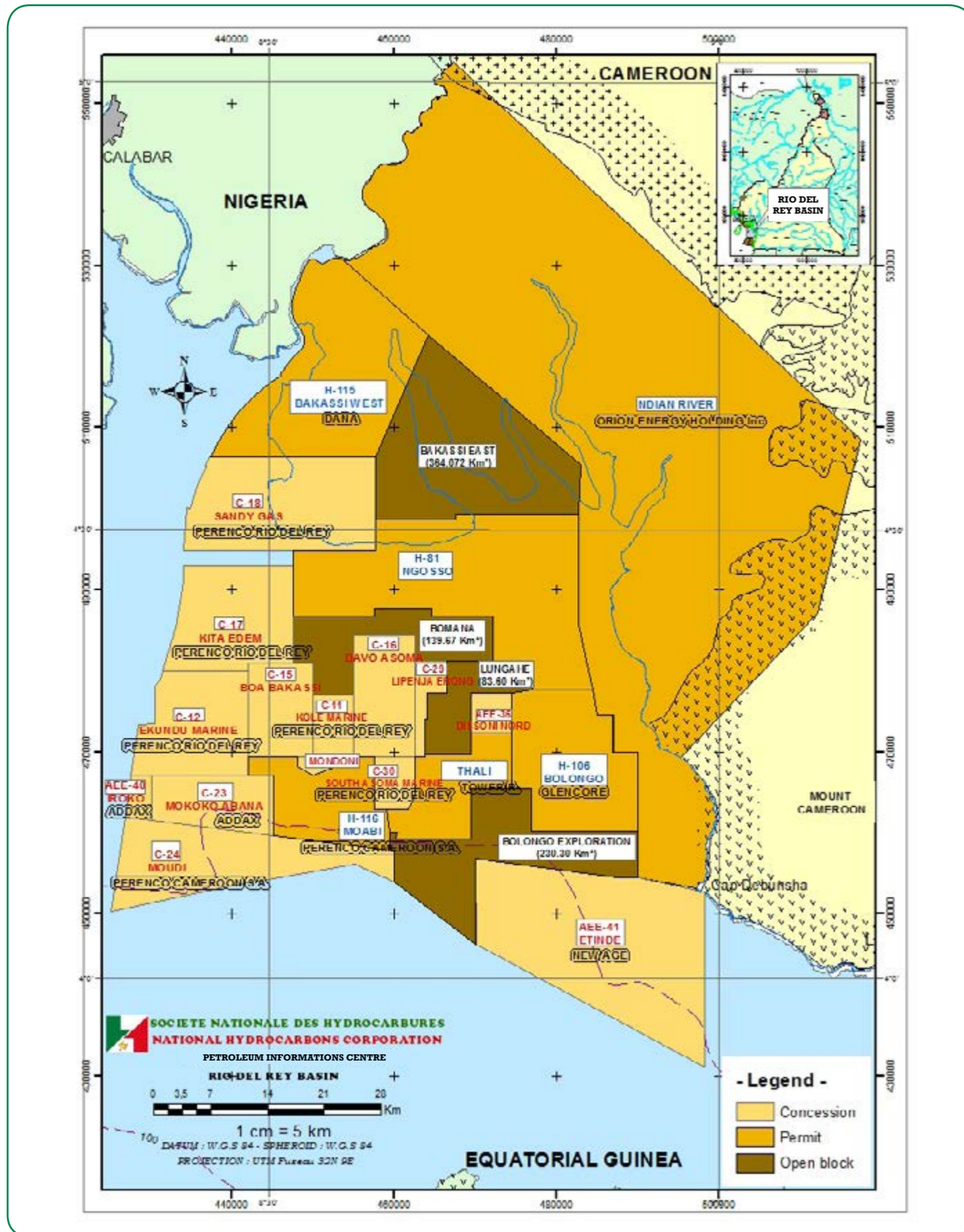


Douala/Kribi-Campo basin



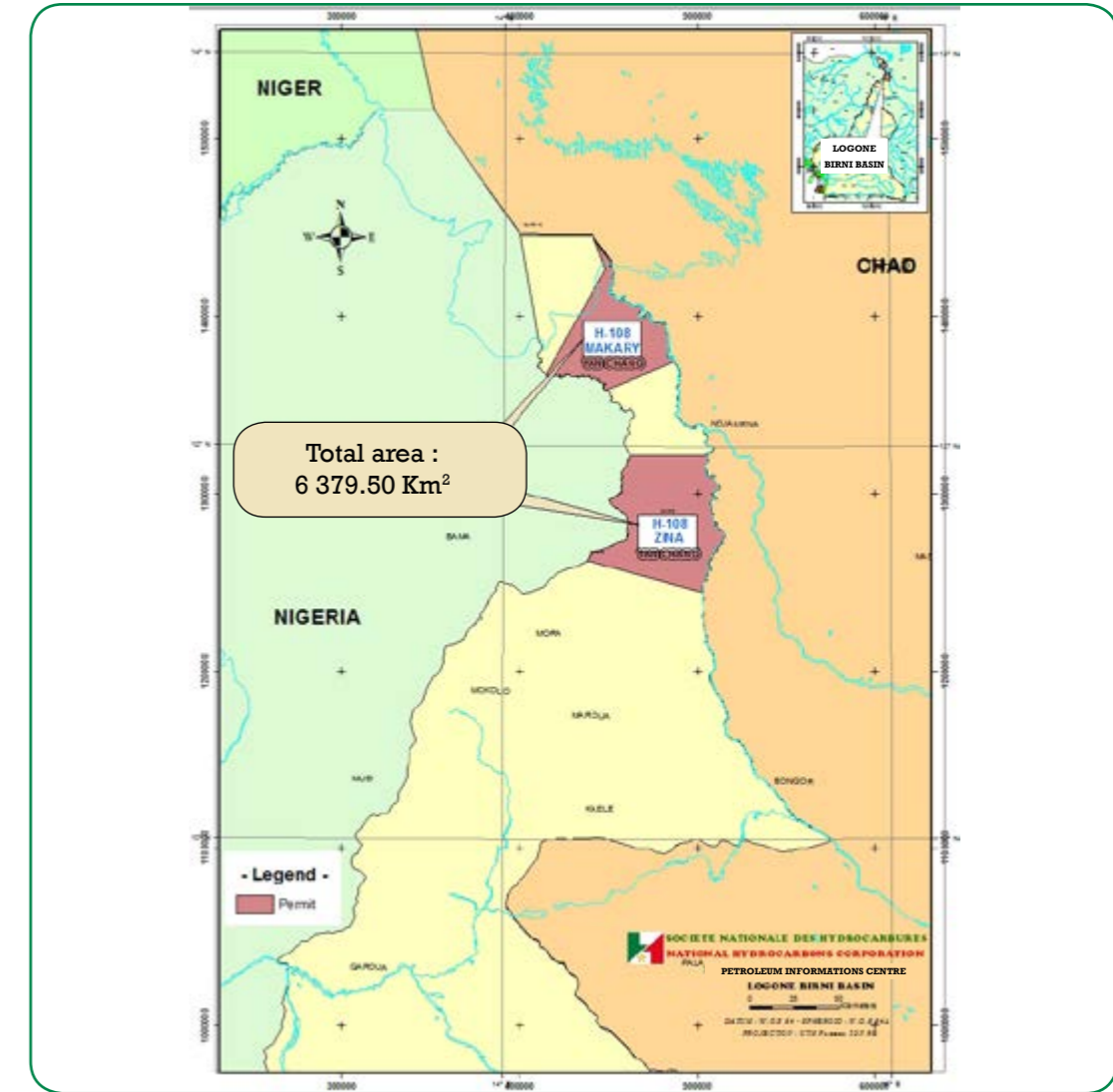
- ◆ Permits and/or Exclusive Prospecting Authorisations (EPA): 03
- ◆ Concessions and/or Exclusive Exploitation Authorisations (EEA): 05
- ◆ Free blocks: 03
- ◆ Blocks in the process of negotiations: 02

Rio Del Rey basin



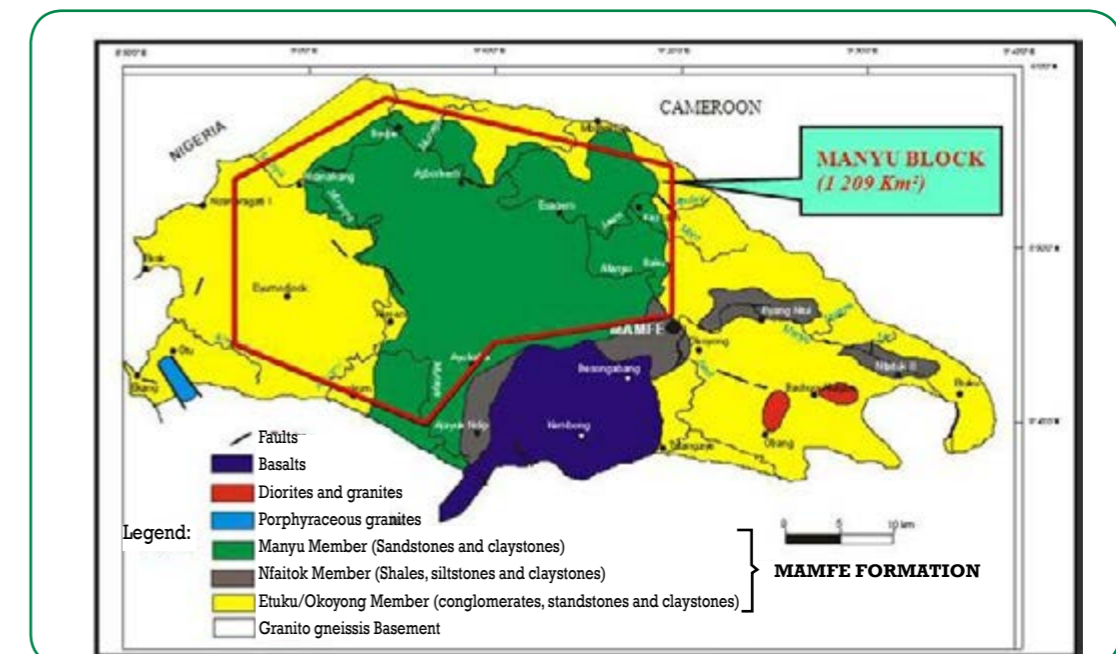
- Permits and/or Exclusive Prospecting Authorisations (EPA): 06
- Concessions and/or Exclusive Exploitation Authorisations (EEA): 14
- Free blocks: 04

Logone Birni basin



Exclusive Prospecting Authorisation: 01

Mamfe Basin



Free block: 01

Petroleum associations active in Cameroon as at 31/12/2015

Permits and Exclusive Prospecting Authorizations

Basins	Associations	Associates	Shares
Douala/Kribi-Campo	Bomono	EurOil Ltd	100%
	Matanda	Glencore Exploration Cameroon Ltd	90%
		Afex Global Limited	10%
	Tilapia	Noble Energy Cameroon Ltd	46.67%
Woodside Exploration Cameroon Sarl Glencore Exploration Cameroon Ltd		30% 23.33%	
Rio Del Rey	Bakassi Ouest	Dana Petroleum Cameroon Ltd	55%
		Madison Cameroon Oil & Gas Ltd	35%
		Softrock Oil & Gas Ltd	10%
	Ngosso	Addax Petroleum Cameroon Ltd	60%
		Pronodar Ltd	40%
	Bolongo	Glencore Exploration Cameroon Ltd	100%
	Moabi	Perenco Cameroon	100%
	Ndian River II	Orion Energy Holding, Inc	90%
Heta Oil & Gas Ltd		10%	
Thali	Tower Resources Cameroon S.A.	100%	
Logone Birni	Zina-Makary	Yan Chang Logone Development Holding Co.Ltd	100%

Concessions and Exclusive Exploitation Authorizations

Basins	Associations	Associates	Shares
Douala/Kribi-Campo	Ebomé Marine	SNH (State)	50%
		Perenco Cameroon	28.5%
		SNH	21.5%
	Mvia	SNH	100%
	Sanaga Sud	SNH (State)	25%
		Perenco Cameroon	75%
	Yoyo	SNH (State)	50%
Noble Energy Cameroon Ltd Petronas Carigali Cameroon Ltd		25% 25%	
Logbaba	SNH (State)	5%	
	Gaz du Cameroun	57%	
	RSM Production Corporation	38%	
Rio Del Rey	Kole Marine	SNH (State)	50%
		Perenco Rio Del Rey	25.5%
	Addax Petroleum Cameroon Company	24.5%	
	Ekundu Marine	SNH (State)	50%
		Perenco Rio Del Rey	25.5%
	Addax Petroleum Cameroon Company	24.5%	
	Boa Bakassi	SNH (State)	50%
		Perenco Rio Del Rey	25.5%
	Addax Petroleum Cameroon Company	24.5%	
	Bavo Asoma	SNH (State)	50%
Perenco Rio Del Rey		25.5%	
Addax Petroleum Cameroon Company	24.5%		
Kita Edem	SNH (Etat)	50%	
	Perenco Rio Del Rey	25.5%	
Addax Petroleum Cameroon Company	24.5%		
Sandy Gas	SNH (State)	50%	
	Perenco Rio Del Rey	25.5%	
Addax Petroleum Cameroon Company	24.5%		
Mokoko Abana	SNH (State)	50%	
	Addax Petroleum Cameroon Company	40%	
Moudi	Perenco Rio Del Rey	10%	
	SNH (State)	50%	
Lipenja Erong	Perenco Cameroon	40%	
	SNH	10%	
South Asoma Marine	SNH (State)	50%	
	Perenco Rio Del Rey	17.75%	
Addax Petroleum Cameroon Company	32.25%		
Mondoni	SNH (State)	50%	
	Perenco Rio Del Rey	25%	
Addax Petroleum Cameroon Company	25%		
Dissoni Nord	SNH (State)	50%	
	Perenco Rio Del Rey	25%	
Addax Petroleum Cameroon Company	25%		
Iroko	Perenco Rio Del Rey	37.5%	
	Addax Petroleum Cameroon Company	37.5%	
Etinde	SNH (State)	30%	
	Addax Petroleum Cameroon Ltd	70%	
	SNH (State)	20%	
Etinde	New Age (African Global Energy) Ltd	30%	
	Lukoil Overseas Etinde Cameroon Sarl	30%	
	EurOil Ltd	20%	

Procedures for awarding free blocks

According to the provisions of article 5 of decree n° 2000/465 of 30 June 2000 setting conditions for implementing law n° 99/013 of 22 December 1999 on the Petroleum Code, there are two methods of allocating a free block for the signing of a Petroleum Contract:

The procedure for allocating a block by **call for tenders**, which is limited in time and follows several steps :

- publication of Terms of Reference (TOR) of the blocks on promotion in specialized magazines as well as the website of SNH;
- organisation of 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, 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;
- publication of results and notice to the bidders;
- negotiation of an oil contract between the preferred bidder and the Permanent Commission for the

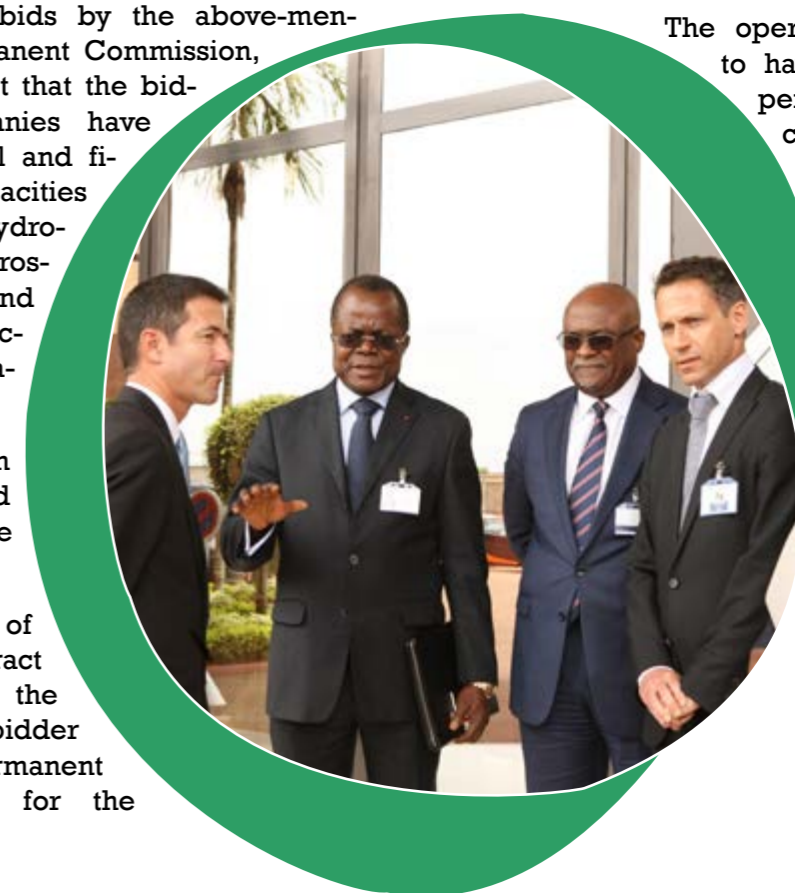
Negotiations of Oil and Gas Contracts, comprised of a team of representatives of SNH and the Ministries in charge of Mines, Energy, Finance, Economy, Trade and Environment.

The procedure by **mutual agreement**, which is valid throughout the year and almost similar to the one by call for tenders, except for the following aspects :

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

Note : 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.



Prospecting mining titles

Awards, assignments and withdrawals

Rio Del Rey Basin

- Award, on 6 January, of an Exclusive Exploitation Authorization (EEA) valid for gaseous hydrocarbons called Etinde, to the association comprised of New Age (African Global Energy Ltd), Operator holding 30% of the shares, Lukoil Overseas Etinde Cameroon Sarl (30%), EurOil Ltd (20%) and SNH (20%).
- Signing, on 15 September, of a Production Sharing Contract (PSC) with Tower Resources Cameroon S.A, for oil prospection on the Thali Block.

Douala / Kribi-Campo Basin

- Start, on 6 March by Murphy Cameroon Ntem Oil Co.Ltd., of the process to totally assign its 50% shares in the Ntem permit to Sterling Cameroon Limited, which will ultimately hold 100% of its shares and become the Operator.
- Notice on 14 July, by the Minister of Mines, Industry and Technological Development, of the withdrawal of Ntem block, following the non-execution of the company's work program on the date of expiry of the said permit (23 April).
- Retransfer, to the unlicensed national mining domain, of the Elombo block, of which the petroleum Contract expired on 10 March 2015.
- Withdrawal, on 16 December, of MOL Cameroon BV (formerly known as Pronodar Ltd) from the Ngosso Association.
- Withdrawal on 22 December, of Petronas Carigali from the Yoyo Association.



Extensions & Renewals

Rio Del Rey Basin

Renewal, effective from 16 July 2015, of the Bolongo Exclusive Prospecting License for the benefit of Glencore Exploration Cameroon Ltd, for the third validity period of two years. As a result of this renewal and in accordance with the provisions of article 5.2 of the related PSC, 50% of the area under contract, representing 230.30 km², was retransferred and promoted under the name Bolongo Exploration.

Oil Investments

Investments during the 2015 fiscal year stood at 674.469 million US\$. The investments were allocated as follows:

- 197.717 million US\$ for exploration in permits;
- 64.780 million US\$ for appraisal in concessions; and
- 411.972 million US\$ for new and infill development.

The average unit production cost in constant currency (2005 base) for all producing fields is 6.68 US\$ per barrel, showing a reduction of over 50% compared to 2014. This decrease is mainly due to the combined effect of cost control and increased oil production.

Seismic activities

Rio Del Rey Basin

Bakassi West EPA, Dana Petroleum, Operator

The 2D seismic data acquired in 2014, in anticipation of the drilling of the Manatee-1 exploration well at the beginning of 2016 was processed and interpreted. The related Environmental and Social Impact Assessment was approved on 18 March.



Drilling activities

Rio Del Rey Basin

Rio Del Rey concession, Perenco Rio Del Rey, Operator

- The MIB-003 and MIB-004 wells were drilled and completed simultaneously, from 21 January to 5 April in the Inter Inoua-Barombi field. Their respective depths are 2 536 m and 2 759 m. Production started on 17 March for MIB-004 and on 8 April for MIB-003, with average flow rates of 2 450 bbl/d and 2 688 bbl/d respectively.
- The MIB-005, MIB-006 and MIB-007 wells were drilled in the Inter Inoua-Barombi field, from 14 April to 13 August. Their respective depths are 2 537 m, 3 140 m and 3 092 m. Production started on 25 May and 7 July for MIB-005 and MIB-006 respectively, with average flow rates of about 2 470 bbl/d and 1 450 bbl/d. MIB-007 is an injection well.
- The BKM-102 appraisal well was drilled from 13 August to 24 September, to a depth of 2 605 m. The well was completed but failed to produce due to the degradation of the reservoir.
- The BJN-1 well was drilled and completed in the Northern block of

Bojongo field from 24 September to 28 October, to the final depth of 2 370 m. Production started on 1 November, with a flow rate of 2 250 bbl/d.

- The BJN-2 well was drilled from 29 October to 6 December in the Northern compartment of Bojongo field, to a depth of 2 853 m. Completion operations were ongoing on 31 December.
- Activities to drill the BJM-004 well in the Bojongo Marine field started on 7 December. Completion operations were ongoing on 31 December.

Iroko EEA, Addax Petroleum Cameroon Ltd, Operator

- Activities to drill the November-IX well, which started in 2014, ended on 14 March. The total depth of the well is 2 808 m. It failed to encounter the main objective; consequently, it was plugged and abandoned.
- The Padouk-3L well was drilled from 23 July to 20 October, to a depth of 4 316 m. The well was completed and started producing on 31 October, with a flow rate of 3 000 bbl/d.
- Activities to drill the Padouk-4L appraisal/development well started on 26 November. The drilling activities were ongoing on 31 December.

Ngosso EPL, Addax Petroleum Cameroon Ltd, Operator

The Azobe-1X exploration/production well was drilled from 14 March to 19 July, to the final depth of 3 365 m. The well was plugged and abandoned without reaching the main objective, following an abnormal increase in the downhole pressure.

Mokoko Abana concession, Addax Petroleum Cameroon Company, Operator

The Lima-14 well was drilled from 19 October to 25 November in the Lima field, to the final depth of 2 678 m. Its flow rate at the time it started producing was 18 bbl/d.

Douala / Kribi-Campo Basin

Tilapia EPL, Noble Energy Cameroon Ltd, Operator

The Cheetah exploration well was drilled from 29 June to 16 September, to the final depth of 4 059 meters. Three of the four targets were drilled through without revealing marketable hydrocarbons; therefore, the well was plugged and abandoned.

Bomono EPL, EurOil Ltd, Operator

- The Zingana-1 exploration well was drilled from 29 May to 19 July to the final depth of 1720 m. Production tests indicated a maximum flow rate of 1.02 million standard cubic feet of gas per day.
- The Moambe-1 exploration well was drilled from 19 August to 09 September to the final depth of 1 781 m. Production tests conducted from 11 November to 11 December indicated a maximum flow rate of 5.15 million standard cubic feet of gas per day.

Production

Oil production up 27.18 %

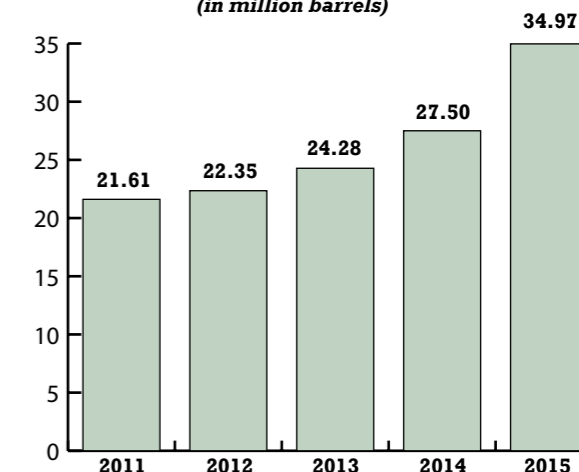
National crude oil production exceeded the mark of 100 000 barrels per day, to stand at 102 586 barrels on 21 April. This level had not been reached since 2002.

Production stood at 34 973 812.57 barrels during the year. This is equivalent to an average daily flow rate of 95 818.66 barrels, implying an increase of 27.18% compared to the preceding year.

The increase is due to the putting on production of Bojongo Field, and higher production originating from the Inter Inoua-Barombi, Barombi North-East and Iroko fields, as well as infill developments in concessions.

The SNH and State share of liquid hydrocarbons production is 22 033 847.17 barrels, equivalent to 63 % of the total production.

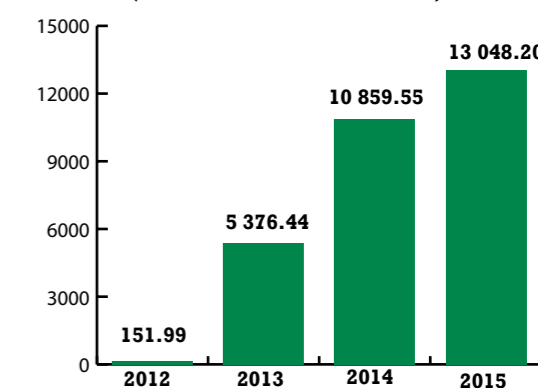
Evolution of the national oil production from 2011 to 2015 (in million barrels)



A 20.17% increase in gas production

Gas production stood at 13 048.20 million cubic feet, implying an increase of 20.17 % compared to the preceding year. This rise is primarily driven by the increased KPDC demand for electricity generation, as well as the increase in volumes supplied to Douala-based industrial companies.

National gas production (in million standard cubic feet)



An increase of 3.99% in crude oil reserves

As at 31 December, the level of proven oil reserves in the concessions and producing fields was reassessed to 288.03 million barrels, as against 276.97 million barrels at the same period of the preceding year.

As for natural gas resources, they were reassessed at 6 106 billion cubic feet, as against 5 430 billion cubic feet the preceding year.





Commercial activities

Commercial activities affected by the drop in crude oil prices

Evolution of crude oil prices

The year 2015 on the petroleum markets was globally characterised by the continued and faster collapse, in the second semester, of crude oil prices which started in June 2014. The price of Dated Brent fell to a minimum of 35.64 \$US/bbl on 22 December, its lowest level since 20 February 2009. It is also worth mentioning the viability of the said prices, which fluctuated between 38.05 and 64.04 \$US/bbl reflecting the highly nervous markets.

For the whole of 2015, the average price of Dated Brent was 52.39 US\$ per barrel, as against 98.95 US\$ per barrel in the preceding year, implying a decrease of 47.05 %.

Following were the main reasons for this drop in prices:

- ◆ the overabundance of crude oil supply resulting from higher production rates by major producers (OPEC, Russia, the United States, etc.), the resilience of American producers, who were able to adjust to the low prices and finally, the lifting by the US Congress, of the ban for the country to export crude oil;
- ◆ the weak global crude demand, plagued by the gloomy economic situation in the major developed countries and slowing growth in the major emerging countries, especially China;

- ◆ the accumulation of global oil stocks;
- ◆ the appreciation of the US dollar, which is the main currency for crude oil sales; this currency took advantage not only of the growth differential between the United States and other major economic zones, but also of the combined effect of the implementation by the European Central Bank, of a quantitative monetary easing program and the increase of interest rates in the United States;
- ◆ the anticipated resumption of Iranian exports, following the framework agreement signed between Iran and the international community on the country's nuclear programme.

Evolution of crude oil supply and demand

Global crude oil supply for the year 2015 stood at 96.2 million barrels per day (MBBL/D), as against 93.3 MBBL/D in 2014, implying an increase of 2.9 MBBL/D, fueled by:

- ◆ record exports by the Organization of Petroleum Exporting Countries (OPEC) committed to defend their market shares;
- ◆ increased production in some countries such as Russia and Canada;
- ◆ maintenance at a high level, of American shale oil production despite low prices.

Demand grew by 1.5 MBBL/D to 94.2 MBBL/D due to an increase in US consumption.



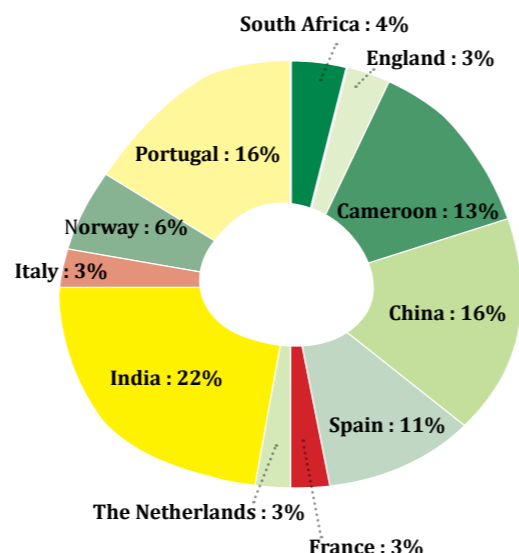
Crude oil sales at market conditions

SNH sells the share of national crude oil production accruing to the State, as well as its own production. It also sells Cameroonian crude oil on behalf of its partners, at their request.

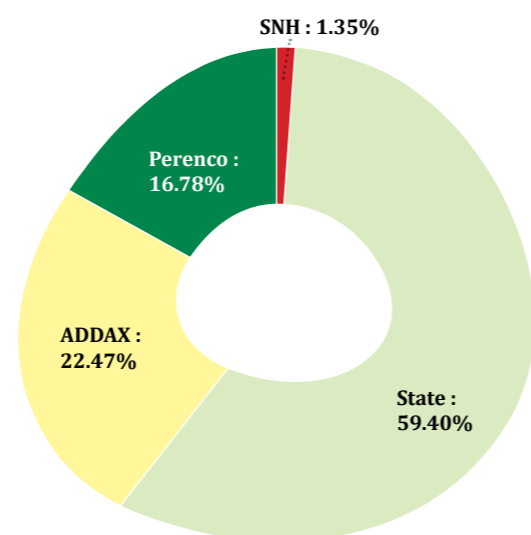
The market value of Cameroonian crude oils is determined in relation to the North Sea Brent, as is the case with the prices of most of the crude oil grades produced in West Africa. Brent is the benchmark and key indicator of the London Intercontinental Exchange (ICE). Depending on the quality of the crude oil considered and the market conditions, Cameroonian crude compared to Dated Brent is sold with discounts or premiums.

In order to achieve its objective of maximizing the value of Cameroonian crude oil grades, SNH implements a commercial policy based on two pillars, which ensure dynamism and performance: direct sales to refiners in her natural export zone, comprising Europe and the Mediterranean region, and sales to traders which permit access to more distant markets such as the Far East and the Americas as well as new markets.

Main destinations of crude oil sold by SNH



Associates' allocation of liftings



An increase of 34.77% in the quantities of crude oil sold

SNH sold 21.288 million barrels of crude oil on behalf of the State, up 34.77% compared to 2014.

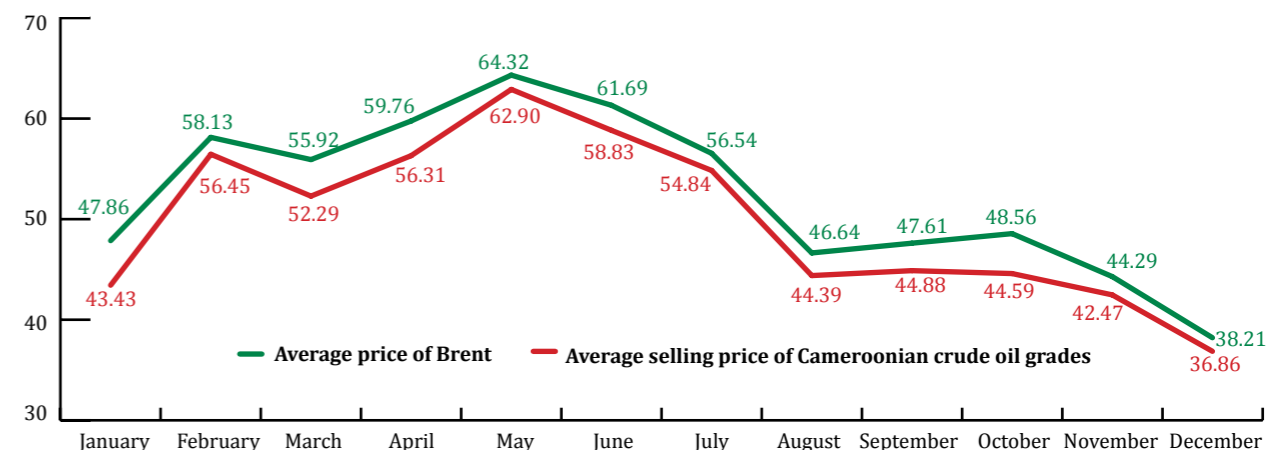
The differentials of the crude oil increased slightly at the end of the year 2015, to stand at -2.64 US\$ per barrel on average, as against -2.75 US\$ per barrel in 2014. On a case by case basis:

- the average differential for Kole was -1.78 US \$ per barrel, as against -1.50 US \$ per barrel in 2014;

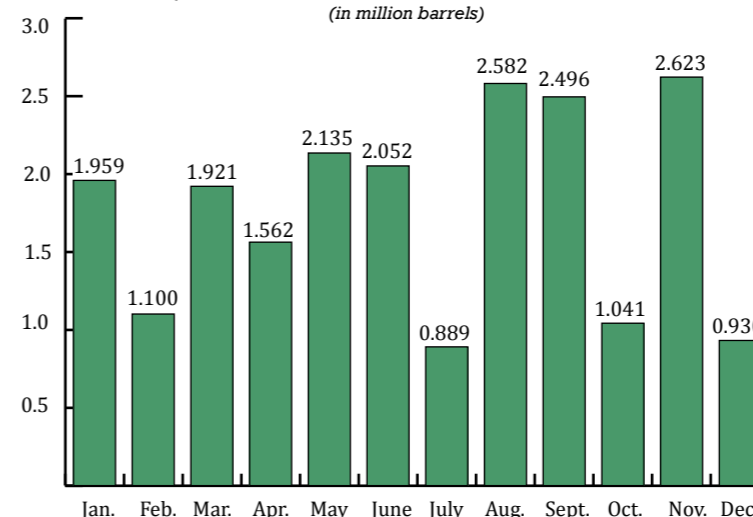
- the average differential for Lokele was -6.03 US \$ per barrel, as against -5.17 US \$ per barrel in 2014;
- the premium for Ebome stood at 4.19 US \$ per barrel, as against 3.68 US \$ per barrel in 2014.

The average selling price for Cameroonian crude oil stood at 49.70 US\$ per barrel, as against 97.009 US\$ per barrel in 2014, resulting in a turnover of 1.058 billion US\$ for sales of the share of crude oil accruing to the State.

Comparative evolution of average prices for Dated Brent and Cameroonian crude oil



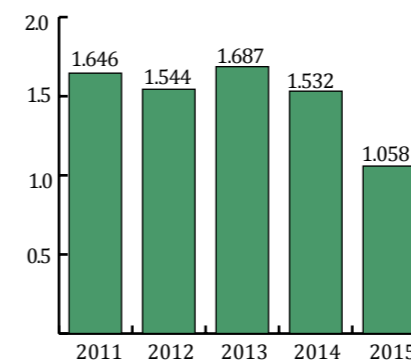
Quantities of crude oil sold on behalf of the State (in million barrels)



Types of crude oil produced in Cameroon and volumes of cargoes

- Kole (29.74° API), sold in 950 000 barrel cargoes
- Lokele (21.99° API), sold in 650 000 barrel cargoes
- Ebome (37.86° API), sold in 400 000 barrel cargoes

Turnover of SNH on behalf of the State (in billion dollars)



Marketing of natural gas

SNH sold 10 078 million cubic feet of natural gas to KPDC, operator of the Kribi Thermal Power Plant, at an average price of 1 558.25 CFAF per thousand cubic feet (MSCF).

The sales, combined with the State's share in the income of the Sanaga South Association, generated a revenue of 19.653 billion CFAF, down 4%.



Gas projects

Continuous valorisation of national gas resources

SNH continued the implementation of gas projects initiated in the past years, aimed primarily at the liquefaction of natural gas and the production of energy.

Liquefaction of natural gas

Project to install and operate a floating natural gas liquefaction plant (Floating LNG): a gas convention signed

This project aims at the installation and operation of a plant offshore Kribi, with an annual capacity of 1.2 metric tons of Liquefied Natural Gas (LNG) and additional production upstream, of 30 000 tons of Liquefied Petroleum Gas (LPG) annually. It made significant progress with the signing of the related Gas Conven-



tion between the State and the companies SNH, Perenco Cameroon, Golar Hilli and Golar Cameroon on 30 September, and a contract for the sale of the entire LNG production between SNH, Perenco Cameroon and Gazprom Marketing & Trading Singapore Pte Ltd (GM&T), a subsidiary of the Russian group Gazprom.

Project to construct a liquefied natural gas plant (Cameroon LNG): detailed engineering studies launched

The project involves the construction in Mboro, near Kribi, of a natural gas liquefaction plant with an annual capacity of up to 3.5 metric tons. The major activity in 2015 was the launch by Engie and SNH, of detailed engineering studies (FEED) which were entrusted to the British firm Foster Wheeler. However, the unfavourable market situation has caused Engie to suspend the project.

Electricity generation



Supply to industrial companies based in Douala: an increase in the volumes delivered

This project is jointly conducted by SNH and Gaz du Cameroun (GDC), a subsidiary of the British company Victoria Oil & Gas. It involves supplying Douala-based industries with the gas resources originating from the Logbaba field which was commissioned in 2012, via a network of gas pipelines.

GDC continued to extend its distribution network, which totalled 33 kilometres and supplied 31 companies as at 31 December. The Bassa and Logbaba thermal power plants were also connected to the network. Consumption rose by 125.5% compared with 2014, with an annual production of 2 868 million cubic feet of gas (81.196 million m³).

Gas supply to the Kribi thermal plant: an increase in KPDC's demand

Gas supply by SNH to the Kribi Power Development Company (KPDC) for electricity generation continued without any incident. The total volume of gas delivered to the plant stood at 10 078 million cubic feet (285 million m³), representing a daily average of 27.26 million cubic feet (78 196 m³), implying an increase of 4.21%. However, this quantity is below the minimum contractual obligation to lift (take or pay) of 28 million cubic feet, and below the 40 million cubic feet required for a production of 216 megawatts of electricity, though available on request.





**Corporate
Social
Responsibility**

Taking action today for a better future

SNH has placed sustainable development at the heart of its actions in the area of corporate social responsibility.

Environmental protection

Concerning environmental protection, the company ensures compliance by all oil operators, with the international standards and legal provisions on the protection of ecosystems. Several instruments are in force to ensure environmental protection.

One of the instruments is the National Oil Spill Contingency Plan (NOSCP), which is implemented through the Pipeline Steering and Monitoring Committee (PSMC). In this framework, the latter organised a drill from 16 to 17 March at the maritime border between Cameroon and Nigeria, to simulate a tier 3 spill, corresponding to a major pollution with a significant environmental impact. The drill, which was the first of its kind in Africa, was attended among others by the ministries involved in the management of the Chad/Cameroon Pipeline and

some petroleum companies, namely Perenco, Addax Petroleum, COTCO and Sonara. On the Nigerian side, the drill was under the responsibility of the Nigerian National Petroleum Corporation (NNPC).

In addition, seventy officers of the Navy, working in the naval bases of Kribi, Douala and Limbe, were trained on the use of equipment to counter accidental spills of hydrocarbons from 19 to 28 January.

On another level, a Steering Committee of the Global Gas Flaring Reduction Partnership (GGFR), of which SNH has been a member since 2003, was set up. In this framework, the company has launched a feasibility study for the recovery of flared gas in Cameroon, entrusted to the British consultant Nexant.

Furthermore, the company is implementing a project intended to introduce the use of compressed natural gas as fuel for vehicles and compressed gas for industrial companies in Cameroon. This technology is more environment-friendly and less costly than petrol and diesel.

Moreover, SNH has been a member of the International Petroleum Industry Environmental Conservation Association (IPIECA) since 2011, and part of Cameroon's official delegation to meetings of the International Oil Pollution Compensation Funds (IOPC). In addition, the corporation holds the secretariat of the National Follow Up Committee of IOPC File which was created in 2009.

In 2015, SNH continued its active participation in activities of the above-mentioned two organisations. Its valuable contribution to IOPC earned two of its officials the res-

pective positions of 2nd Vice-President of the 1992 Fund Assembly and member of the management control organ.

Contribution to the well-being of the population

As a corporate citizen, SNH works to improve the living conditions of the population. In this regard, the company and its partner Engie funded the construction of a pre-school education centre for the Bagyeli pygmies and bore the functioning cost for the first two years to the tune of 19.668 million CFAF.

Moreover, three drinking water wells were offered to the population of Lolabe, a village situated near the site allocated to the Cameroon LNG project. The inauguration and handing-over of the wells, worth 25 million FCFA, took place on 26 June.





olidays and academic internships as well as in the presentation of oil and gas professions to students of the Lycée de Nsam Efoulan, in Yaoundé.

Support to the promotion of culture

Supporting culture has remained an important activity for SNH. The company sponsored the fashion show named K-walk, held on 7 November in Yaoundé. It also provided financial support for the organisation of the Commonwealth and Francophonie days, celebrated in March and the Ngondo, a cultural feast of the Sawa people, as well as the production of two music albums by Bayis Band, a Cameroonian artistic group.

Support to sporting activities

SNH supported various sporting events, including the 12th edition of the International Cycling Tour of Cameroon, held from 14 to 22 March, as well as the Chantal Biya International Cycling Grand Prix organised from 14 to 18 October, and the 15th edition of the table tennis tournament known as "Top 12", held on 24 October.



Actions for school and university youth

To foster vocations while participating in the training and supervision of Cameroon youth, SNH continued to carry out actions for this segment of the population. In this regard, the company participated in the Scientific Days of the University of Dschang, the SAPEF, a fair to promote French studies, the Student's Forum organised by the Ministry of Higher Education, the Open Doors Day held by Prepavogt (a preparatory school for engineering studies) and an international colloquium on the trades of documentary information, organised by the Advanced School of Mass Communication (ASMAC).

In addition, 23 schools across Cameroon received donations, 13 of them in the form of didactic material as prizes for their best pupils and the other ten, in the form of books for their libraries. An overall sum of 22.3 million CFAF was spent for this purpose.

SNH's contribution to youth training was also reflected in the acceptance of 121 pupils and students for ho-

Actions for the satisfaction of workers

The company continued to ensure the development of its workers through the organisation of various festive events: New Year wishes (30 January), Labour Day (1st May), International Women's Day (8 March), Mother's Day (29 May) and the Christmas tree ceremony (23 December).

Moreover, it contributes to the well-being of its workers through the Hydrocarbons Sports and Cultural Association (ASCH) and the Solidarity Fund of SNH Group Personnel, which serve as a recreational and mutual assistance framework for workers and their families. To this effect, ASCH organises sports and cultural events throughout the year, such as the tourism excursion in Kribi, held from 21 to 23 August. The Solidarity Fund, for its part, provides diverse forms of assistance to its members during happy and sad events.

In addition, a Social Fund has been set up by the General Management. This Fund guarantees workers an end-of-career bonus in case of retirement and a death capital to the beneficiaries of a worker who dies in active service. The end-of-career bonus is also paid to any worker who leaves SNH at the end of the term of the manager he is answerable to.

As concerns health, hygiene and safety, educational talks were organised on 23 April on "Time and stress management at the workplace", on 10 December on "First aid and prevention of domestic accidents", as well as on 25 November and 3 December on "the choice and maintenance of a vehicle".

Moreover, all workers underwent the traditional annual medical check-up from 14 September to 15 October.



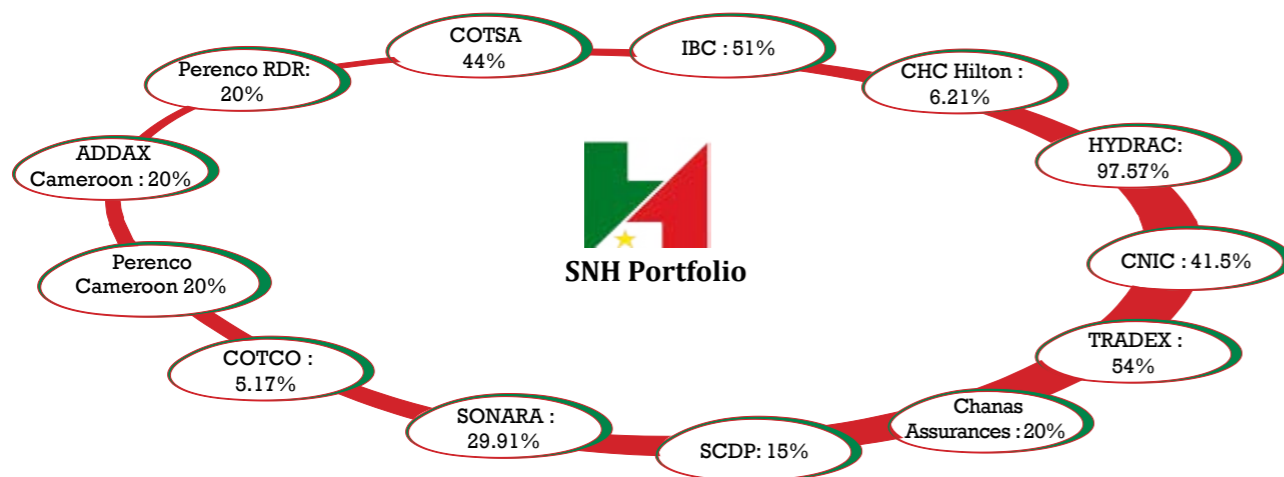


Financial activities

Management of share companies

An expanding group

SNH has diversified its activities since 1994. As at 31 December, it holds shares in thirteen companies operating in the petroleum, para-petroleum and related sectors.



Globally, SNH share companies recorded decreasing results, with the exception of four of them. Dividends received by SNH in 2015 for the 2014 financial year amounted to 19.101 billion CFAF, implying a reduction of 52.41%.

Perenco Rio Del Rey

Result down 34.56%

The accounts closed on 31 December show a positive net result of 73.667 million US\$, as against 112.574 million US\$ in 2014.

A dividend of 250 US\$ per share was paid to shareholders for the 2014 fiscal year.

Perenco Cameroon

Result down 63.95%

The accounts closed on 31 December show a positive net result of 4.391 million US\$, as against 12.176 million US\$ in 2014.

No dividends were paid to shareholders for the 2014 fiscal year.

Addax Petroleum Cameroon Company LLC

Result down 54.48%

The accounts closed on 31 December show a positive net result of 71.761 million US\$, as against 157.666 million US\$ in 2014.

A dividend of 37 500 US\$ per share, not collected, should be paid to shareholders.

Cameroon Oil Terminal S.A. (COTSA)

Result up 82.82%

The accounts closed on 31 December show a positive net result of 14.152 million US\$, as against 7.744 million US\$ in 2014.

A dividend of 5 US\$ per share was paid to shareholders for the 2014 fiscal year.

Cameroon Hotels Corporation (CHC) S.A

Result up 10.78%

The accounts closed on 31 December show a positive net result of 477.517 million CFAF, as against 431.05 million CFAF in 2014.

A dividend of 91.850 CFAF is to be paid to shareholders for the 2014 fiscal year.

Cameroon Shipyard and Industrial Engineering Ltd (CNIC)

The accounts of the company for the financial year 2015 had not yet been approved at the date of printing of this report.

Hydrocarbons-Analyses-Controls S.A. (HYDRAC)

Result up 3.04%

The accounts closed on 31 December show a positive net result of 370.559 million CFAF, as against 359.629 million CFAF in 2014.

No dividends were paid to shareholders for the 2014 fiscal year.

International Business Corporation S.A (IBC)

The accounts of the company for the financial year 2015 had not yet been approved at the date of printing of this report.

Cameroon Oil Transportation Company (COTCO)

Result up 125.88%

The accounts closed on 31 December show a positive net result of 34.296 million US\$, as against 15.182 million US\$ in 2014.

A dividend of 63.15 US\$ per share was paid to shareholders for the 2014 fiscal year.

National Refining Company Ltd (SONARA)

Losses reduced by 3.82%.

The accounts closed on 31 December show a loss of 52.036 billion CFAF, as against another result showing a deficit of 54.099 billion CFAF in 2014.

Société Camerounaise des Dépôts Pétroliers S.A. (SCDP)

Result down 36.39%

The accounts closed on 31 December show a positive net result of 817.943 million CFAF, as against 1.286 billion CFAF in 2014.

A dividend of 191.731 CFAF per share was paid to shareholders for the 2014 fiscal year.

Société de Trading et d'Exportation de pétrole brut et de produits pétroliers S.A (TRADEX)

Result down 76.54%

The accounts closed on 31 December show a positive net result of 2.055 billion CFAF, as against 8.74 billion CFAF in 2014.

A dividend of 4 413.805 CFAF per share was paid to shareholders for the 2014 fiscal year.

As at 31 December 2015, the Tradex distribution network comprises 57 filling stations in all of Cameroon's ten regions. The company is the 2nd marketer on the national level.

Chanas Assurances S.A

The accounts closed on 31 December show a net result of 405.884 million CFAF, compared to 834.66 million CFAF in 2014.

A net dividend of 6 680 CFAF per share was distributed to shareholders for the 2014 year.



Financial Report

Summary

SNH - State mandated activities

- ◆ Highlight
- ◆ Activities related to associations
- ◆ Synthesis of operations on State mandated activities

SNH Management

- ◆ Highlight
- ◆ Income statement
- ◆ Dividend paid to the State
- ◆ Tax paid
- ◆ Consolidated and comparative balance-sheets
- ◆ Consolidated and comparative profit and loss accounts

In the accounting and financial aspects, 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 subsidiaries, 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 a decrease of 14.89% in transfers to the State, which stood at 378.536 CFAF in 2015, as against 444.738 billion CFAF in the preceding year.

Activities related to associations

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

- | | |
|---|--|
| - Share of oil production accruing to the State: 21.585 million barrels; | - Average official price of the crude oil barrel: 49.697 US\$; |
| - Share of gas production accruing to the State: 3.094 billion standard cubic feet (scf); | - Amount collected from oil and natural gas sales: 1 067.018 million US\$, equivalent to 630.960 billion CFAF; |
| - Oil production sold: 21.288 million barrels; | - Expenditures on oil and gas activities: 252.423 billion CFAF; |
| - Gas production sold: 2.732 billion scf; | - Transferable balance: 378.536 billion CFAF. |
| - Average rate of the US\$: 1\$ = 591.330 CFAF; | |

Synthesis of operations on State-mandated activities

OPERATIONS ITEMS	QUANTITIES		AMOUNT	
	BBLs (millions)	SCF (billions)	US\$ (millions)	CFAF (billions)
Production (Share accrued to the State)	21.585	3.094		
1- Production sold	21.288	2.732		630.960
Average exchange rate US\$/CFAF:	591.330			
Average official price US\$/barrel:	49.697			
Gas selling price (CFAF/thousand cubic feet):	1558.249			
2- SNH commitments			426.349	252.423
2.1- SNH commitments/Associations			356.649	211.245
a) Operating costs			80.312	47.695
b) Sanaga South Exploitation			6.450	3.855
c) Dissoni North Exploitation			8.165	4.812
d) Appraisal + Development (Rio Del Rey + Lokélé)			196.534	116.252
e) Iroko Exploitation			19.667	11.637
f) Moudi & Ebome Exploitation			0	0
g) Royalties			45.521	26.994
i) Single storage tanker			0	0
2.2- Other SNH commitments			49.699	29.347
a) Gas projects			3.125	1.845
b) Inspection costs			0.283	0.167
c) Security stocks			0.320	0.189
d) African Petroleum Producers Association (APPA)			0.155	0.092
e) Securing of petroleum operations			9.258	5.467
f) Other provisions for decommissioning			12.100	7.145
g) Chad/Cameroon pipeline			3.677	2.171
h) Other expenses			20.781	12.271
2.3- LNG Project			20.000	11.831
3- Transfers to the Public Treasury				378.536

SNH Management

Highlight

There was a decrease of 52.41 % in dividends collected from subsidiaries on account of fiscal year 2014, which stood at 19.101 billion CFAF compared to 40.14 billion CFAF collected in 2014 on account of fiscal year 2013.

Income statement

The net result for the year (after corporation tax) recorded a decrease of 8.824 billion CFAF in absolute terms and 51.60 % in relative terms, to stand at 8.277 billion CFAF, as against 17.101 billion CFAF in 2014.

This situation is due to the sharp decline in dividends received from share companies, mainly because of the fall in crude oil prices.

Dividend paid to the State

SNH paid a gross dividend of 5 billion CFAF to the State, just like in 2014.

Tax paid

SNH paid 4.149 billion CFAF as corporation tax for the 2015 financial year.

Comparative consolidated balance-sheets

(in million CFAF)

Assets	2014	2013	%	Liabilities	2014	2013	%
Net capital assets	279 304	288 999	-4.44	Stable Resources	337 048	357 016	-5.59
Current assets	352 194	265 954	32.55	Current liabilities	345 941	250 110	38.32
Assets account	150 440	137 451	9.45	Funds liabilities	98 948	85 278	16.03
Total	781 938	692 404	15.11	Total	781 937	692 404	15.11
				Result of group's share	2 252	30 509	-92.62

Consolidated and comparative profit and loss accounts

(in million CFAF)

Libellé	2014	2013
Operating result	17 628	44 691
Financial result	-13 561	-6 847
Result of ordinary activities	4 068	37 845
Result excluding ordinary activities	285	- 6 807
Share and taxes	23 372	25 757
Net result of integrated companies	-21 583	5 280
Result of companies equivalence	27 952	34 064
Consolidated net result	6 369	39 345
Minority interest/Result	4 116	8 836
Net result: group's share	2 252	30 509

Documents

Annexes

- Accounting principles and standards applied
- Accounting procedure
- Fiscal procedure
- State-mandated activities: Audit report on the financial statements
- Portfolio management: Auditor's general report on the financial statements

Accounting principles and standards applied

The accounts of the 2015 fiscal year are settled in accordance with generally accepted accounting standards and principles, and provisions of the OHADA Accounting Law. The general presentation of these accounts also respects the specific features of SNH and the hydrocarbons sector.

Method to assess 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 to amortize 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 N° 2002/003 of 19 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.

Research and Development Costs

The costs incurred in studies and hydrocarbons prospection works 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 only when 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.

Hydrocarbons Stocks

Crude oil stocks are assessed and recorded at production cost.

Accounting procedure

Operations related to associations (State-mandated activities)

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 fund 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 works.

Moreover, the partners may decide to fund works by means of one or several loans; in this case, the repayment by each partner of its quota is done through a debt service.



Remuneration of partners or Profit Oil

The remuneration of partners, which is determined pursuant to the provisions of the contract of association, 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.

Fiscal procedure

Operations related to associations (State-mandated activities)

Income received from the sale of crude oil by SNH as the State's agent is not subject to corporation 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 that accrue 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 corporation tax rate of 38.5%.

As for the proceeds accruing from the management of subsidiaries 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%.

In our capacity as auditor, we hereby present our report on the financial statement for year ended 31st December, 2015 which contains:

- the examination of the accompanying financial statements of NHC, State's Petroleum joint ventures equity management, presented in CFA Francs,
- our conclusions and our opinion on the related financial statements for the year ended December 31st, 2015.

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. Annual financial statements

Our audit engagement was carried out on the financial statements having the following significant figures (in million FCFA) as at December 31st, 2015:

Total balance sheet:	1 276 160
Sales revenue:	648 071
Net income (before transfers to states accounts):	332 389
Bank and cash in hand:	408 179

2. Our methodological approach

We conducted our audit in accordance with professional standards applicable in Cameroon; 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 involves performing procedures, using sampling techniques or other methods of selection, to obtain evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements.

The performance of our diligences led us to:

- assess the procedures and internal controls at the company's level in order to identify potential risk areas in the accounts and to define the schedule and scope of the samples to be tested substantively in the accounts;
- appreciate the physical stock-take report as at 31st December 2015;
- make a direct confirmation request for the balances and information with third parties that conducted

businesses with the company, including banks, customers, suppliers, lawyers, insurers and affiliated companies;

- implement our audit procedures after defining the risk of material misstatements for each account or group of accounts.

3. Conclusions of our engagement

3.1. Review of the internal control procedures

As far as the significant processes are concerned, we have no significant internal control weaknesses to bring to the attention of the management.

3.2. Assessment of accounts

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

4. Opinion on the annual financial statements

We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements of State's petroleum joint-ventures equity management give, in conformity with generally accepted accounting principles applicable in Cameroon, a true and fair view of the assets and liabilities and of the financial position of the State's equity as at December 31st, 2015 and the results of its operations for the year then ended.

5. Specific audit procedures

We have also performed, in accordance with professional standards applicable in Cameroon, the specific verification required by the law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given to the state with respect to the financial position and the financial statements.

CAMEROUN AUDIT CONSEIL

Jérôme MINLEND
Partner

August 5, 2016

Portfolio management

Statutory auditor's report

Financial statements

Year ended December 31st, 2015



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

- the accompanying financial statements of NATIONAL HYDROCARBONS CORPORATION (NHC), Portfolio Management and,
- the specific procedures and disclosures prescribed by law, for the period ended December 31st, 2015.

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. Opinion on the financial statements

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.

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, 2015, and the results of its operations for the year then ended.

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

April 25, 2016



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