



Annual Report of the
National Hydrocarbons Corporation

2021: **Resurgence**

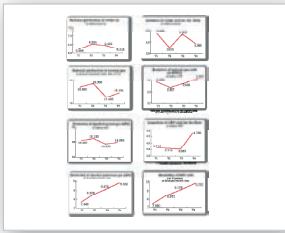


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in charge of drafting the SNH Annual Report

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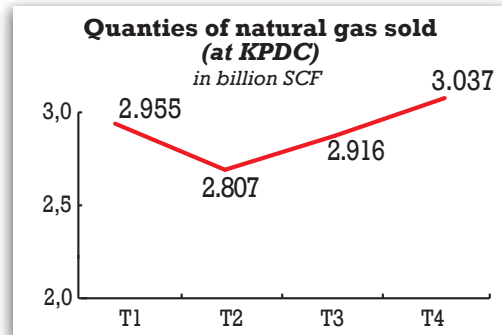
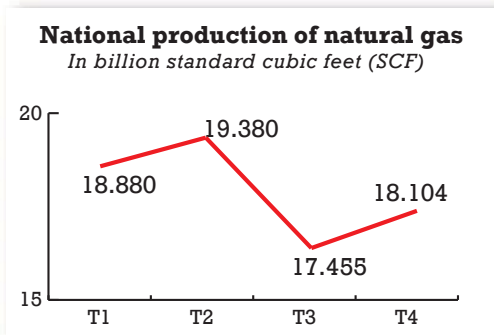
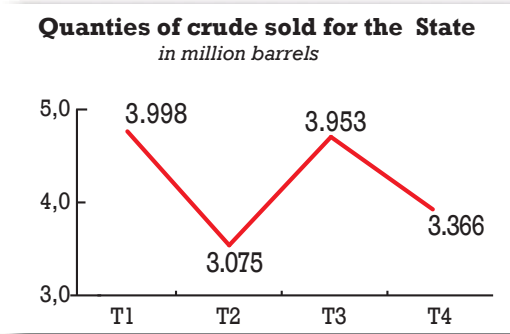
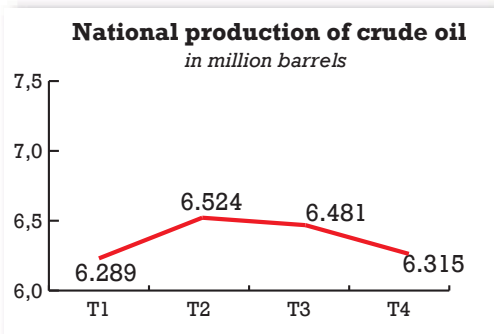


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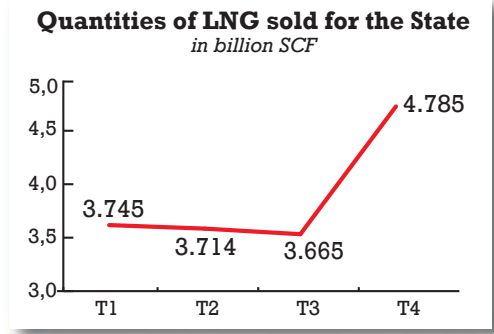
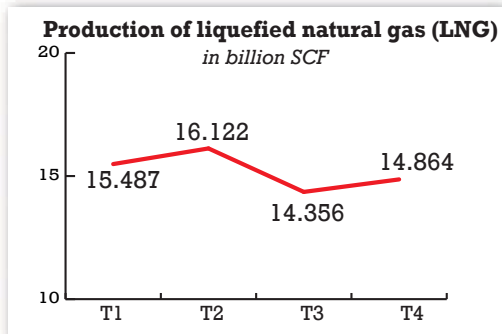


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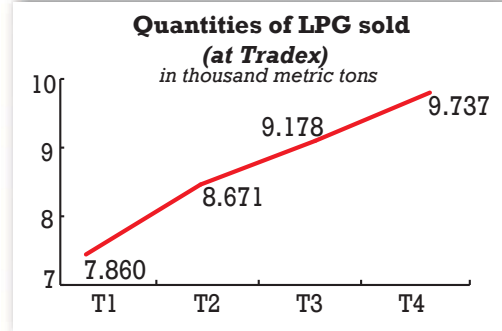
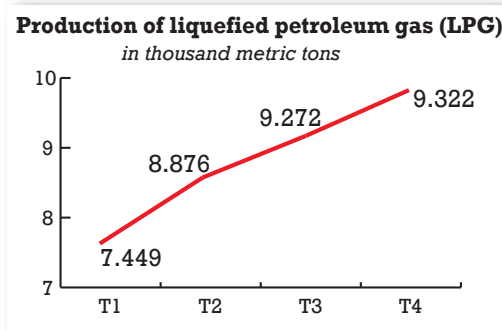
Overview



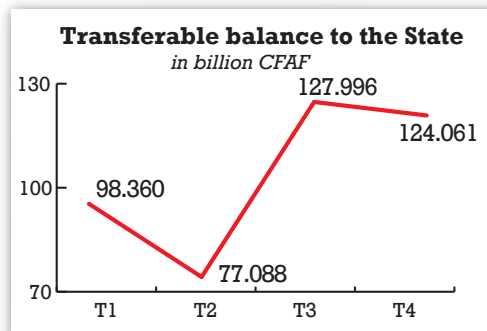
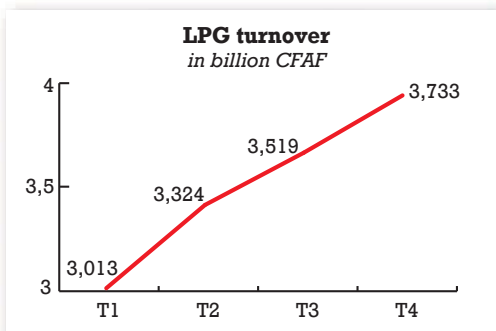
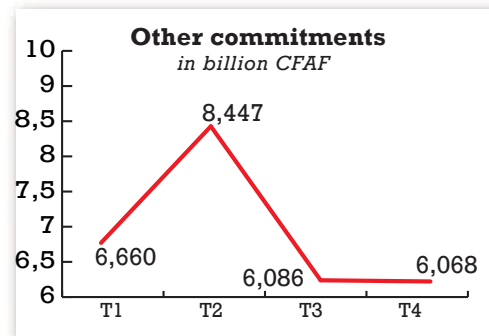
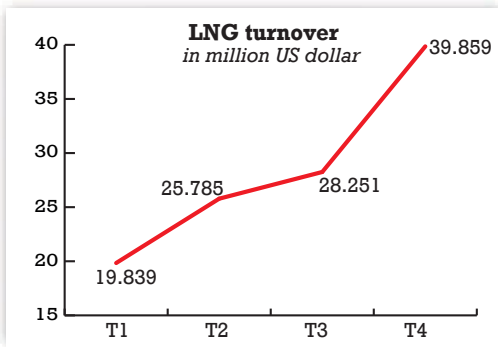
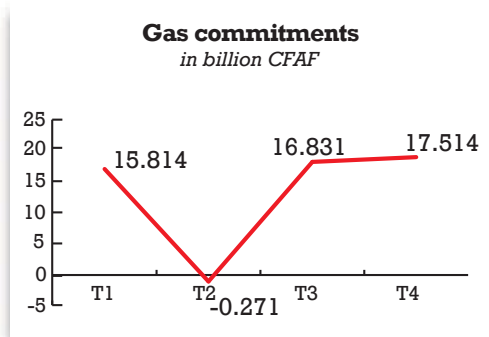
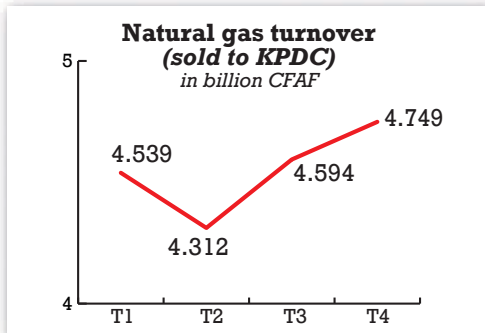
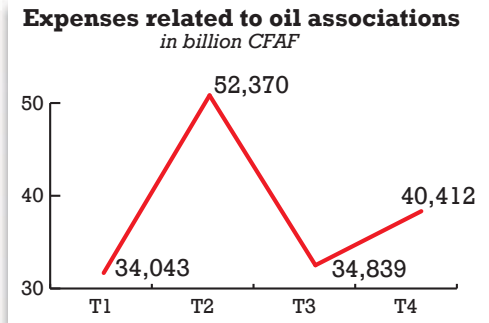
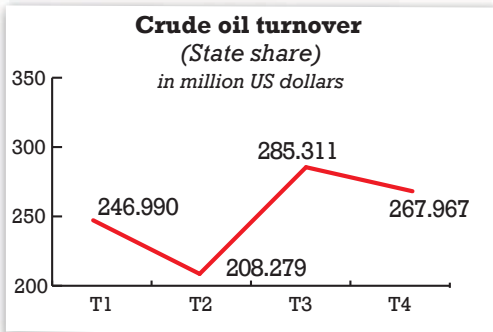
* SNH sales (excluding gas from the Logbaba field)
Quantities expressed in 1 000 BTU/SCF



** Quantities expressed in 1 000 BTU/SCF



Overview



Acronyms

AEE	:	Exclusive Exploitation Authorisation
AER	:	Exclusive Exploration Authorisation
APCC	:	Addax Petroleum Cameroon Company
APCL	:	Addax Petroleum Cameroon Limited
APPO	:	African Petroleum Producers' Organisation (Organisation des Producteurs de Pétrole Africains)
BBL	:	Barrel
BCF	:	Billion Cubic Feet (milliard de pieds cubes)
BTU	:	British Thermal Unit (unité anglo-saxonne de mesure de l'énergie)
CPP	:	Production Sharing Contract
CPSP	:	Pipeline Steering and Monitoring Committee
CSST	:	Occupational Health and Safety Committee
DKC	:	Douala-Kribi/Campo (Cameroonian sedimentary basin)
FIPOL	:	International Oil Pollution Compensation Funds
FLNG	:	Floating Liquefied Natural Gas (usine flottante de liquéfaction de gaz naturel)
GDC	:	Gaz du Cameroun
GNL	:	Natural Liquefied Gas
GPL	:	Liquefied Petroleum Gas (commonly known as domestic gas)
HSE	:	Health, Safety and Environment
IPIECA	:	International Petroleum Industry Environmental Conservation Association (Association mondiale de l'industrie pétrolière et gazière pour l'amélioration des performances environnementales et sociales)
ITIE	:	Extractive Industries Transparency Initiative
JKM	:	Japan Korean Marker (GNL spot market value in North-East Asia)
KPDC	:	Kribi Power Development Company
MBJ	:	Million barrels per day
OHADA	:	Organisation for the Harmonisation 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 (pied cube standard)
SCGPL	:	Storage and Loading of LPG tankers
TCF	:	Trillion Cubic Feet (mille milliards de pieds cubes)
TM	:	Metric Ton
USD (\$)	:	American dollar
FED	:	Federal Reserve System (i.e. US central bank)
BEAC	:	Bank of Central African States
BCE	:	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 corporation, 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 oil and gaz 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, transport, 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.



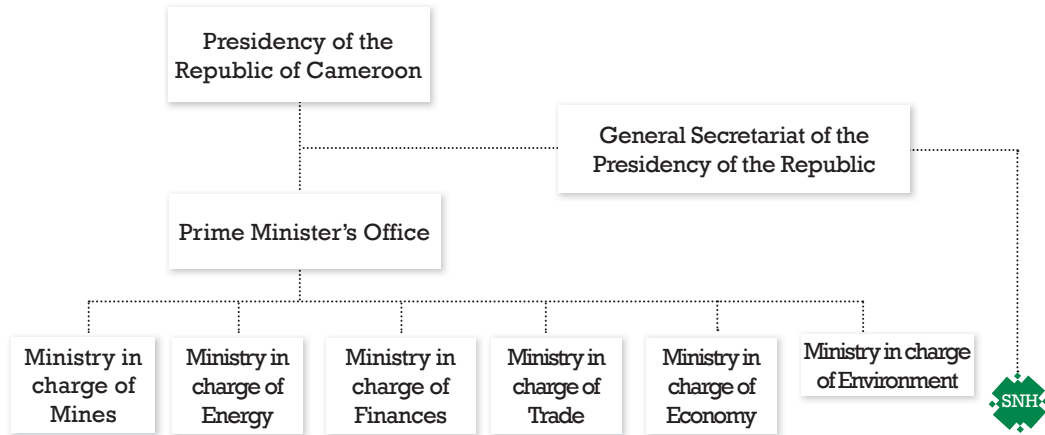
Traceability and transparency of operations

Contracts are negotiated in accordance with the Cameroon Petroleum and Gas Codes, based on the standard model contracts 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.

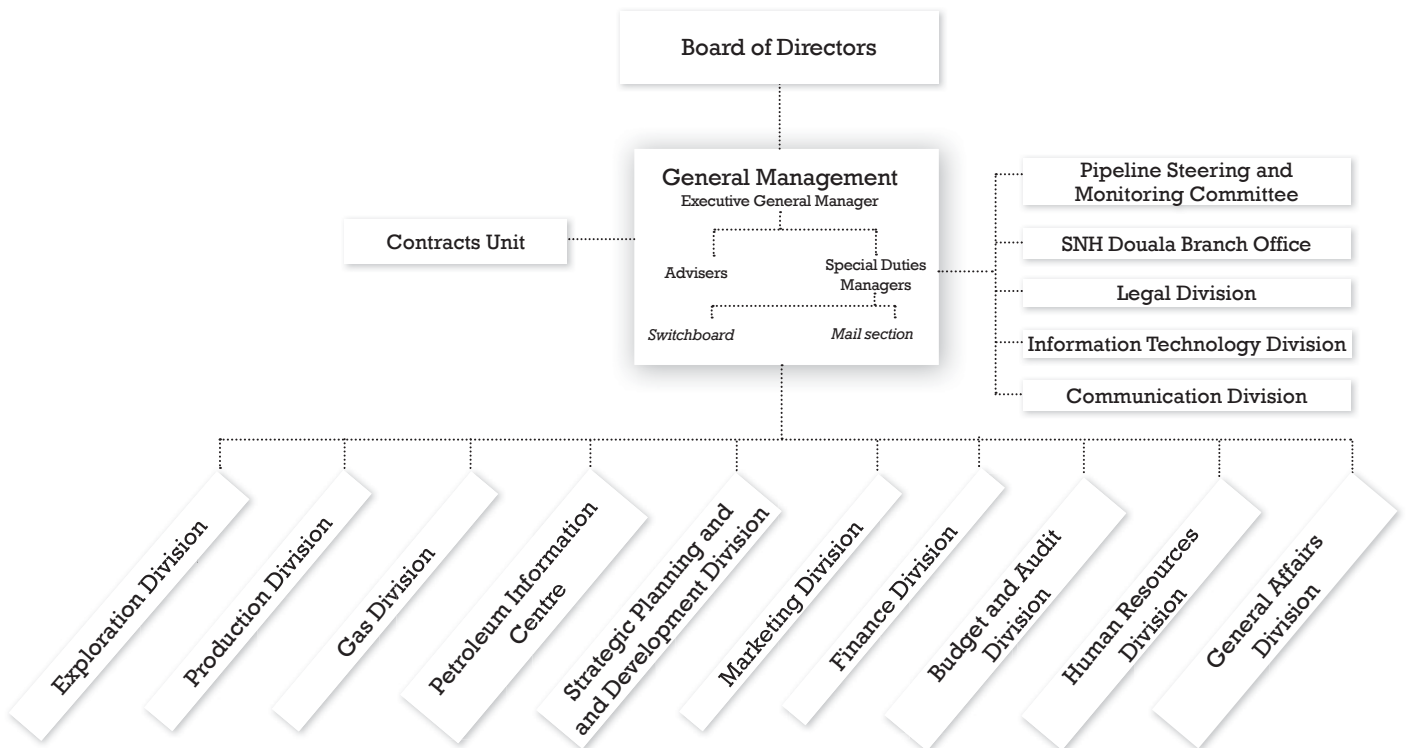
SNH publishes all the key figures relating to its activities (investments, production, turnover and transfers to the State) in its external publications, including its website (www.snh.cm) and other mass media.

The publication of this data is in accordance 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 Prizes
Stabilization Fund



Modeste Mopa Fatoing

Director General of Taxation
Ministry of Finance



Victor Aristide Mimbang

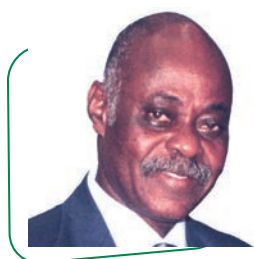
Director of Mines
Ministry of Mines, Industry and
Technological Development



Lilian Nabola Efenge

Special Duties Manager 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 2021

Human resources: effective management of workforce and skills



Efficient staff management

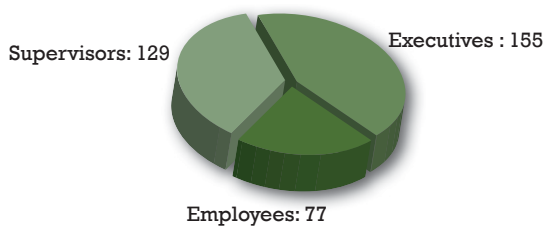
As at 31 December, SNH employed 361 workers, including 281 at the head office in Yaoundé, 35 at the SNH Douala branch office, 17 at the Bipaga/Mpolongwe gas pipeline site, 14 at the LPG depot, 04 at the Mvia oil site, 05 at the Storage Site for samples originating from oil and 04 workers on secondment.

To meet the needs arising from the development of its activities and departures, SNH recruited 17 new staff, including 11 executives, 04 supervisors and 02 employees.

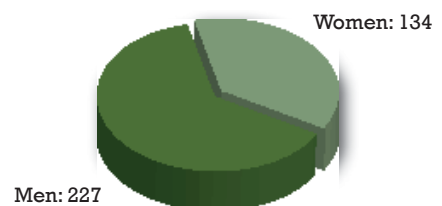
Continuous training, for better performance

As part of the implementation of the 2021 training plan, 51 of the company's workers have benefited from individual or group training in areas as diverse as public procurement, contracting, business law, catering and safety.

Staff distribution according to socio-professional categories



Staff distribution according to gender



NOTE ON THE ECONOMIC SITUATION



Global economic resurgence in 2021

After a downturn in economic activity in 2020, due to the effects of the Coronavirus pandemic, the global economy recovered strongly in 2021, with a growth rate of 6.1%, as against 3.1% in 2020.

Economic recovery and rising inflation

Global growth in 2021 was underpinned by the reopening of economies following the easing of restrictive measures and the rise in vaccination. However, it continued to be hampered by supply difficulties. While the recovery was global, it also varied between country groups: it was particularly vigorous in Asian countries (7.2%), in the Eurozone (5.3%) and in the United States (5.7%). In sub-Saharan Africa, on the other

hand (4.5%), the recovery was weaker, reflecting the limited resilience of the region's countries in the face of the crisis.

However, this recovery was accompanied by an acceleration in global inflation (4.7%), mainly reflecting the rise in commodity prices as a result of tension between supply and demand.

Crude oil price inflation

Crude oil prices rose in 2021 due to a faster increase in global demand than in supply.

The average price of Dated Brent, which was the highest for the last three years, was \$70.91/BBL, i.e. 69.48% higher than in 2020. This upturn was notably due to rising demand, driven by the easing of pandemic-related restrictions and an increase in global oil supply which was slower than the demand, mainly due to OPEC+ production level cuts, as well as the reduction in US production of about 10%.

However, the new restrictions linked to the proliferation of variants, the high level



of the US dollar, and the fall in Chinese imports mitigated this increase in prices.



Soaring natural gas prices

The Japan Korea Marker, spot price index for LNG transactions in Northeast Asia, averaged US\$18.55/mmBTU for the year, compared with US\$4.40/mmBTU in 2020, implying a 322% increase.

The increase was notably due to a fall in global LNG supply, as a result of extended maintenance work at several plants in Australia, Russia, Norway and Indonesia; and the delay in the commissioning of the Nord Stream 2 pipeline, which increased tensions on the Russian natural gas market.

Concerning demand, LNG imports rose by 3.33 Bcf/d to 50.29 Bcf/d, implying an increase of 7.10% as compared to the previous year. The increase was mainly driven by China (24%), Latin America and the easing of restrictions linked to the coronavirus.

Appreciation of the euro against the dollar

Since the beginning of 2021, the euro appreciated against the US dollar, falling from around \$1.23 to \$1.13. The US Federal Reserve (FED) and the European Central Bank (ECB) maintained and even increased their support measures for the economy and kept their key rates unchanged.

The average exchange rate for the US dollar over the year fell by 3.61% to 554.83 CFAF, as against 575.60 CFAF in 2020.

Positive growth in the CEMAC zone

Economic conditions in the Central African Economic and Monetary Community Community (CEMAC) were marked all through the year by a real GDP growth of 1.4%, as against -1.7% in 2020, with an inflation rate of 1.6% at the end of December, as compared to 2.3% a year earlier. This positive growth was also experienced by countries in the sub-region, with the exception of Congo and Chad.

In terms of contributions, the non-oil sector stimulated growth more, with a contribution of 3.9%, while the oil sector's contribution fell by -8.3%, in line with the overall decline in oil production.

Cameroon: an upsurge in economic activity

In 2021, the national economic activity recorded an upturn. Real GDP growth stood at 3.6%, as against 0.5% in 2020. The upsurge can be explained by a recovery in post-Covid-19 economic activity, driven by an increase in global demand, as well as incentives provided by the finance bill to reduce import dependency and promote exports.



**INTERVIEW OF THE
EXECUTIVE GENERAL MANAGER**





Adolphe Moudiki:
SNH has effectively capitalised on the global context.



How do you look back on 2021 at SNH?

2021 was marked by a lull in the Covid 19 pandemic, which led to the lifting of certain restrictions. This return to normalcy encouraged the relaunch of investments and operation activities, which almost returned to their pre-crisis levels.

In this context, were the set objectives achieved?

Our objectives for 2021 aimed not only at promoting the national oil and gas domain and optimising oil and gas revenues, but also at developing the country's hydrocarbon national hydrocarbon resources and optimising the management of share-companies, in line with the 2020/2024 development plan.

I can affirm that these objectives were achieved. The credit goes to our teams, who demonstrated selflessness and continued, despite everything, with the planned activities.

Indeed, the drilling campaign suspended because of the Covid Covid-19 was relaunched. What were the results?



Increase in investments

Several development wells were drilled during this campaign in the Ekoundou Sud and Kribi Batanga fields, with a view, notably, to ensure continuity of gas delivery to the Hilli Episeyo floating plant. The initial flowrates of these wells are about 40 million cubic feet of gas per day. This result rewards our efforts, and in particular, the investments made. Overall, investments by oil associations operating in Cameroon increased by more than 4% as compared to 2020.

Was there an increase in the quantities produced?

Natural gas production increased by about 2% compared with 2020.

We are particularly pleased with the increase in the production of liquefied petroleum gas (LPG), which was up by almost 40% compared to 2020. It should be noted that this increase is the result of the optimization of natural gas processing from the Sanaga Sud field, which is processed at Bipaga, on the outskirts of Kribi.

As you are well aware, the LPG depot commissioned by SNH in Bipaga is the only current local source of domestic gas supply. Its production has enabled the State to make significant savings on the subsidy for this commodity and on foreign exchange reserves.

Increase in transfers to the State

On the other hand, oil production is down by about 3.6% compared to the 2020 level 2020, mainly due to the natural decline of mature fields, several of which have been producing since 1977.

What about the commercial and financial results?

Thanks to its commercial expertise, SNH has effectively capitalised on the global context. The average price of our crude oil rose by more than 73%.

Also, although the quantities of crude oil sold on behalf of the State were down by about 10% compared with the 2020 fiscal year, the balance transferable to the Public Treasury as SNH's contribution to the State budget stood at 427.506 billion CFAF. It should be emphasised that it is 45% higher than in 2020.

What is your outlook for 2022?

We are approaching the new year with a great deal of optimism, given the decline in the Covid-19 pandemic ever the past months. We hope that this trend will continue, so that we can get back to our activities.

In any case, we intend to relaunch actions aimed at further promoting the national oil and gas domain and developing its hydrocarbon resources.





In the gas sector, phase 2 of the Floating LNG is underway, following the successful installation of a gas compression platform on the Sanaga Sud, which supplies the Hilli Episeyo floating liquefaction plant. The capacity of this plant is set to increase from 1.2 to 1.4 million tons per year.

In addition, discussions with Equatorial Guinea will continue, with a view to developing the Yoyo/Yolanda cross-border gas field. The resources of the field are estimated at 2 500 billion cubic feet of gas, 84% of which is located on the Cameroonian side.

Furthermore, gas projects will be continued, including the construction of a gas pipeline to

supply gas to a tile factory on the outskirts of Kribi. This project will be given a boost with the recruitment by SNH, of a project manager, whose remit will extend from the pipeline design phase to its commissioning.

Promotion of the oil and gas domain

The same applies to the project to supply gas to the Limbe and Bekoko thermal power stations. Studies carried out determined their capacities to be 350 MW and

150 MW respectively.

For SNH, this is a new opportunity to put natural gas at the service of Cameroon's development.

HIGHLIGHTS



-
- 04 February :** Launching of the activities of the Project Team responsible for the design and monitoring of the project to install a natural gas transport the limbe and Bekoko thermal power stations, and for the storage and loading of LPG tanker trucks in Limbé (TSCGPL)..
-
- 12 March :** SNH commemorated the 41st anniversary of its creation.
-
- 17 March :** The Executive General Manager granted an audience to the CEO of COTCO, operator of the Chad/Cameroon pipeline, who had arrived at the end of his stay in Cameroon. Johnny Malec was replaced by Xavier Folch.
- 07 April :** The CEO of Perenco Group, Benoît la Fouchardière, was granted an audience by the Executive General Manager. Discussions centered on the group's activities in Cameroon and ongoing projects..
-
- 06 May :** Representatives of Daewoo and Korea Midland Power Company (KOMIPO) were received at SNH. They wanted to find out more about Cameroon's potential in the energy sector and the opportunities for hydrocarbons exploration and production.
- 12 May :** The Bipaga-Mpolongwé gas pipeline reached 3 000 incident-free days with work stoppage.
-
- 06 June :** Clovis Kamzong Abossolo of SNH Vélo Club won the 17th edition of the Cameroon International Cycling Tour, which was run over 8 stages between 29 May and 6 June.
-
- 09 July :** The results of a customer satisfaction survey conducted in May by SNH and Tradex were presented in Douala at a meeting of the ad hoc committee in charge of the monthly monitoring of the LPG market. They revealed a general satisfaction of distribution companies with the Bipaga LPG's depot contribution.
- 1st - 4 June :** First annual meeting of the Board of Directors by home consultation of its members. The Board congratulated general management on the satisfactory results for the first first half of the year.
-
- 09 - 10 November :** Awareness campaign for local administrative authorities and local communities on the related risks to the Bipagal- Mpolongwé 2 gas pipeline operation and the need to avoid bush fires.
- 08 September:** SNH honoured Mr Broche and Mr Simondin, outgoing and incoming General Managers of Perenco's subsidiaries in Cameroon. A farewell ceremony was held in their honour, in the presence of the General Manager of Perenco Group.
-
- 1st December :** SNH welcomed members of parliament. The delegation, comprised of 17 members of the National Assembly's Production and Trade Committee Assembly, came to learn more about the company's activities.
-
- 22 - 26 November :** Holding of the second annual meeting of the Board of Directors by home consultation. The members approved the company's 2022 action plan and budget.
-
- 8 - 11 December :** SNH took part in the 3rd edition of the Cameroon Geosciences Association conference, called «Dschang Geosciences 2021». The aim of the conference was to share the results of studies in the fossil and renewable energies field, create synergies with the professional world and contribute, alongside the State, to defining the role of geosciences in the development of Cameroon.
-

**EXPLORATION
& PRODUCTION**



Situation of the National Oil and Gas 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 exploration or production in Cameroon.

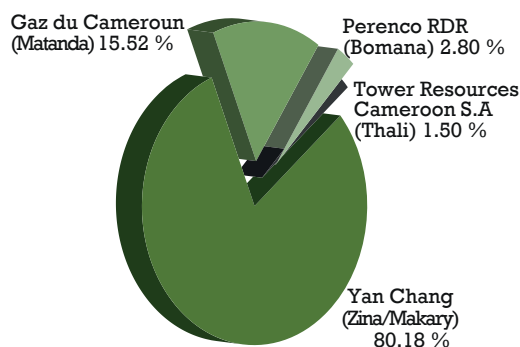


Oil and gas domain under contract

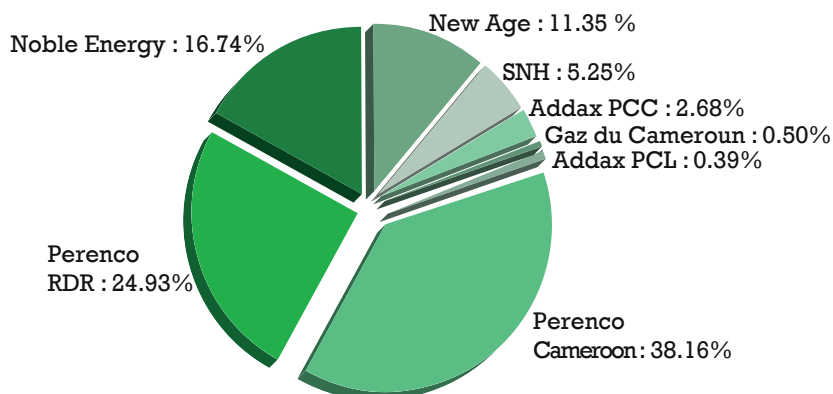
As at 31 December, the national oil and gas domain had an occupancy rate of 37.73% or 12 013.541 km², out of a total surface area of 31 839 km². It includes:

- 04 Exclusive Exploration Authorisations (AER), covering a total area of 7 955.78 km² (24.99% 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 Exclusive Exploration Authorisations per Operator as at 31/12/21



Distribution of Exclusive Exploitation Authorisations per Operator as at 31/12/21



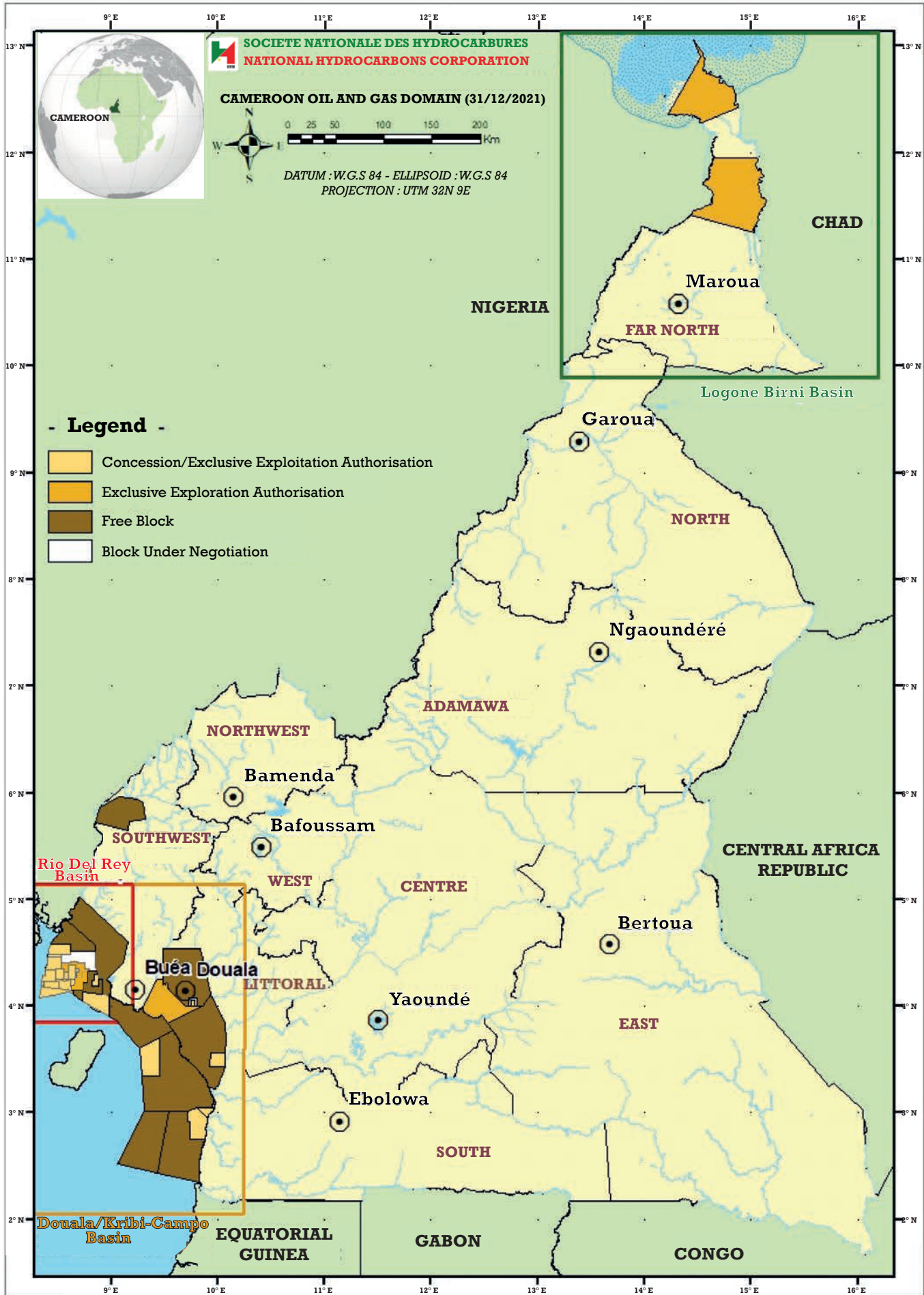
National free oil and gas domain

As at 31 December 2021, the national oil and gas domain comprises 08 free blocks They are: Bakassi, Bolongo Exploration, Ndian River, Etinde Exploration, Elombo, Ntem, Kombe-Nsepe and Bomono. The free oil and gas domain covers a total area of 15 476.56 km², i.e. 48.61% of the total surface area.

Blocks under negotiation

Two blocks are under negotiation: Tilapia, in the Douala/Kribi-Campo basin, and Ngosso, in the Rio Del Rey basin. They cover a surface area of 4,348.9 km², or 13.66% of the total surface area.

Overview of the oil and gas domain as at 31/12/2021



Existing oil associations as at 31 December 2021

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	50%
	Noble Energy*	American	50%
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%
Bassin du Rio Del Rey			
Matanda	Gaz du Cameroun*	British	75%
		British	25%
	Afex	British	25%
		British	25%
Bassin Rio Del Rey			
Bomana	Perenco Rio del Rey	Franco-British	100%
Thali	Tower Resources Cameroon S.A	British	100%
Bassin Logone Birni			
Zina Makary	Yan Chang Logone Development Holding Co.Ltd	Chinese	100%
Concessions/Exclusive Exploitation Authorisations			
Etinde	SNH (State)	Cameroonian	20%
	New Age*	British	30%
	Lukoil	Russian	30%
	EurOil	British	20%
Dissoni Nord	SNH (State)	Cameroonian	25%
	Perenco RDR*	Franco-british	37.5%
	Addax PCC	Chinese	37.5%
Iroko	SNH (State)	Cameroonian	30%
	Addax PCL*	Chinese	70%
- Kole Marine - Ekundu Marine - Boa Bakassi - Bavo Asoma - Kita Edem - Sandy Gas	SNH (State)	Cameroonian	50%
	Perenco RDR*	Franco-british	25.50%
	Addax PCC	Chinese	24.50%
Lipenja Erong	SNH (State)	Cameroonian	50%
	Perenco RDR*	Franco-british	17.75%
	Addax PCC	Chinese	32.25%
South Asoma Marine	SNH (State)	Cameroonian	50%
	Perenco RDR*	Franco-british	25%
	Addax PCC	Chinese	25%
Moudi	SNH (State)	Cameroonian	50%
	Perenco Cameroon*	Franco-british	40%
	SNH	Cameroonian	10%
Mokoko Abana	SNH (State)	Cameroonian	50%
	Addax PCC*	Chinese	40%
	Perenco RDR	Franco-british	10%
Moabi	SNH (State)	Cameroonian	25%
	Perenco Cameroon*	Franco-british	75%
Mondoni	SNH (State)	Cameroonian	50%
	Addax PCC*	Chinese	25%
	Perenco RDR	Franco-british	25%
Oak	SNH (State)	Cameroonian	25%
	Glencore Cameroon	British	37.5%
	Perenco RDR*	Franco-british	37.5%

Exclusive Exploration Authorisations

Associations	Associates	Nationalities of parent companies	Shares
Douala/Kribi-Campo Basin			
Matanda	Gaz du Cameroun*	British	75%
	Afex	British	25%
Bassin Rio Del Rey			
Bomana	Perenco Rio del Rey	Franco-British	100%
Thali	Tower Resources Cameroon S.A	British	100%
Bassin Logone Birni			
Zina Makary	Yan Chang Logone Development Holding Co.Ltd	Chinese	100%

*Operator

Mining titles

Evolution of mining titles

Rio Del Rey Basin

11 May: signing of ministerial order no. 000161/A/MINMIDT/SG/DM/SDH exceptionally extending the Thali EEA by one year for Tower Ressources Cameroon S.A.

14 June: signing of Amendment No. 7 and No.8 extending until 31 December 2022, the term of validity of the Elf Serepca (now PRDR) Establishment Agreements of 11 March 1982 and the Pecten Cameroon Company (now APCC) Establishment Agreements of 10 February 1982, to enable the finalisation of negotiations on the conversion of the said Establishment Agreements into PSCs.

The negotiations are being conducted with PERCAM, PRDR and APCC with a view to converting the Establishment Agreements and Partnership Contracts governing the oil concessions in the DKC and RDR basins into PSCs. The aim is to bring them into line with the Petroleum Code adopted in 2019 and to relaunch exploration/production activities.

Douala/Kribi-Campo Basin

14 December: signing of Ministerial Order no. 000359/A/MINMIDT/SG/DM/SDH extending for a second year (17 December 2021 - 16 December 2022) the initial period of the Matanda EEA exploration phase, operated by Gaz du Cameroun.



Drilling activities

During the year 2021, 16 development wells were drilled, including 14 oil wells and 02 gas wells.

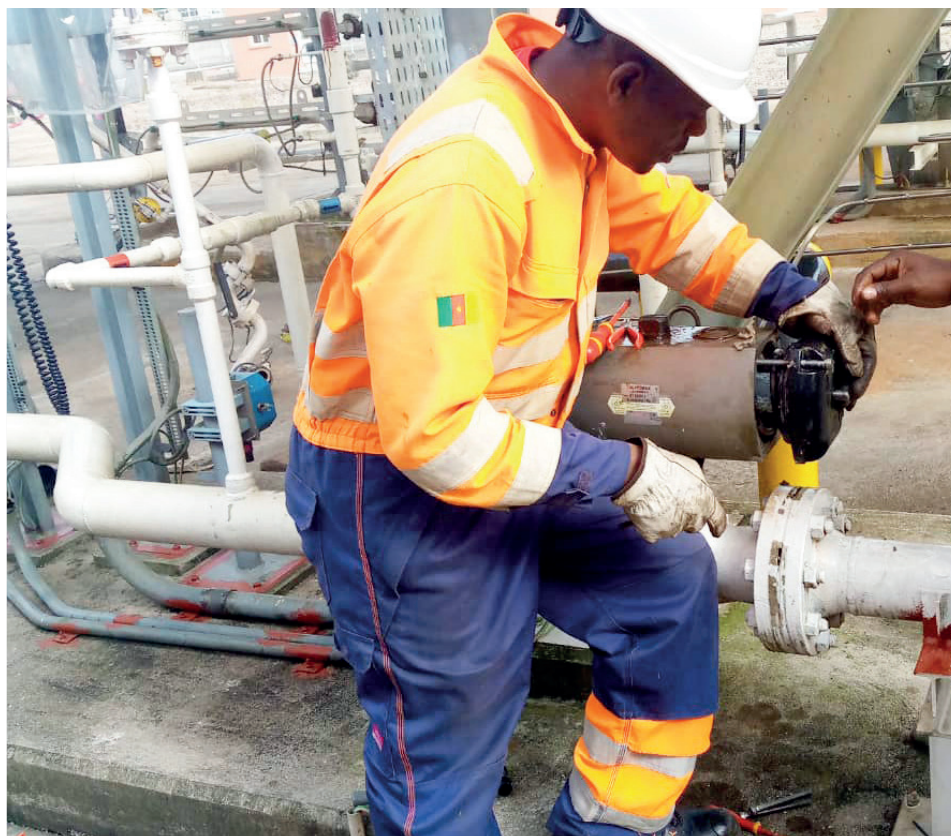


Oil wells

Name of the well	Association	Operator	Final depth (mMD)	Start of drilling	End of drilling	Initial flow (b/j)
EKM -073	Rio Del Rey	PRDR	2 800	23/09/2020	28/07/2021	173
EKM-074			2 125	28/09/2020	31/01/2021	604
EKM -075ST			2 084	13/10/2020	30/04/2021	1 000
EKM -058ST2			2 067	01/02/2021	07/03/2021	2 053
EKM-057ST			2 165	02/03/2020	03/04/2021	668
EKM-053ST2			1 599	19/05/2021	18/06/2021	725
EKM-063ST4			2 053	18/08/2021	07/09/2021	833
ESM-019ST			1 938	08/10/2021	14/12/2021	649
TKM-005	Moabi	PERCAM	2 854	28/02/2020	23/01/2021	400
TKM-006ST2			3 176	03/03/2020	05/03/2021	730
TKM-007			1 311	25/11/2020	16/05/2021	330
TKM-008ST			1 768	27/11/2020	03/04/2021	129
OSB-001ST2	Oak	PRDR	-	11/04/2021	Well abandoned on 05/06/21	
TAL-001		PRDR	-	05/06/2021	Well abandoned on 06/07/21	

Gas wells

Name of the well	Association	Operator	Final depth (mMD)	Start of drilling	End of drilling	Production (mmscf)
KB-007	Sanaga Sud	PRDR	3 563	16/09/2021	22/11/2021	50
KB-008			3 461	08/09/2021	28/11/2021	50



Investments in exploration, appraisal and development

Investments in 2021 totalled US\$265.34 million, up 4.21% compared with 2020 (US\$254.60 million). This increase reflects the wish to revive activities despite the persistence of the Covid-19, which led to the postponement of several development projects until 2022.

These investments centred on exploration on permits, appraisal on Concessions and new and additional developments.

Unit exploitation costs

Unit exploitation cost

La tendance annuelle du coût unitaire moyen d'exploitation en monnaie courante, pour l'ensemble des champs en production d'hydrocarbures liquides, est de 9,46 \$/baril, contre 8,74 \$/baril en 2020.

Le coût unitaire d'exploitation de gaz pour l'Association Sanaga Sud est de 1,37 \$/baril équivalent pétrole (bep) contre 1,09 \$/bep en 2020.

Unit production cost

Le coût technique unitaire de production en monnaie courante, pour l'ensemble des champs d'huile en production, est de 21,35 \$/baril, contre 17,72 \$/baril en 2020.

Le coût unitaire d'exploitation de gaz pour l'Association Sanaga Sud est de 13,90 \$/baril équivalent pétrole (bep) contre 4,38 \$/bep en 2020.

Audit of oil expenditures

The respective audits of the 2016-2017 joint operations accounts for the Mokoko Abana Concession and the 2016-2017 oil costs for the Iroko Exclusive Exploitation Licence were carried out in 2021.

Production

Oil production

Crude oil production amounted to 25 610 631 million barrels (MBI), down by 3.56% compared to the year 2020.

The combined State and SNH share of liquid hydrocarbon production was 15.061 MB, as against 16.154 MB in 2020.

Gas production

Gas production amounted to 78 973.25 million cubic feet, up 1.97% compared with 2020.

The State and SNH share of gas production was 19 572.81 billion cubic feet, as against 20 518.70 billion cubic feet in 2020.

The increase in production is the result of the side tracking of wells from the LUG rig drilling campaign in the Rio Del Rey basin by the RDR and Moabi associations, as well as improved plant rehabilitation activities.



Remaining oil reserves to be produced

Remaining oil reserves to be produced

As at 31 December, remaining oil reserves in producing Concessions and EXAs were re-evaluated at 284.36 million barrels, as against 309.97 million barrels at the same period last year, down 8.26% compared to the previous year.

Natural gas resources

As at 31 December, natural gas resources were estimated at 6.275 TCF (177.68 billion m³), as against 6.33 TCF (179.38 billion m³) at the same time last year, down by 0.87%, due to drawdown of producing reservoirs.



Safety and security of operation sites

No accidents or acts of piracy were recorded in oil and gas operations sites. Concerning the safety of the facilities, a large amount of infrastructure integrity work (particularly on platforms) was carried out at the various Operators' sites during the year 2021.

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 oils 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 and volumes of cargoes

- **Kolé** (28.16° API)*, sold in cargoes of 950 000 barrels;
- **Lokélé** (22.81° API), sold in cargoes of 650 000 barrels;
- **Ebomé** (52.22° API), sold in cargoes of 400 000 barrels.

Crude oil sales

The quantities of crude oil sold on behalf of the State stood at 14.393 million barrels, as against 16.020 million barrels in 2020, implying a decrease of 10.16%.

The average selling price of the share of crude oil accruing to the State stood at 70.07 \$/bbl, as against 40.34 \$/bbl in 2020.

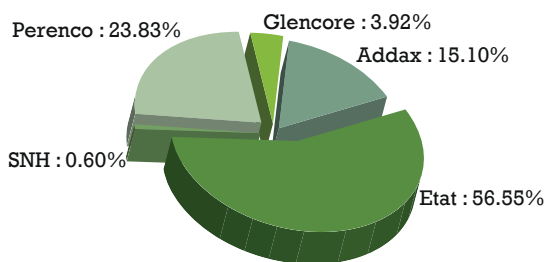
The average differential of Cameroonian crude oil was - 0.69 US\$ per barrel, as against - 0.70 US\$ per barrel in 2020. Thus in 2021:

- the Kolé differential was -\$0.56/bbl, compared to -\$0.11/bbl in 2020;
- the Lokélé differential reached -\$0.37/bbl, as against -\$1.19/bbl in 2020;
- Ebomé's differential was -5.09 \$/bbl, as against -7.14 \$/bbl in 2020.

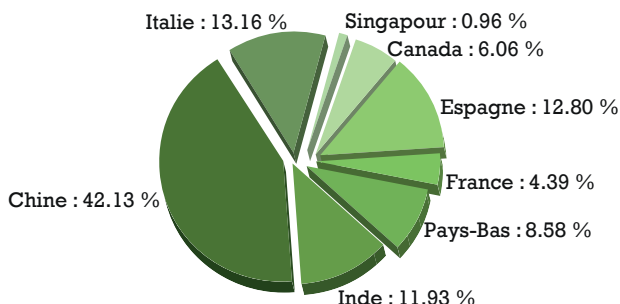
The turnover on the crude oil sales for the year stood at 1 008.546 million US dollars (560.646 billion CFAF), implying a rise of 56.06% compared to 2020; explained by the drop in crude oil prices.

As regards trading activities, 22 cargoes of crude oil were sold on behalf of a third party, compared to 24 in 2020. The total volume represented by these cargoes was 2 146 691 million barrels, for revenues amounting to USD 328 426.65.

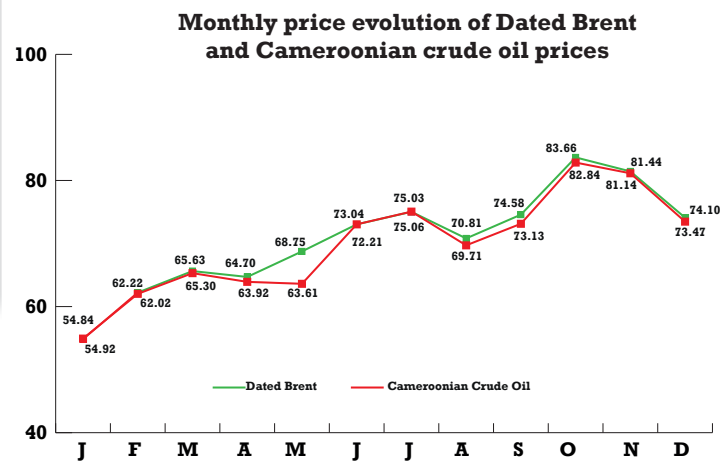
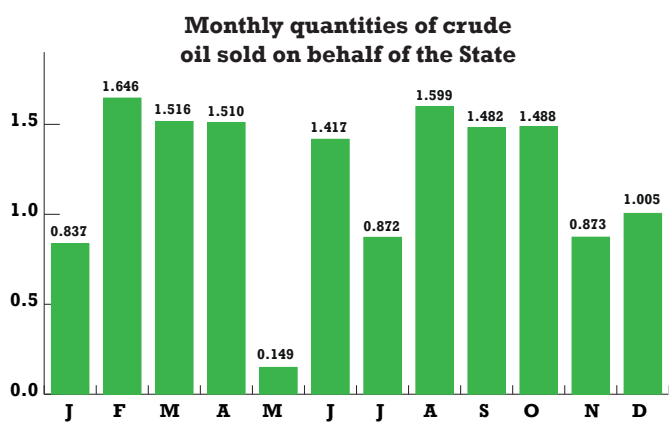
Partners' allocation of liftings



Main destinations of crude oils sold by SNH



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

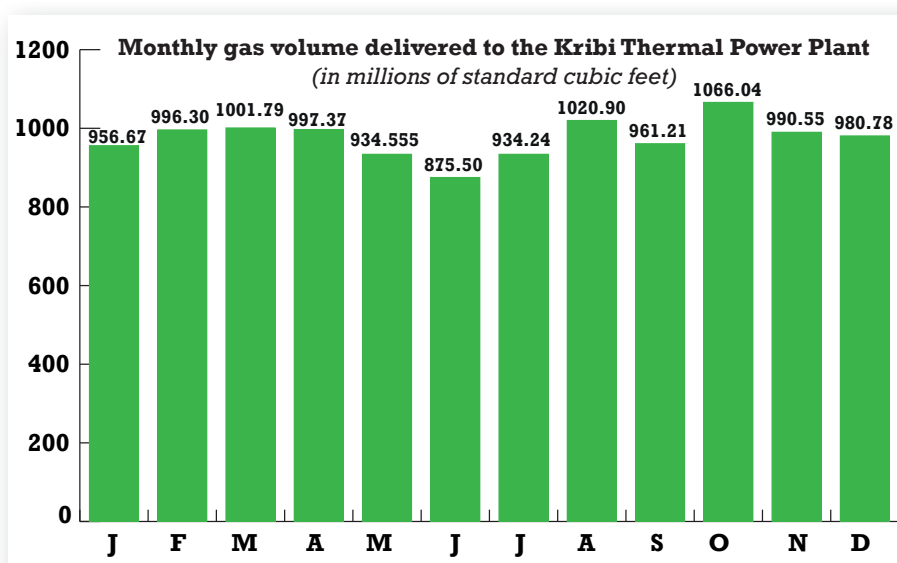


Natural gas sale

Supply to the Kribi thermal power plant

SNH delivered 11 715.930 million cubic feet (mmscf)* of natural gas to the Kribi Thermal Power Plant. This volume is up 14.24% compared to 2020. The weighted average selling price of the gas delivered was 1 552.930 per thousand cubic feet.

The turnover from natural gas sales to KPDC, operator of the plant, was 18.194 billion CFAF. Added to this, is 4.428 billion CFAF from the sale of the State's share in upstream gas sales by the Sanaga Sud Association.

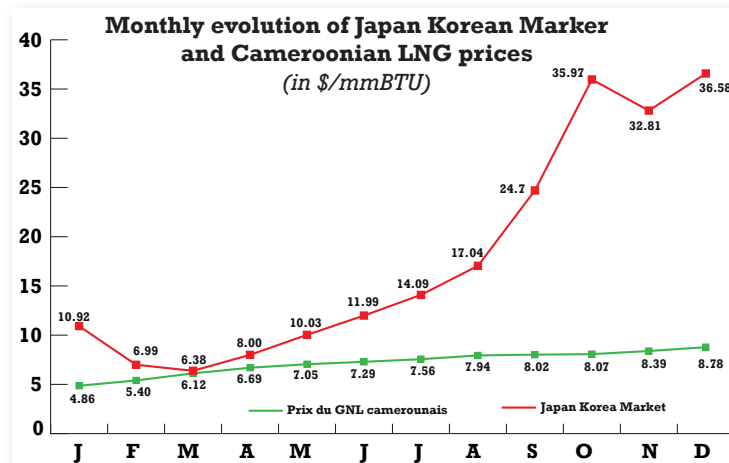
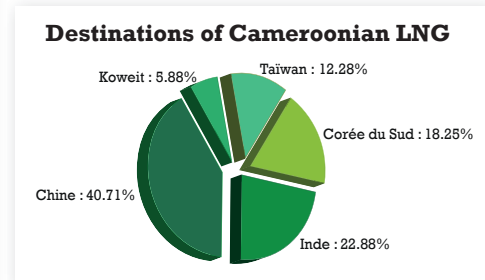
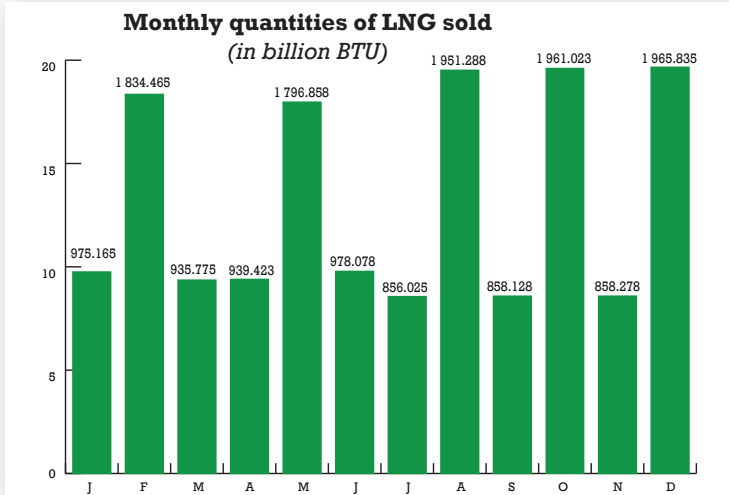


*AT 1 000 BTU/scf

LNG Sales

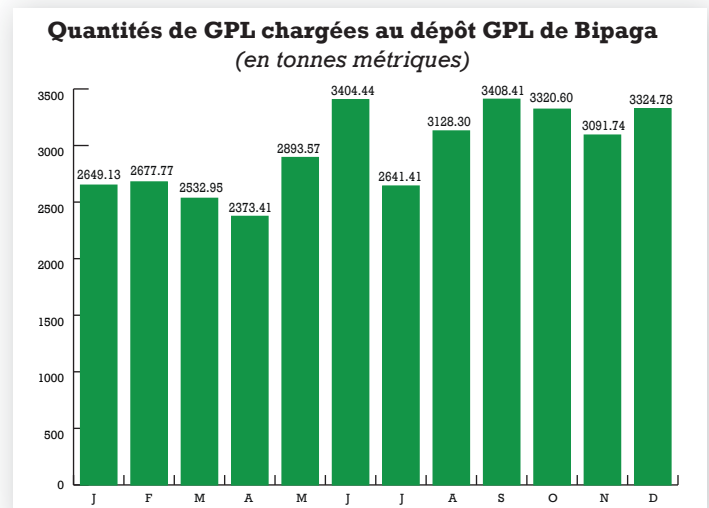
17 cargoes of LNG were sold to Gazprom’s Singapore subsidiary, equivalent to 63 641.350 billion British Thermal Unit. The State’s share was 15 910 338 million BTU, up 3.22% compared to 2020.

The average selling price of this LNG was \$7.1485/mmBTU. The revenue generated by the sale of the State share was US\$ 113.734 million.



LPG supply to the domestic market

SNH sold 35 446.472 metric tons (MT) of LPG at a price of 383 371.85 CFAF per MT. This volume is up 41.26% compared to 2020. The turnover generated by these sales is 13.589 billion CFAF, plus 2.718 billion CFA Francs from the sale of the State share in the sales of LPG upstream.



GAS
ACTIVITIES



LPG storage and loading of tanker trucks

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.

In 2021, the availability rate for loading tankers amounted to 97.79%.

35 446.472 metric tonnes of LPG were delivered to supply the national market (+41.26%).

The operation of this infrastructure has enabled SNH to contribute 21% to the supply of the

domestic market. 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.

According to SNH's estimates, compared to imports, Bipaga's LPG production has enabled the State of Cameroon to achieve savings estimated at 2 771 billion CFA francs in terms of the subsidy granted to this product, and savings estimated at US\$ 29.492 million in terms of foreign exchange reserves.

At the HSE level, the Depot recorded 1 413 days without accidents or reported pollution as at December 31.

On 8 January, for the first time since loading began at Bipaga, SNH unloaded a tanker following the detection of a leakage amidst the loading process. This operation, carried out in accordance with an in-house procedure, was concluded successfully.

The satisfaction survey conducted in May showed that the LPG depot was particularly appreciated by 100% of the marketers because of its contribution to making the national supply more reliable, the quality of the service, the emphasis on safety and the professionalism of its operators.

Furthermore, a mission from the Ministry of Trade undertook an inspection of the quantities loaded at Bipaga in August. The inspection concluded that the measuring equipment installed by SNH fully complies with the regulatory standards.



Supply to industrial companies of Douala



The natural gas distribution network to companies in Douala is about 51 km long. It supplies 43 companies based in the industrial zones of Bassa and Bonabéri.

The total volume of gas produced and distributed to industrial companies in Douala from 1st January to 31st December 2021 was 1 904.09 million cubic feet (53.925 million m³), compared to 1 778.34 billion cubic feet (50.36 million m³) in 2020.

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 stood at 10.751 billion cubic feet from 1st January to 31st December 2021, equivalent to 304.474 million cubic metres. The contribution of the Kribi thermal power plant to the national electricity mix is estimated at around 19%.

In terms of Health, Safety and Environment (HSE), the operation team of the Bipaga-1/Mpolongwe 2 gas pipeline recorded 3 234 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 December 31st, 17 cargoes of LNG had been exported. The Hilli Episeyo FLNG produced 2 738 594.32 m³ of LNG during the year. Planned maintenance of the floating plant facilities was carried out from 22 March to 05 April.

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.



Protection of the Environment

On 24 and 25 March in Bertoua, the Pipeline Steering and Monitoring Committee (PSMC) organised a workshop, chaired by the Governor of the East Region, on the prevention and management of an oil spill that occurred on 16 November 2020 along the Lom River at Touraké. The incident resulted from the capsizing of a motorised ferry carrying a tanker of diesel.

The team in charge of operating the Bipagal-Mpolongwé2 gas pipeline conducted an awareness campaign from 26 to 30 July in five villages within the Ocean department. They were accompanied by a regional inspector from the Ministry of Environment, Nature Protection and Sustainable Development (MINEPDED).

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 Baccaalaureat Board and the GCE Board. The operation took place from 17th September to 01st October. Each of the ten institutions received a donation of books worth one million CFAF.
- SNH, through the PSMC, has rewarded the 100 best pupils from 12 public primary schools situated along the Chad-Cameroon pipeline corridor. The event took place from 14 to 23 September notably in the towns of Akongo in the Centre region, Limbona in the Adamaoua region, Afan Mabe in the South region and Betare Oya in the East region.
- On 5 February, the PSMC also donated school books and IT equipment (printer, photocopier, projection screen and video projector) to the Foundation for Environment and Development in Cameroon (FEDEC) for Bakola/Bagyeli pupils living in the Ngoyang shelter in Lolodorf, in the South Region.
- Over the year, the company hosted 43 students for academic internships. They were able to acclimatize themselves to the work environment.
- SNH awarded prizes (tablets, computers, mobile phones, trophies and T-shirts worth a total of 1 500 000 CFA francs) to various winners of competitions organised by the Ministry of Foreign Affairs as part of the celebrations of the International Days of the Francophonie and the Commonwealth held respectively on 10 and 22 March.
- SNH sponsored the High School Film Fortnight, hosted in Douala and Yaoundé from 18 to 24 January. The event aimed to train and support young people in the film and audiovisual industry.
- The company sponsored the 3rd Conference of the Cameroon Geosciences Association, convened at the University of Dschang from 8 to 11 December. The conference, entitled «Dschang Geosciences 2021», aimed to disseminate research findings in the field of fossil and renewable energies, to foster collaboration with industry professionals and to contribute, alongside the State, to delineating the role of geosciences in the development of Cameroon.

Sponsorship of sporting events

SNH contributed to the organisation of major sporting events, including the 17th edition of the International Cycling Tour of Cameroon, held between 29 May and 6 June and the 21st edition of the Chantal Biya International Cycling Grand Prix, held from 5 to 10 October. The First Lady was present at the finish of the fourth lap in Meyomessala, in the South Region.



A special care for the staff

SNH ensures that its staff benefit from adequate working conditions at the professional, health, safety and infrastructural levels. In 2021, the corporation 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 hygiene and skin diseases;
- organised several Covid-19 screening and vaccination campaigns for the staff and their family members.

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

- The Solidarity Fund of SNH Group Personnel which provided different forms of assistance its members during happy and sad events.

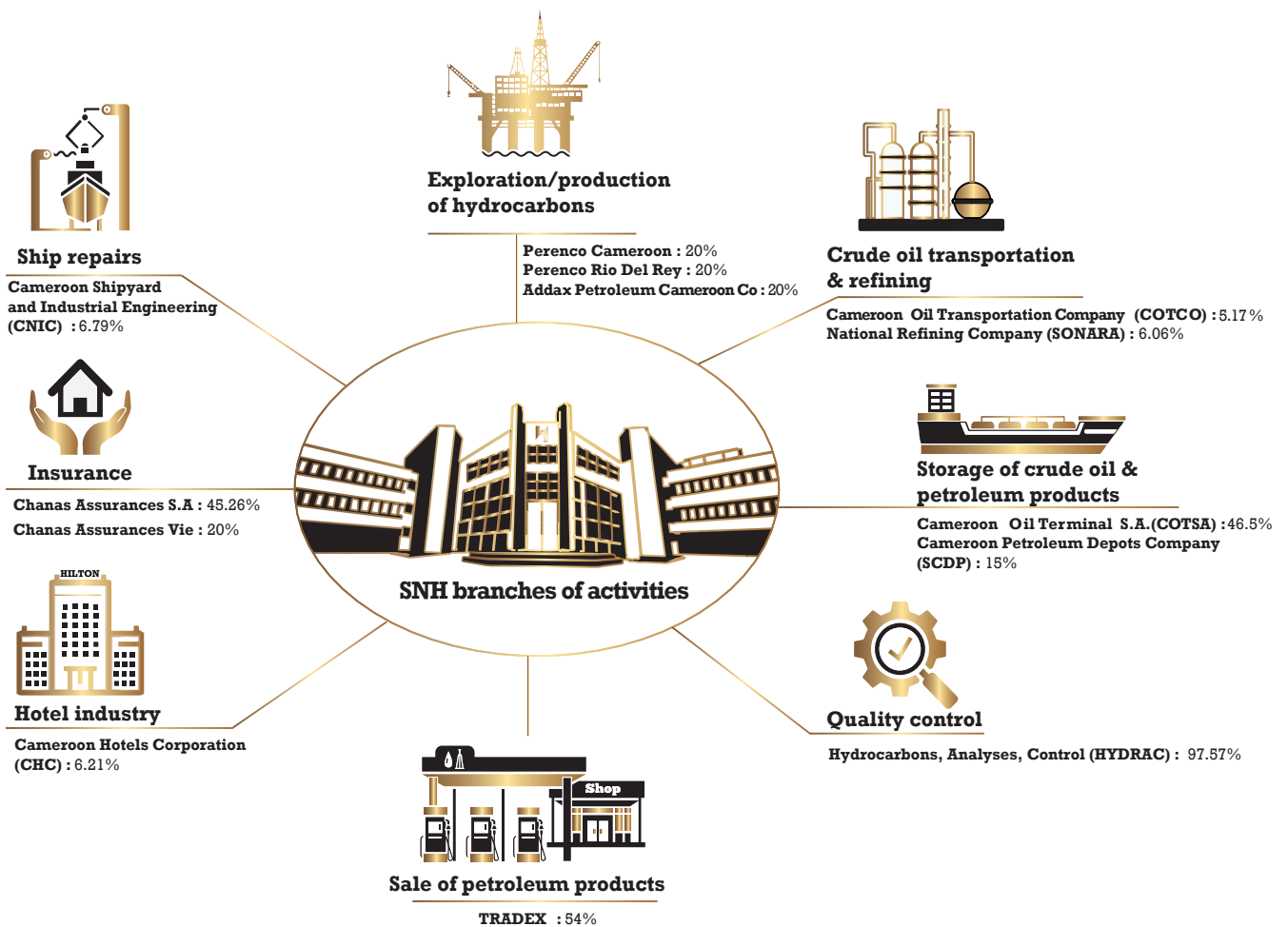
- The Hydrocarbon Sports and Cultural Association (ASCH), which serves as a recreational framework through sports and cultural activities. As such, a sports walk was organised on November 20 in Kribi, in the South Region. A picnic was also organised on 04 December, jointly in Yaoundé, Douala and Kribi, for ASCH members and their families.



Management of share companies

SNH, a diverse group

SNH has been diversifying its activities since 1994. As at 31 December 2021, it holds interests in 12 companies active in the petroleum, para-petroleum and related sectors.



In 2021, gross dividends received from share companies amounted to 37.686 billion CFAF, as against 35.065 billion CFAF in 2020, implying an increase of 7.47%.

* IBC (51%) is in liquidation

Perenco Rio Del Rey (PRDR)**Result up by 199.97%**

The accounts closed on 31st December showed a profit of USD 124.861 million, as against USD 41.624 million in 2020.

A net dividend of USD 210 per share was paid to shareholders for the 2020 fiscal year.

Perenco Cameroon (PERCAM)**Result up by 23.76 %**

The accounts closed on 31st December showed a profit of USD 42.827 million against USD 34.604 million in 2020.

A net dividend of USD 24 000 per share was paid to shareholders for the 2020 fiscal year.

Addax Petroleum Cameroon Company S.A. (APCC)**Result up by 30.65%**

The accounts closed on 31st December showed a net profit of USD 57.572 million against USD 44.064 million in 2020.

A net dividend of USD 120 000 per share was paid to shareholders for the 2020 fiscal year.

Cameroon Oil Terminal S.A. (COTSA)**Result down by 3.87%**

The accounts closed on 31st December showed a net profit of USD 20.980 million against USD 21.825 million in 2020.

A net dividend of USD 21.80 per share was paid to shareholders for the 2020 fiscal year.

Cameroon Oil Transportation Company (COTCO)**Result up by 47.10 %**

The accounts closed on 31st December showed a net profit of USD 97.513 million against USD 66.290 million in 2020.

A net dividend of USD 97.70 per share was paid to shareholders for the 2020 fiscal year.

Hydrocarbures Analyses Contrôles (HYDRAC)**Result up by 100.37 %**

The accounts closed on 31st December showed a net profit of 0,808 million CFAF, as against 218.138 million CFAF in 2020.

National Refining Company (SONARA)

Result up by 840.05 %

The accounts closed on 31st December showed a net profit of 78,919 billion FCFA, as against 10.664 billion CFAF in 2020.

Cameroon Petroleum Depots Company (SCDP)

Result up by 64.92%

The accounts closed on 31st December showed a profit of 2 322.068 million CFAF, as against 1 408.000 million CFAF in 2020.

A net dividend of 1 192.86 CFAF per share was paid to shareholders for the 2020 fiscal year.

Société de Trading et d'Exportation de Pétrole Brut et des Produits Pétroliers (TRADEX).

Result down by 29.00%

The accounts closed on 31st December showed a net profit of 5.305 billion CFAF, as against 7.472 billion CFAF in 2020.

The company paid a net dividend of 7 237.84 CFAF per share to shareholders for the fiscal year 2020.

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

To date, the company has not yet held an Ordinary General Assembly to approve the financial statements for the year ended 31 December.

Chanas Assurances S.A.

Result up by 27.96 %

The accounts closed on 31st December showed a net profit of 1 074,580 million FCFA, as against 839.792 million CFAF in 2020.

A net dividend of 10 020 CFAF per share was paid to shareholders for the 2020 fiscal year.

Cameroon Hotels Corporation (CHC-HILTON)

Result up by 287.83%

The accounts closed on 31st December showed a net profit of 3 290,049 million FCFA, as against a loss of 1 751.601 million CFAF in 2020.

International Business Corporation (IBC) S.A.

En liquidation

La liquidation de la société se poursuit.

FINANCIAL REPORT



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

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

State-mandated activities

Highlight

Increase of 45.13% in the balance transferable to the State, which stood at 427.506 billion CFAF in 2021, as against 294.559 billion CFAF in the preceding year.

Activities related to Associations

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

Item	Volumes/Amounts
Share of oil production accruing the State	14.899 million barrels
Share of gas production accruing the State	19.670 billion cubic feet (Scf)
Share of LPG production accruing the State	8.730 thousand MT
Oil production sold on behalf of the State	14.393 million barrels
Gas production sold on behalf of the State	19.105 billion Scf
LPG production sold on behalf of the State	9.647 thousand MT
Average rate of the US dollar	1 dollar = 555.895 CFAF
Average official price of the crude oil barrel	US\$ 70.073
Total revenue (crude oil and natural gas sales)	US\$ 1 198.260 million or 666.320 billion CFAF)
Oil and gas expenditures borne by the State	238.813 billion CFAF
Transferable balance	427.506 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 (millions)	CFAF (billion)
Details					
Share of production accruing the State	14.899	19.670	8.730		
1. Production sold	14.393	19.105	9.647	1198.260	666.320
Average exchange rate	555.895 CFAF for 01 USD				
Average official price	70.073 USD/barrel (bbl)				
Gas selling price to the State	1 386.031 XAF/thousand SCF				
Gas selling price to KPDC	1 552.931 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	7.148 USD/thousand SCF				
2. SNH commitments				430.080	238.813
2.1 SNH Commitments/Associations				291.539	161.664
a) Operating costs				93.109	51.649
b) Sanaga South exploitation/development				14.840	8.330
c) Dissoni North exploitation/development				2.913	1.621
d) Appraisal/development (Rio Del Rey + Lokele + Moudi + Ebome)				67.015	37.248
e) Iroko exploitation/development				6.300	3.479
f) Moabi exploitation/development				14.824	8.211
g) Bolongo exploitation/development				9.309	5.128
h) Royalties				83.229	45.999
2.2 Gas commitments				89.324	49.889
a) Liquefaction costs				69.776	38.772
b) Gas purchase cost for the Kribi Thermal Power Plant				28.890	16.028
c) LPG purchase cost				17.736	9.852
d) Resumption provisions LNG project				-28.491	-15.550
e) Interest on late payment of KPDC invoices				0.000	0.000
f) Reimbursement for gas oil consumed FLNG Project				0.000	0.000
g) Gas projects				1.413	0.787
2.3 Other SNH commitments				49.217	27.260
a) Inspection costs				0.304	0.168
b) Security stocks				0.271	0.149
c) African Petroleum Producers Organisation (APPO)				0.185	0.102
d) Securing of petroleum operations				13.981	7.782
e) Other decommissioning provisions for site rehabilitation				12.100	6.717
f) Chad/Cameroon pipeline				2.405	1.338
g) Other expenses				19.971	11.006
3) Transferable balance to the Public Treasury				768.180	427.506

Activities related to SNH management

Highlight

Increase of 7.47% in gross dividends collected in 2021 from share companies, for the 2021 fiscal year, which stood at 37.686 billion CFAF, as against 35.065 billion CFAF collected in 2020 for the 2019 fiscal year.

Dividend paid to the State

SNH paid a gross dividend of 15 billion CFAF to the State in 2021, as against 10 billion CFAF in 2020.

Income statement

The net income for the 2021 fiscal year (after corporate income tax) increased by 6.456 billion CFAF in absolute value and 30.86% in relative value, to stand at 27.374 billion CFAF, as against 20.918 billion CFAF in 2020.

Tax paid

SNH paid 25.97 billion CFAF in corporate income tax for the 2021 fiscal year, as against 9.223 billion CFAF for the 2020 fiscal year.

Comparative consolidated balance-sheets

(in million CFAF)

Assets	2020	2019	%	Liabilities	2020	2019	%
Net capital assets	169 921	195 978	-13.30	Stable resources	416 404	423 898	-1.77
Current assets	190 600	203 975	-6.56	Current liabilities	148 208	137 070	8.13
Assets account	219 096	195 255	12.21	Funds liabilities	15 005	34 240	-56.18
Total	579 617	595 208	-2.62	Total	579 617	595 208	-2.62
				Result of group's share	10 533	10 228	+2.98

Consolidated and comparative profit and loss accounts

(in million CFAF)

Item	2020	2019
Operating result	12 473	6 065
Financial result	4 553	8 308
Result of ordinary activities	17 026	14 373
Result excluding ordinary activities	2 536	440
Share and taxes	-18 554	-18 342
Net result of integrated companies	459	3 585
Result of companies equivalence	15 481	18 232
Consolidated net result	15 940	14 647
Minority interest/Result	5 407	4 419
Net result: group's share	10 533	10 228

APPENDICES

1. **Procedures for awarding petroleum 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. **Management of share companies: 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, which ensures 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. However, 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 areas 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 2021 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 amortizing investments

Investments appear on the balance sheet at their historic cost in CFA Francs or equivalent at the rate of the foreign currency concerned as of the date of acquisition; they are amortised following the straight-line amortisation method, pursuant to law No. 2002/003 of 19th April 2002 on the General Tax Code of the Republic of Cameroon, which defines 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 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, Lokele, Moudi, Ebome Marine, Dissoni, Sanaga Sud, Iroko, Moabi and Bolongo 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 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 and production activities, SNH also holds shares in companies with related activities and invests fund surpluses that yield dividends and interests. In addition, SNH is the operator of the Mvia field since the end of 2013.

Fiscal procedure

Operations related to associations (or State-mandated operations)

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

Operations related to the management of SNH

Pursuant to the provisions of the contract of association relating to Ebome Marine and Moudi concessions, the production shares accruing to SNH as partner are subject

to a tax rate of 38.5% for Ebome and 57.5% for Moudi. The share of production accruing to SNH Management within the framework of the exploitation of Mvia field is subject to a corporate tax rate of 38.5%.

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



Mandate of the State

Statutory auditor's report on financial statements Year ended December 31st, 2021

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, 2021. 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 according to the International Standards on Auditing (ISA) and the professional standards applicable in Cameroon. It involved tests of controls, sampling methods and other audit procedures we deemed necessary to express an opinion on the true and fair view of the annual financial statements.

The financial statements we audited present the following significant figures :

In million CFA Francs	2021	2020
Balance sheet total	1 186 563	1 138 321
Sales revenue	668 260	460 255
Net profit (before transfers into the Public Treasury)	547 605	302 619
Net cash	339 618	333 241

1. Confirmation of independence

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

2. Our methodology

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

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

3. Conclusions of our engagement

3.1. Evaluation of the internal control procedures

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

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

3.2. Control of accounts

Our audit of the financial statements for the year ended 31st December 2021 did not reveal any material misstatements.

* The documents referred to are those submitted to the members of the SNH Board of Directors

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, 2021, and its financial performance and its cash flows for the year then ended in accordance with accounting principles prescribed by the OHADA Uniform Act on organization and harmonization of accounting systems of commercial companies member States and with accounting rules and methods generally applied by companies operating in oil and gas activities at the exploration/production stage.

The Statutory Auditor
CAMEROUN AUDIT CONSEIL



Jean-Marc BELL BELL
Douala, April 08th 2022

Portfolio management



Statutory Auditor's report Financial statements Year ended December 31st, 2021

To the shareholder of the National Hydrocarbons Corporation. SA

In our capacity as statutory auditor, we present below our report for the period ended December 31st, 2021, on :

- The audit of SNH's annual financial statements, Portfolio Management section, drawn up in CFA francs as attached to this report and showing shareholders' equity of CFA francs 252,463 million, including a profit net of tax amounting to CFA francs 27,374 million;
- The specific procedures and disclosures prescribed by law.

1. Financial Statements Audit

1.1 Opinion

We have audited the financial statements of NATIONAL HYDROCARBONS CORPORATION, which comprise the balance sheet, the income statement, the cash flow statement, and the annexes notes for the year ended December 31st, 2021.

In our opinion, the financial statements of SNH present fairly, in all material respects, the financial position of the company on December 31st, 2021, and its financial performance and its cash flows for the year then ended in accordance with accounting principles prescribed by the OHADA Uniform Act on organization and harmonization of accounting systems of commercial companies in member states.

1.2 Basis for opinion

We have audited the financial statements in accordance with International Professional standards (ISAs) and, accordingly, performed such auditing procedures as we considered necessary in the circumstances in

compliance with OHADA Act.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants 'Code of Ethics for Professional Accountants (IESBA Code)' together with the ethical requirements that are relevant to our audit of the financial statements in Cameroon, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

1.3 Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. 4 Responsibilities of management and those charged with governance for the annual financial statements

The Board of Directors is responsible of the preparation of the financial statements.

The Board of Directors is responsible for the preparation and the fair presentation of the financial statements in accordance with rules and provisions as specified by the OHADA Uniform Act on Organization and Harmonization of accounting systems of commercial companies in member States, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company’s financial reporting process.

1. 5 Auditor’s responsibilities for the audit of annual financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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**



Jean-Marc BELL BELL
Douala, April 08th 2022

Portfolio management



Statutory Auditor’s Special report on certain related party transactions
Year ended December 31st, 2021

To the Board of Directors of the National Hydrocarbons Corporation.

Dear Directors,

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 based on the information provided to us. It is not our role to comment on their benefits or appropriateness. In accordance with article 440 of OHADA Uniform Act and EIG (Economic Interest Groups), it is your responsibility to evaluate 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**



Jean-Marc BELL BELL
Douala, April 08th 2022



National Hydrocarbons Corporation (SNH)

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