

Annual Report

# 2022: **Stability**

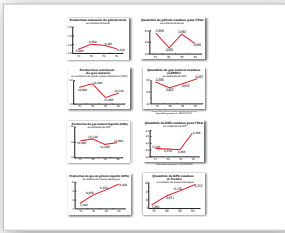


**National Hydrocarbons  
Corporation**

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**Texts** : Communication Division & Ad- hoc Commission  
in charge of drafting the SNH Annual Report  
**Editorial secretariat, illustrations and layout: Communication Division**

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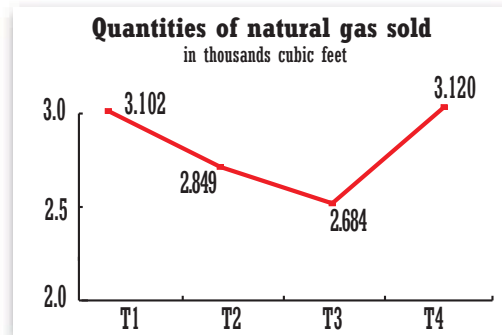
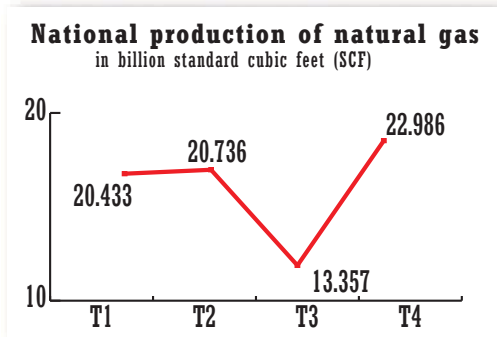
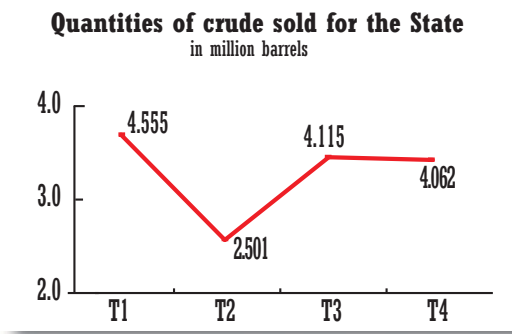
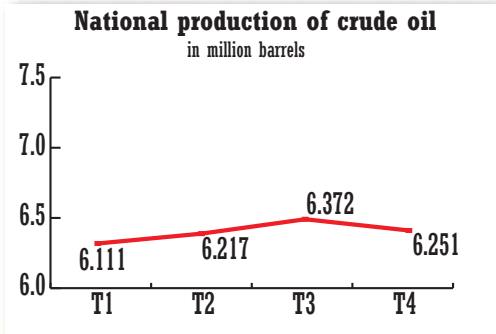


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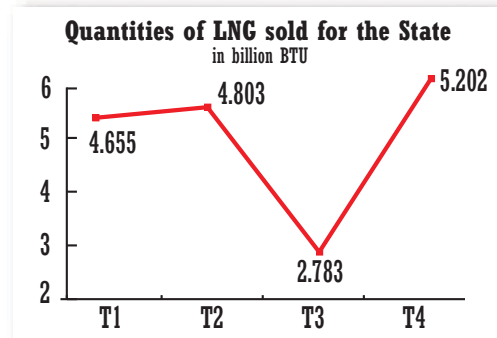
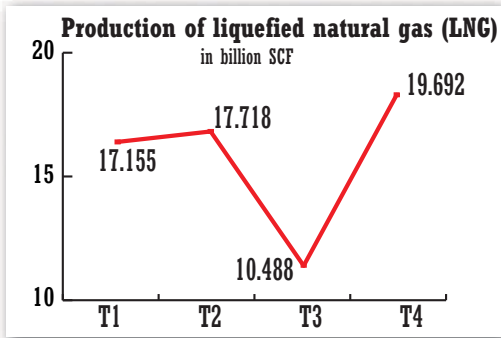


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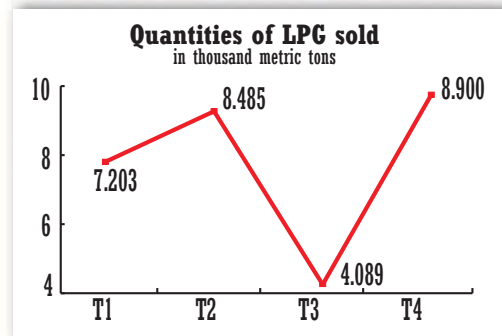
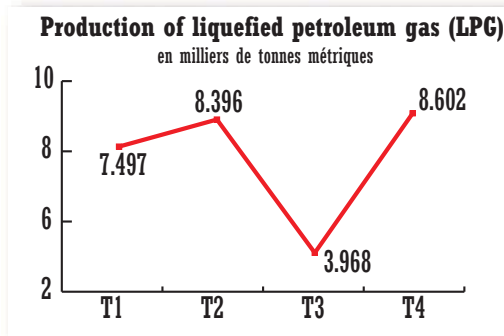
# Overview



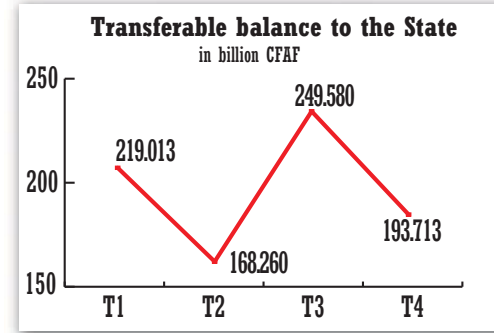
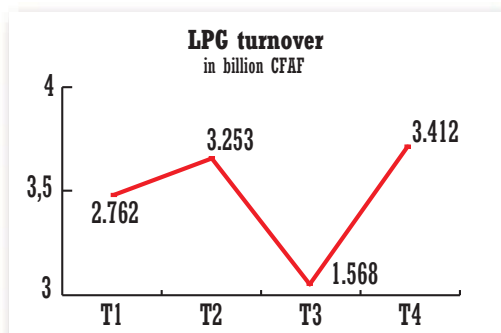
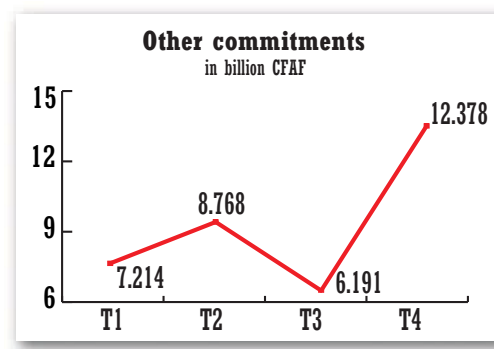
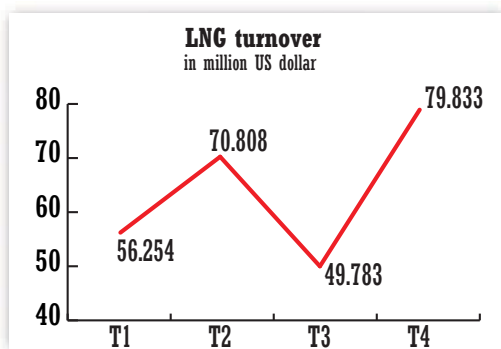
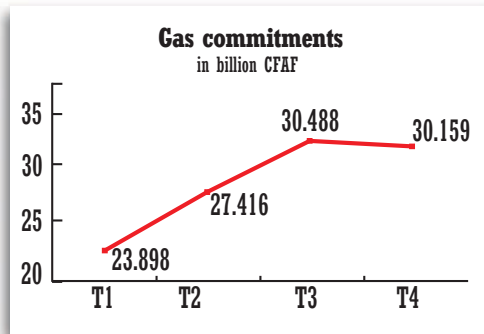
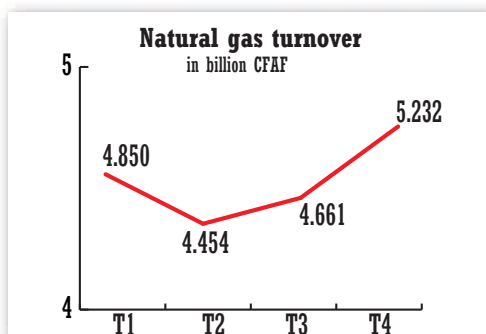
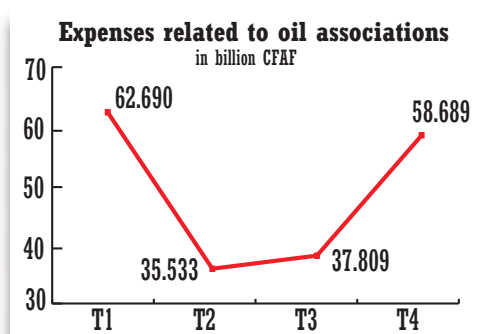
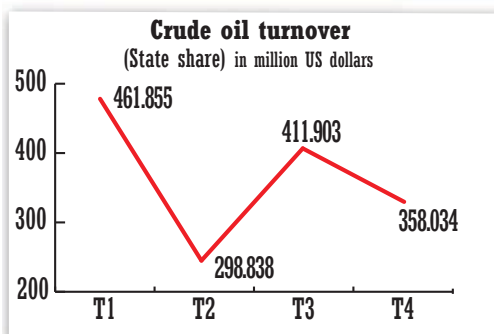
*SNH sales (excluding gas from the Logbaba field)  
Quantities expressed in 1 000 BTU/SCF*



*\* 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
BBL	:	Barrel
BCF	:	Billion Cubic Feet
BTU	:	British Thermal Unit
CPP	:	Production Sharing Contract
PSMC	:	Pipeline Steering and Monitoring Committee
CSST	:	Occupational Health and Safety Committee
DKC	:	Douala-Kribi/Campo (Cameroonian sedimentary basin)
FIPOLE	:	International Oil Pollution Compensation Funds
FLNG	:	Floating Liquefied Natural Gas
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
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
SCGPL	:	Storage and Loading of LPG tankers
TCF	:	Trillion Cubic Feet
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 hydrocarbons 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 gas 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 transport 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 effectively 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 Units 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 them 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.



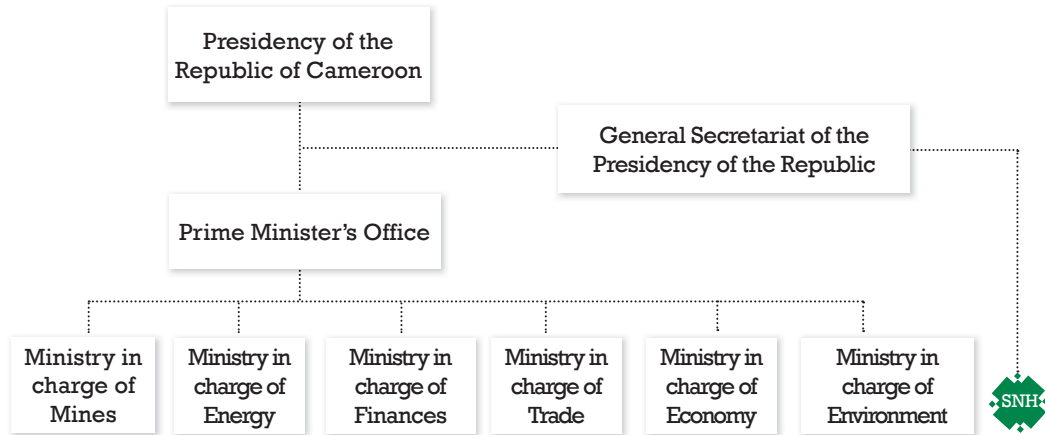
## Traceability and transparency of operations

Contracts are negotiated in accordance with the Cameroon Petroleum and Gas Codes, based on the standard model contracts of the Association of International Energy Negotiators (AIEN). 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 skills.

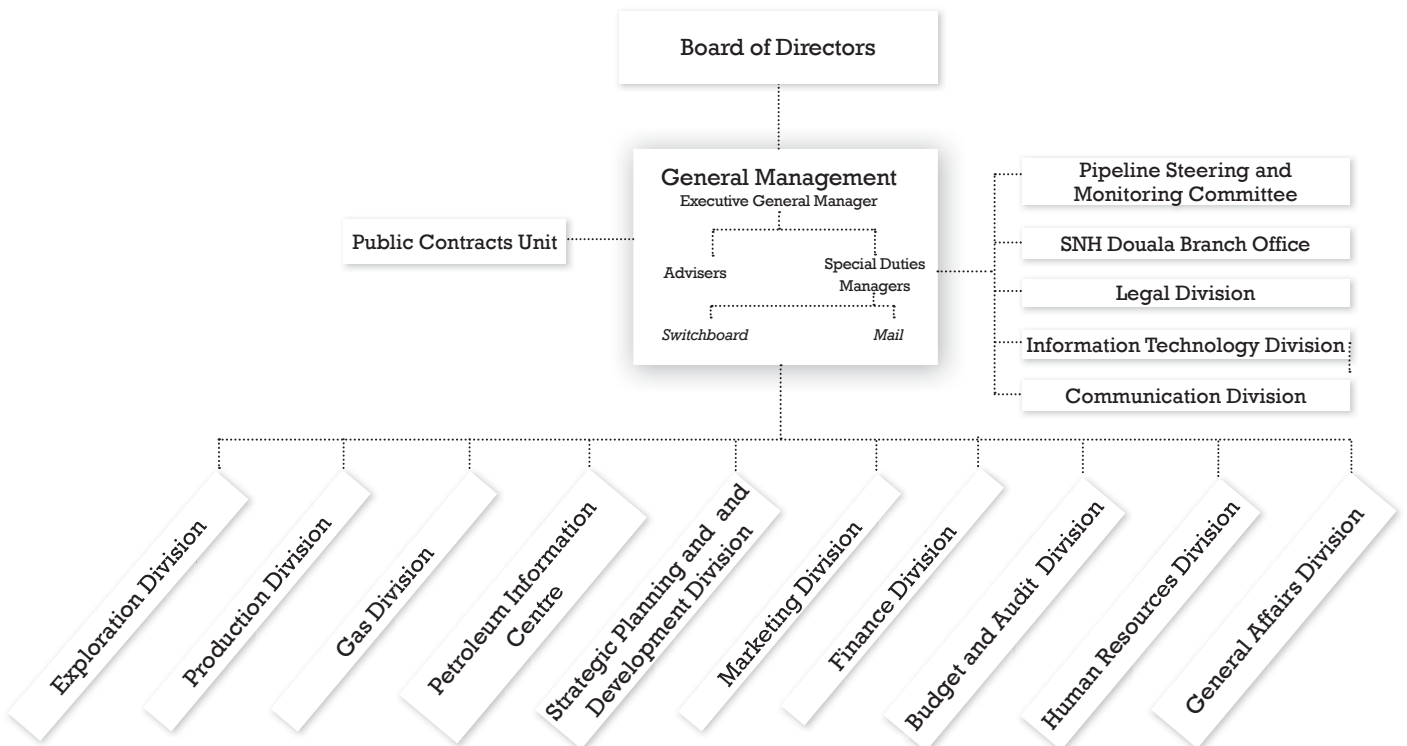
SNH publishes all the key figures relating to its activities (investments, production, turnover and transfers to the State) in its external publications, including its website internet ([www.snh.cm](http://www.snh.cm)) and other mass media.

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

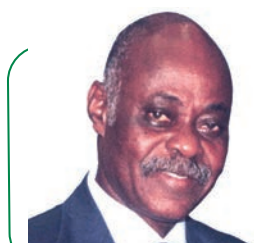


**Victor Aristide Mimbang**  
Director of Mines  
Ministry of Mines, Industry and  
Technological Development



**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 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<sup>st</sup> December 2022

## Human resources: effective management of workforce and skills



### Efficient staff management

As at 31 December 2022, SNH had 377 employees, including 297 at the head office in Yaoundé, 37 at the SNH Douala Branch Office, 18 at the Bipaga/Mpolongwé gas pipeline site, 15 at the Bipaga LPG depot, 1 at the Mvia oil site, 5 at the storage site of samples originating from oil and gas wells, and 4 on secondment.

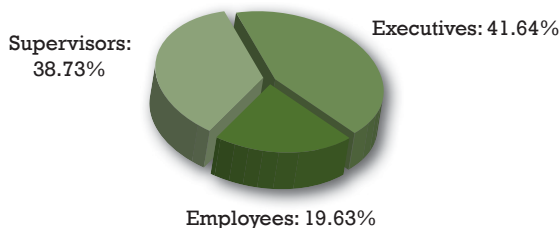
To meet staff development needs arising from retirements and the expansion of its activities, SNH recruited 30 new workers, comprising 6 managers, 19 supervisors, and 5 employees.

### Continuous training for better performance

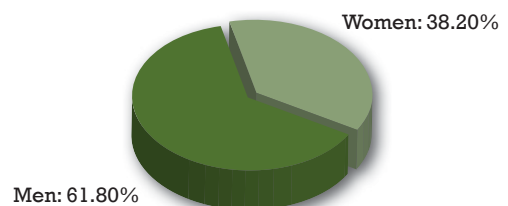
The implementation of the corporate training plan facilitated 15 training initiatives for 311 employees. These training courses covered, in particular

- understanding production sharing contracts, including their economic, tax, and legal mechanisms, and the participation of the State;
- administrative and commercial writing;
- defensive driving;
- physical and electronic archiving;
- introduction to maritime safety;
- control valve maintenance;
- QSE standards;
- HSE management ;
- fundamentals of process safety;
- E&P data management;
- dematerialisation of Cameroon's public procurement system.

Staff distribution according to socio-professional categories



Staff distribution by gender



# ECONOMIC SITUATION



## Oil market

World crude oil prices remained above the \$100/bbl average despite a turbulent international environment characterised by fears of an economic recession arising from the European energy crisis and a slowdown in hydrocarbon demand in China, for the first time since 2004.

In this context, Dated Brent reached a peak of \$137.64/bbl on March 8<sup>th</sup>, its highest value since July 2008, before declining from the end of the third

quarter. This decline coincided with central banks in major economies raising key interest rates to curb inflation.

For the entirety of 2022, the average price of Dated Brent was \$101.32/bbl, compared to \$70.91/bbl the previous year, representing an increase of 42.89%. The primary factors contributing to this rise are presented below :

### Global crude oil demand

Soaring energy prices in Europe following the European Union's decision to impose an embargo on Russian oil imports and the easing of restrictions that had been put in place to counter the spread of the coronavirus, leading to record refining margins in Europe and the United States.

### Crude oil supply

The war in Ukraine has triggered concerns that global oil production is insufficient to meet demand and OPEC+ production is increasing only modestly, despite numerous incentives offered by the United States to reduce fuel prices.

### Commercial inventories

US commercial inventories remain at low levels, comparable to those of 2014 (13.5% below the five-year average, according to S&P Global Platts estimates) and OECD inventories have also fallen to their lowest levels since 2004.





## Gas markets

### 1. International Liquefied Natural Gas (LNG) Market

The international LNG market in 2022 experienced an exceptional surge in prices, both in magnitude and duration, driven by the escalating Russo-Ukrainian crisis. As a result, on 7 March 2022, prices on the Japan Korea Marker (JKM), the spot transaction index for North-East Asia, reached a new record of US\$84.762/mmBTU (equivalent to US\$508.57/bbl for oil), thereby surpassing the previous record of US\$56.326/mmBTU set on 6 October 2021.

Against this backdrop, the JKM averaged US\$33.93 per million British thermal units (mmBTU), compared to US\$18.55/mmBTU in 2021, representing an increase of 82.91%. This significant rise stemmed from intense competition between Asia and Europe for LNG supplies.

On the supply side, global LNG supply reached 52.75 billion cubic feet per day (Bcf/d),

representing a 4.29% increase from 2021. This growth was primarily attributed to increased LNG export capacity in the United States, supported by high international gas prices and substantial reductions in Russian pipeline gas supplies.

Concerning demand, LNG imports rose to 53.33 Bcf/d, representing a 6.05% increase compared to the previous year. This increase was primarily driven by Europe, which faced an energy crisis resulting from the shutdown of several nuclear power stations in France for corrosion-related repairs, and challenges in supplying German power stations with coal and diesel. LNG imports were nearly six times higher than the previous year in the United Kingdom, which has substantial regasification facilities that were used to augment supplies to European markets.

## 2. Domestic Natural Gas Market

Gas consumption at the Kribi thermal power plant totaled 11,755 million cubic feet (at 1,000 BTU/scf), a 0.33% increase compared to 2021. This consumption level represents a 70.02% utilization rate of the 216 megawatts installed capacity.

The increase is attributed to heightened demand during the African Cup of Nations football tournament, and improvements in the electricity transmission sector following the commissioning of the new 225 kV line linking Bekoko to Bafoussam in early July.

## 3. Domestic LPG Market

Domestic LPG supplies reached 182,300 metric tonnes (MT), i.e. a 7.92% increase from 2021. The domestic market was supplied through imports (84.27%) and production from Bipaga (15.73%). If exports to Chad are excluded, Bipaga production accounted for 18.89% of domestic supply.

LPG consumption in 2022 reached 158,648 MT, showing a 5.40% increase compared to 2021. This growth can be attributed to persistent market demand exceeding current supply, and the resilience of the Cameroonian economy, which has resulted in increased consumption of most petroleum products.

It is important to note that the difference between supply and consumption is due to the export of 23,652 MT to the sub-region.

## 4. Bipaga LPG Depot Operations

Operations at the Bipaga LPG depot in 2022 were characterised by a decrease in production volumes. Bipaga's contribution to domestic supply fell from 21% in 2021 to 18% in 2022, accounting for 28,677.930 MT to meet the needs of Cameroonian households.

The installation availability rate for the year was 94.32%, considering that SNH typically suspends loading operations for one week to conduct preventive maintenance.

According to SNH's estimates, domestic LPG production resulted in savings of approximately 5.963 billion CFA francs in State subsidies and an estimated 27.170 million US dollars in foreign exchange reserves, compared to reliance on imports.





**INTERVIEW OF THE  
EXECUTIVE GENERAL MANAGER**





**Adolphe Moudiki:**  
**Transfers to the State up 94.28%.**



**What is your analysis of SNH's performance in 2022?**

Firstly, it is important to recall that SNH's objectives for 2022 were to promote the national oil and gas domain, develop the country's hydrocarbon resources, optimise oil and gas revenues, and manage share companies in accordance with the 2020-2024 development plan.

Overall, SNH's performance met expectations. This was undoubtedly influenced by the international market situation, which saw record increases in global crude oil prices and an exceptional surge in liquefied natural gas (LNG) prices. However, credit must also be given to our teams, who demonstrated ingenuity in capitalising on this favourable context.



**To what extent has the upturn in crude oil and liquefied natural gas (LNG) prices on the international market impacted SNH's results?**

As noted by industry specialists, Dated Brent, our benchmark crude, reached a peak of \$137.64 per barrel in March, its highest value since July 2008. For the full year 2022, the average price

was \$101.32 per barrel, compared to \$70.91 per barrel the previous year, representing an increase of 42.89%.

**Record Increases in Global Energy Prices**

LNG prices on the JKM, the index for spot transactions in North-East Asia, reached a new record high on 7 March, standing at US\$84.762 per mmBTU (equivalent to US\$508.57 per barrel for oil) and surpassed the previous record of US\$56.326 per mmBTU, set on 6 October 2021.

As expected, this market environment had a favourable impact on SNH's commercial and financial performance. The average price of the share of crude oil accruing to the State stood at \$ 100.48/bbl, as against \$ 70.07/bbl in 2021.

**Were the commercial and financial results for the fiscal year in line with or better than objectives?**

SNH's results demonstrably surpassed its objectives, due to the advantageous economic situation. The turnover on crude oil sales for the year reached US\$1,530.630 million (FCFA 955.950 billion), representing a substantial increase of 51.77% compared to 2021.

The net result for the 2022 fiscal year (after corporate income tax), was FCFA 36.597 billion, compared to FCFA 27.374 billion in 2021, indicating an increase of FCFA 9.223 billion in absolute value.

Furthermore, SNH contributed FCFA 14.172 billion in corporate income tax and other taxes and duties to the State, as against FCFA 10.970 billion the previous year.

The balance transferable to the State amounted to FCFA 830.566 billion, a significant rise from FCFA 427.506 billion in 2021, representing an increase of 94.28%.

**What explains the 60.95% increase in production investment compared with 2021?**

Production investment actually totalled US\$427.07 million, marking a 60.95% increase compared to 2021 (US\$265.34 million).

This increase is attributable to the effective resumption of several development projects from 2021, which were deferred to 2022 due to the COVID-19 pandemic.

**Can these investments help to revive oil production?**

It is our expectation that they will contribute to the reversal of the downward trend recorded in recent years. Our emphasis on intensified research is, fundamentally, aimed at facilitating new discoveries within the national oil and gas domain.

**What are the main axis of SNH's activities in 2023?**

SNH will, as always, continue to execute its mandated responsibilities entrusted by the State. This will be achieved through the intensification of efforts to promote the national oil and gas domain and develop its hydrocarbon resources.

**Increase in Production Investment**





However, acknowledging the prevailing market volatility and geopolitical uncertainties stemming from the conflict in Ukraine, we will maintain rigorous surveillance of this dynamic environment. Our focus will remain steadfast on the achievement of our medium and long-term objectives, as articulated within the 2020-2024 five-year development plan.

**Increase in State resources**

For 2023, the plan's strategic priorities encompass active participation in increasing State and mining rent revenues, diligent oversight of oil and gas exploration and production, revitalisation of the oil-related services sector, and the advancement of skills development within the oil and gas industry.

The realisation of these objectives will be predicated upon the enduring core values that have consistently informed our operational conduct: quest of excellence, professionalism, integrity, and sense of common interest.

These fundamental principles, coupled with the transparent management of hydrocarbon resources, constitute the bedrock of our corporate culture and serve as the cornerstone of our performance.

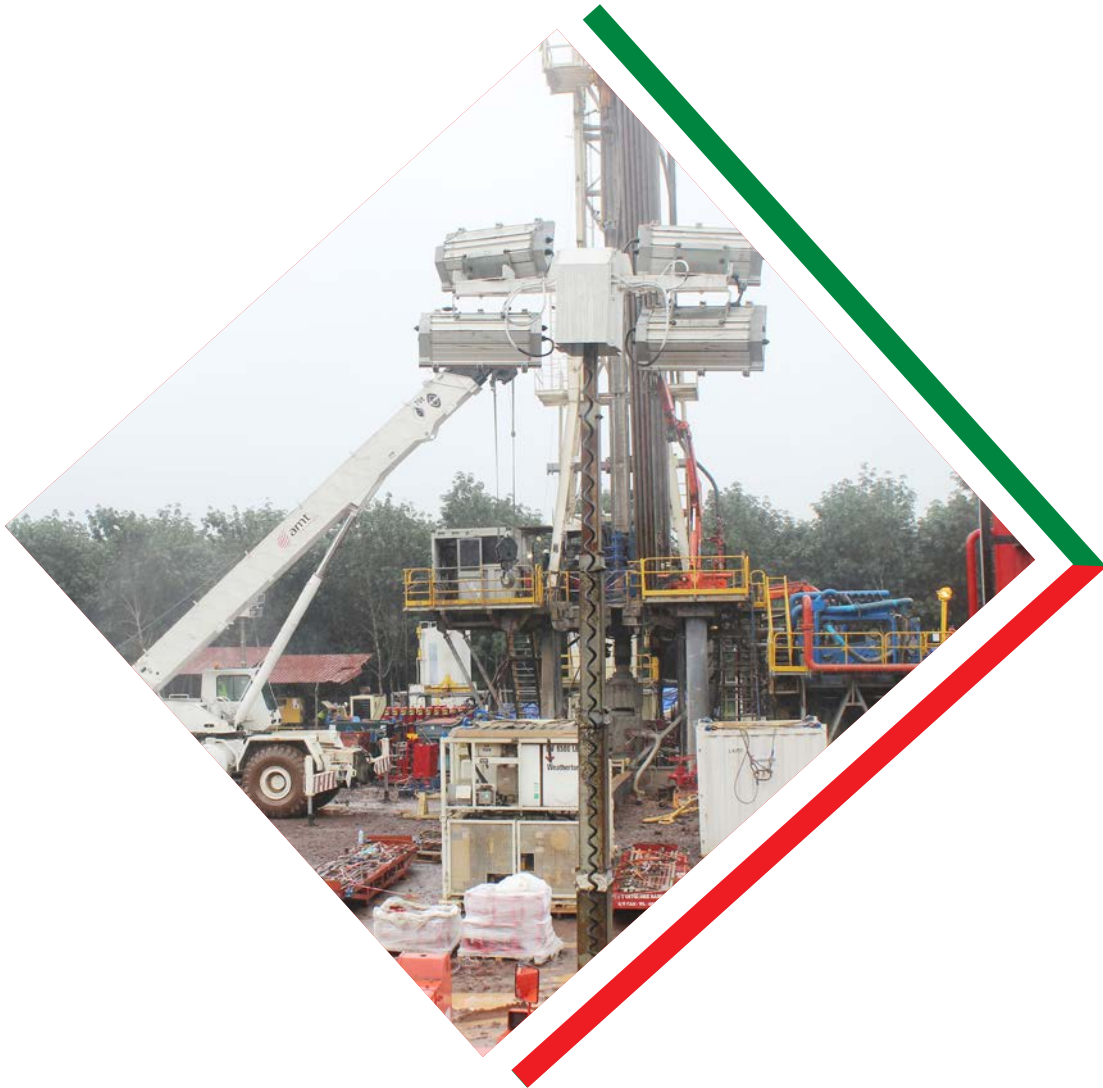
For SNH, this presents a new opportunity to put natural gas at the service of Cameroon's development.

**HIGHLIGHTS**



- 
- 08<sup>th</sup> 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.
- 12 March:** SNH commemorated the 42<sup>st</sup> anniversary of its creation.
- 
- 25<sup>th</sup>-28<sup>th</sup> April:** Negotiations continued regarding the project to unitize the Yoyo/Yolanda cross-border field, which straddles the maritime boundary between Cameroon and Equatorial Guinea. The initial phase of work focused on the development of a draft bilateral agreement aimed at fostering cooperation in the exploitation of hydrocarbon resources within the cross-border fields. The second phase involved both countries and Chevron. It focused on the implementation of the unitization project. Discussions encompassed the technical, economic, and contractual elements of the project.
- 16<sup>th</sup>-19<sup>th</sup> May:** Free blocks of Cameroon's oil and gas domain were promoted at the CAPE 8 African Petroleum Congress, held in Luanda, Angola. The SNH delegation presented the eight available blocks located within the Rio del Rey and Douala/Kribi-Campo basins.
- 
- May:** A satisfaction survey conducted during the month indicated that the LPG Depot was particularly appreciated by 100% of the marketers, because of its crucial role in ensuring reliable national supplies, the high service quality, the strong focus on safety, and the professionalism of its operators.
- 
- 6<sup>th</sup>-9<sup>th</sup> June:** First annual meeting of the Board of Directors, held by home consultation of its members. The Board congratulated General Management for the positive outcomes achieved by the company in the first half of the year.
- August:** A mission from the Ministry of Trade undertook an inspection of the quantities loaded at Bipaga. The inspection concluded that the measuring equipment installed by SNH fully complies with the regulatory standards.
- 
- 29 September :** The contract for the supply of gas to the Keda tile factory in Kribi was signed at SNH head office by the Executive General Manager of SNH, the General Managers of Keda and Perenco, the operator of the Sanaga field from which the gas to be supplied will be extracted.
- 
- 07 October:** A draft agreement was initialled by Cameroon and Equatorial Guinea for the joint exploitation of the Yoyo/Yolanda cross-border fields. The ceremony was co-chaired by the Minister of Mines, Industry and Technological Development, Gabriel Dodo Ndoke, his Equatorial Guinean counterpart, Gabriel Mbagha Obiang Lima, and the Executive General Manager of SNH.
- 
- 08 December:** The second annual session of the Board of Directors was held at the head office of SNH. The members approved the company's 2023 action plan and budget.
-

# 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.



### Oil and gas domain under contract

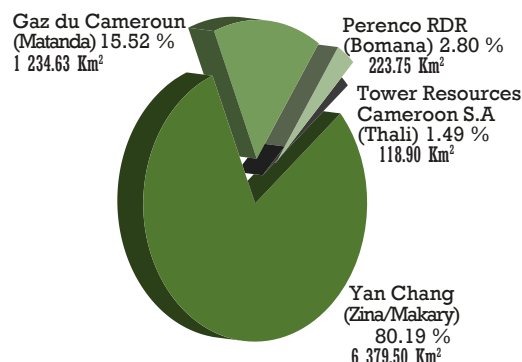
There were no changes in the national oil and gas domain under contract in 2022.

As at December 31, it had an occupancy rate of 37.73%, or 11 894.64 km<sup>2</sup>, for a total area of 31 839 km<sup>2</sup>. It includes :

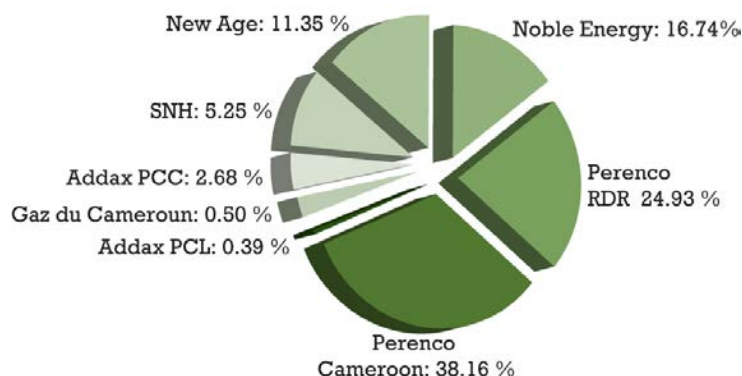
- 04 Exclusive Exploration Authorisations (EEA) covering a total area of 7 955.781 km<sup>2</sup> (24.99% of the total area) ;
- 21 Concessions and/or Exclusive Exploitation Authorisations (EXA), covering a total area of 4 057.76 km<sup>2</sup> (12.74% of the total area).



**Distribution of surface area of Exclusive Exploration Authorisations by Operator as at 31 December 2022**



**Distribution of surface area of Concessions and Exclusive Exploitation Authorisations per Operator as at 31 December 2022**



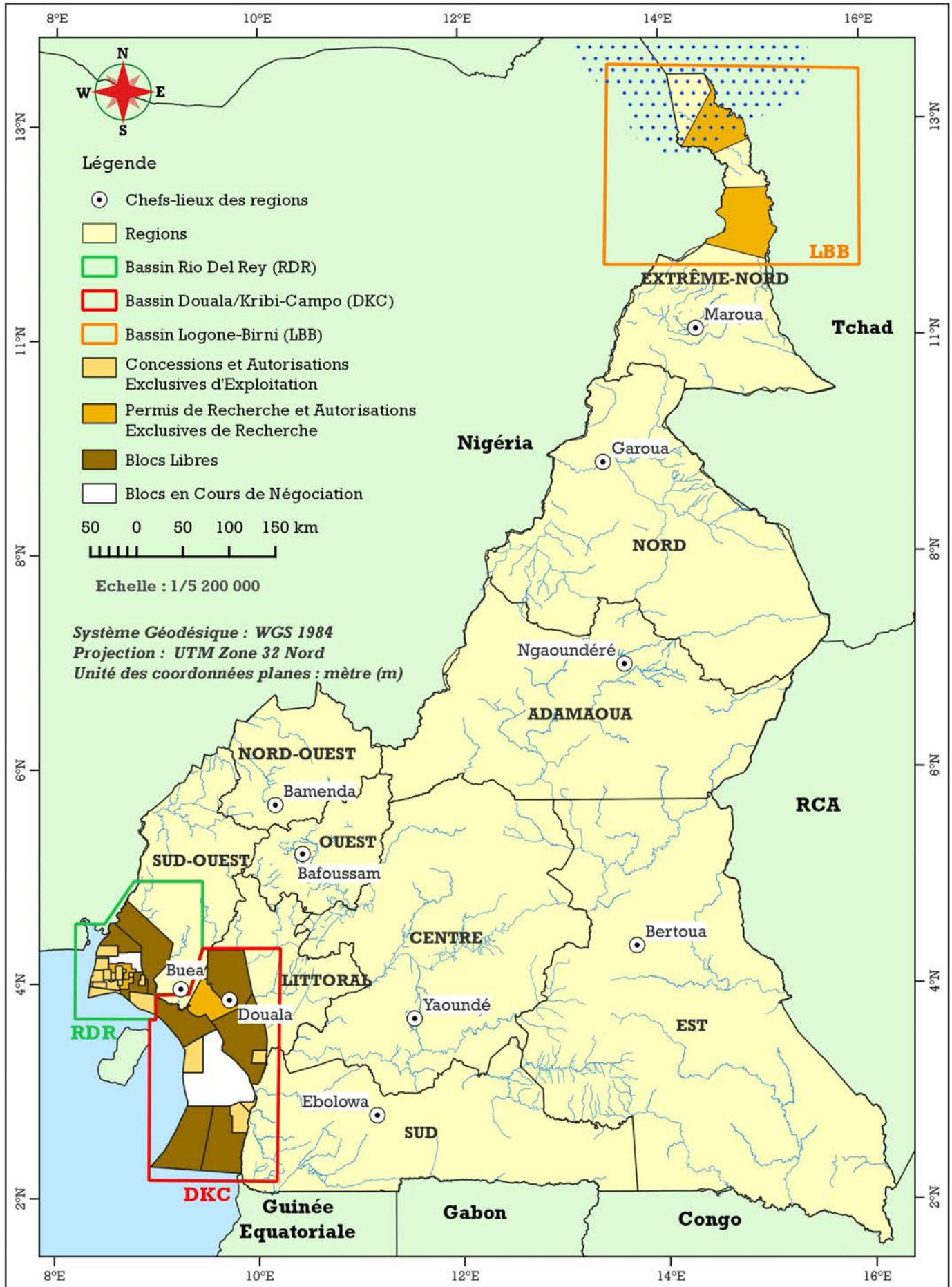
**National free oil and gas domain**

As at 31 December 2022, the national oil and gas domain comprises 08 free blocks. These include 03 blocks in the Rio Del Rey basin (Bakassi, Bolongo Exploration and Ndian River), and 05 blocks in the Douala/Kribi-Campo basin (Etinde Exploration, Elombo, Ntem, Kombe-Nsepe and Bomono). The free oil and gas domain covers a surface area of 15 476.56 km<sup>2</sup>, i.e. 48.61% of the total surface area.

**Blocks under negotiation**

Two blocks of the national oil and gas domain were under negotiation: Tilapia, in the Douala/Kribi-Campo basin, and Ngosso, in the Rio Del Rey basin. They cover a surface area of 4,348.90 km<sup>2</sup>, or 13.66 % of the total area.

Overview of the oil and gas domain as at 31/12/2022



## Existing oil associations as at 31 December 2022

## Concessions/Exclusive Exploitation Authorisations

Associations	Associates	Nationalities of parent companies	Share
<b>Douala/Kribi-Campo Bassin</b>			
Ebome Marine	SNH (State)	Cameroonian	50%
	Perenco Cameroon*	Franco-british	28.5%
	SNH	Cameroonian	21.5%
<b>Mvia</b>	<b>SNH*</b>	<b>Cameroonian</b>	<b>100%</b>
Yoyo	SNH (State)	Cameroonian	50%
	Noble Energy*	American	50%
Logbaba	SNH (State)	Cameroonian	5%
	Gaz du Cameroun*	British	57%
	RSM Production Corp.	Américaine	38%
Sanaga Sud	SNH (State)	Cameroonian	25%
	Perenco Cameroon*	Franco-british	75%
<b>Rio Del Rey Bassin</b>			
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	Share
<b>Bassin Douala/Kribi-Campo</b>			
Matanda	Gaz du Cameroun*	British	75%
	Afex	British	25%
<b>Bassin Rio Del Rey</b>			
Bomana	Perenco Rio del Rey	Franco-british	100%
Thali	Tower Ressources Cameroon S.A	British	100%
<b>Bassin Logone Birni</b>			
Zina Makary	Yan Chang Logone Development Holding Co.Ltd	Chinese	100%

\*Operator

## Mining titles

### Evolution of mining titles

#### *Rio Del Rey Basin*

**22 February:** Special extension of one (01) year (from 21 February 2022 to 20 February 2023), of the initial period of the Exploration Phase for the BOMANA EEA, operated by PRDR, following the Government's agreement.

**06 May:** Approval from MINMIDT for the exceptional extension by one (01) year, from 11 May, of the Exploration Phase for the THALI EEA operated by TOWER Resources, subject to the submission of a Drilling Contract for the Njonji-003 well.

#### *Douala/Kribi-Campo Basin*

**16 December:** Approval from MINMIDT for a one-year extension (17 December 2022 - 16 December 2023) of the second renewal period of the Exploration Phase for the EEA MATANDA, operated by Gaz du Cameroun, by signing letter No. 008517/L/MIMMIDT/SG/DM/SDH addressed to GDC.

In addition, 24 negotiation sessions were held with PRDR, PERCAM and APCC on the conversion of Establishment Agreements (EA) and Partnership Contracts (PC) into Production Sharing Contracts (PSCs), and on 29 December, Amendments No. 8 and No. 9 to the EA of PRDR and APCC respectively were signed, extending the validity of the Rio Del Rey and Mokoko Abana EAs to 31 March 2023.



## Drilling activities

In 2022, **22 wells** were drilled, of which **18 oil-producing wells** and **04 natural gas-producing wells**.



### Crude oil producing well (Development well)

Name of the well	Association	Operator	Final depth (mMD)	End of drilling	Initial flow (Bopd)
ESM-020	Rio Del Rey	PRDR	<b>1 795</b>	05/01/2022	225
ESM-023			<b>1 868</b>	07/02/2022	1000
ESM-024			<b>1 739</b>	22/02/2022	842
ESM-022+ST1+ ST2			<b>2 889</b>	13/05/2022	755
ESM-021			<b>1 850</b>	20/06/2022	459
ESM-003ST			<b>2 008</b>	12/07/2022	450
ESM-025			<b>3 320</b>	23/08/2022	128
ESM-018ST			<b>2 154</b>	08/10/2022	305
ESM-007ST			<b>1 983</b>	05/11/2022	616
SKM-007	Moabi	PERCAM	<b>1 906</b>	21/11/2022	958
SKM-008			<b>1 434</b>	21/12/2022	143
A-19	Lokele	APCC	<b>1 312</b>	10/05/2022	400
A-20			<b>1 240</b>	21/03/2022	230
A-13ST1			<b>1 425</b>	16/04/2022	59
K-15			<b>1 340</b>	13/12/2022	350
PDK-2LST8	Iroko	APCL	<b>4 160</b>	13/07/2022	911
PDK-5LST1			<b>3 622</b>	22/08/2022	926
PDK-8L			<b>4 452</b>	14/11/2022	306

### Natural gas and condensate production wells (Appraisal wells)

Name of the well	Association	Operator	Final depth (mMD)	End of drilling	Initial flows Condensate (Bcpd)
KL-004	Sanaga Sud	PERCAM	3 058	28/02/2022	1194
KL-005			2 894	12/03/2022	238
KL-006+ST			3 047	10/06/2022	523
KL-007			2 955	21/07/2022	1000



**Production investments up 60.95%**

Production investments amounted to US\$427.07 million, up 60.95% compared with 2021 (US\$265.34 million).

This increase is attributable to the effective resumption of several development projects carried over from 2021 to 2022.

These 2022 expenditures are broken down as follows:

- US\$8.07 million for Concession appraisal; and
- US\$419.00 million for new and additional developments.

**Unit operating costs**

***Unit operating cost***

The average annual unit operating cost forecast, in current currency, for all liquid hydrocarbon fields was US\$10.43/bbl compared with US\$9.46 per barrel in 2021.

This increase is due to higher operating costs, combined with a slight decrease in annual production.

The unit operating cost for the Sanaga Sud Association for gas was \$1.28/barrel of oil equivalent (boe), as against \$1.37/boe in 2021.

***Unit production cost***

The average annual unit technical cost of production, in current currency, for all producing oil fields is \$ 31.55/barrel, compared with \$ 21.35/barrel in 2021.

This cost is higher than that of 2021 due to the combined increase in operating costs and investments.

The technical unit cost of gas production for the Sanaga Sud Association was \$7.49/boe, as against \$13.90/boe in 2021.

## Audit of oil expenditures

Associations	Nature of the audit	Audited periods
Logbaba	Expenditure audits	2017-2020
Rio Del Rey	Audit of Joint Accounts	2016-2017
Etinde	Audit of Oil Costs	22/12/2013 - 31/12/2020
Ebome & Moudi	Audit of Joint Accounts	2015-2020
Rio Del Rey	Audit of Joint Accounts	2018-2020
Dissoni	Audit of Oil Costs	2018-2020
Bolongo	Audit of Oil Costs	2018-2020
Moabi	Audit of Oil Costs	2018-2020

## Production

### Gas production

National natural gas production was 88,224.442 million cubic feet (2,498.230 million m<sup>3</sup>), an increase of 11.71% compared to the 2021 figure of 78,973.254 million cubic feet (2,236.27 million m<sup>3</sup>).

Liquefied natural gas (LNG) production was 3,050,314 m<sup>3</sup>, an increase of 11.38% compared to 2021 (2,738,595 m<sup>3</sup>), following the start-up of production from the new KB (November-2021) and KL (March-2022) gas fields. Liquefied petroleum gas (LPG), on the other hand, amounted to 49,580 m<sup>3</sup>, a decrease of 18.97% compared to 2021 (61,189 m<sup>3</sup>).

### Oil production

National crude oil production was 24.951 million barrels, a decrease of 2.58% compared to 2021 (25.611 million barrels).



## Remaining oil reserves to be produced

### Remaining oil reserves to be produced

As at 31 December 2022, remaining oil reserves in the Concessions and EXA are estimated at 259.41 million barrels, compared to 284.36 million barrels in the same period of the previous year, implying a decrease of 8.77%.

### Natural gas resources

Natural gas resources were estimated at 6.187 TCF (175.196 billion m<sup>3</sup>) as at 31 December, compared to 6.275 TCF (177.688 billion m<sup>3</sup>) at the same period of the previous year, implying a decrease of 1.40% due to the drawdown of producing reservoirs.



### Health, Safety, Security and Environment

No accidents or acts of piracy were recorded in oil and gas operations sites. With regard to the safety of oil infrastructures, the actions carried out included the continuation of the campaign to restore the integrity of platforms on operating sites and the annual inspection of cranes installed on the oil platforms of the operators Perenco and Addax. In terms of health and hygiene, various initiatives have been taken by operators to ensure the good health of their staff, including systematic medical check-ups, awareness-raising on various diseases and training on safe working practices and first aid.



**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

- **Kole** (28.22° API)\*, sold in 950 000 barrel cargoes ;
- **Lokele** (23.50° API), sold in 650 000 barrel cargoes ;
- **Ebomé** (51.34° API), sold in 400 000 barrel cargoes.

## Crude oil sales

The quantities of crude oil sold on behalf of the State stood at 15.233 million barrels, as against 14.393 million barrels in 2021, implying an increase of 5.84 %.

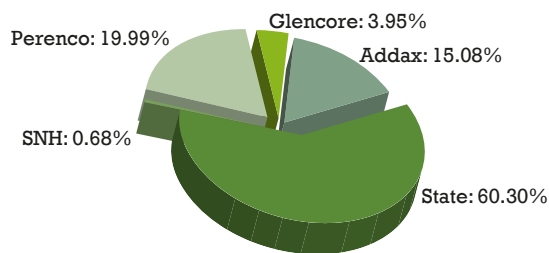
The differentials of Cameroonian crude oil stood on average at -0.78 \$US per barrel, as against -0.69 per barrel in 2021. Thus in 2021:

- the differential for Kole recorded \$ +0.71/bbl, as against \$ -0.56/bbl in 2021;
- the differential for Lokele stood at \$ -1.77/bbl, as against \$ -0.37/bbl in 2021;
- Ebomé's differential was -16.36 \$/bbl, as against -5.09 \$/bbl in 2021.

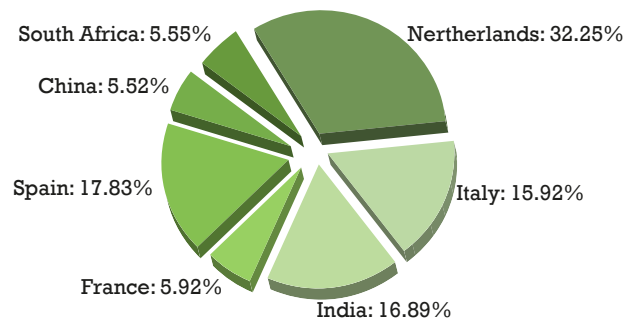
The average price of the share of crude oil accruing to the State stood at \$ 100.48/bbl, as against \$ 70.07/bbl in 2021.

The turnover from crude oil sales for the year amounted to US\$ 1,530.630 million (955.950 billion CFAF), an increase of 51.77% compared with 2021, due to the rise in world prices observed at the end of February as a result of the energy crisis caused by the invasion of Ukraine.

**Distribution of liftings per partner**

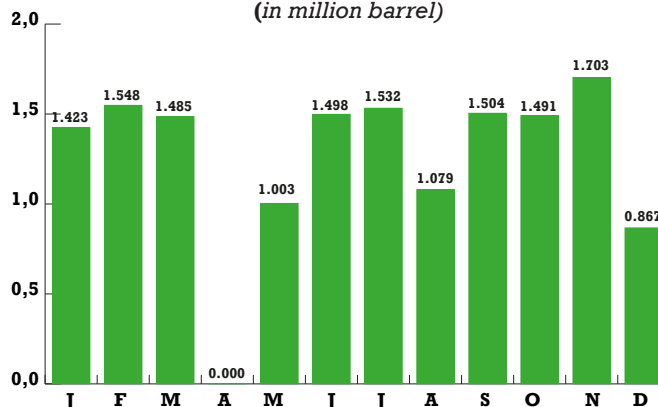


**Main destinations of crude oils sold by SNH**

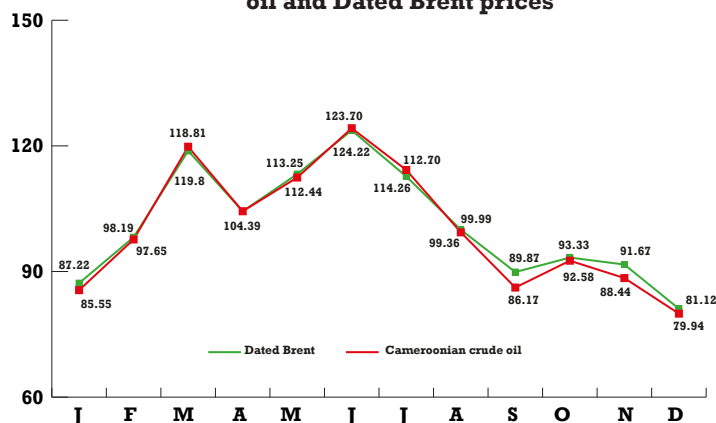


\*API gravity is a scale developed by the American Petroleum Institute (API) to measure the relative density of crude oil.

**Monthly quantities of crude sold for the State**  
(in million barrel)

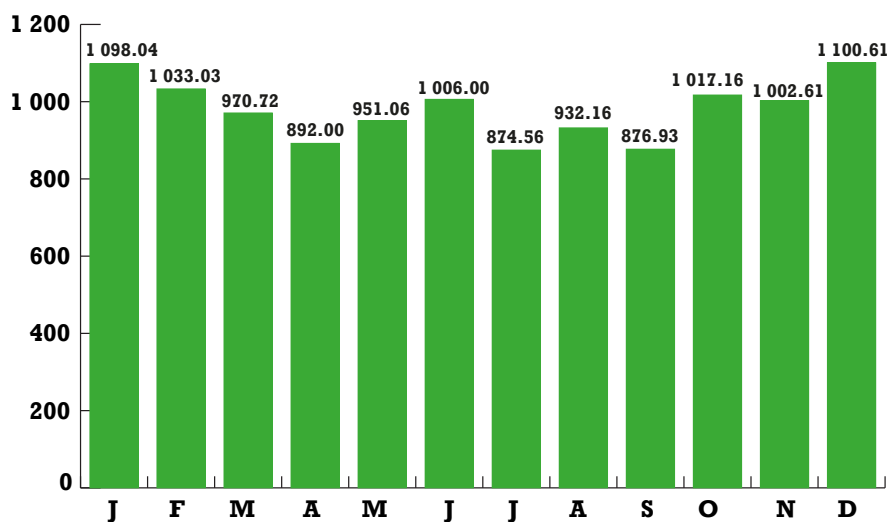


**Monthly price evolution of Cameroonian crude oil and Dated Brent prices**



### Natural gas sales

**Monthly gas volume delivered to the Kribi Thermal Power Plant**  
(in million standard cubic feet)

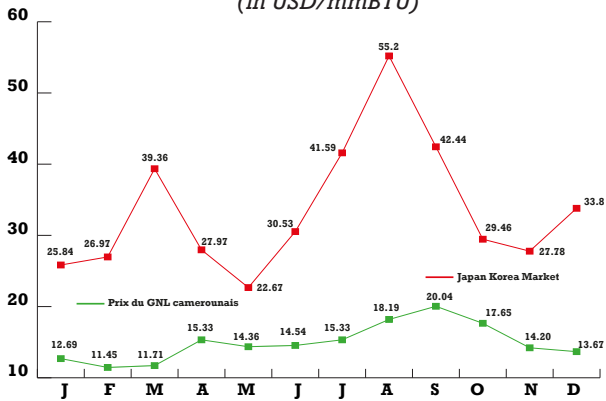


\*At 1 000 BTU/SCF

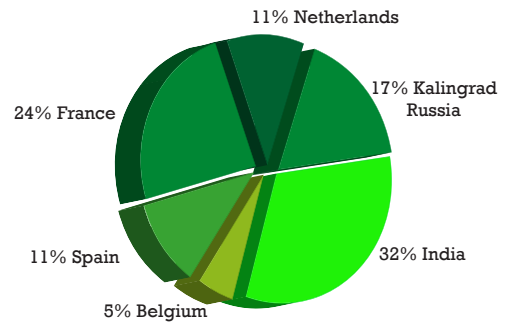
### LNG Sales

As at December 31<sup>st</sup>, 19 cargoes of LNG had been exported. The Hilli Episeyo FLNG produced 3,050,313.90 m<sup>3</sup> of LNG throughout the year.

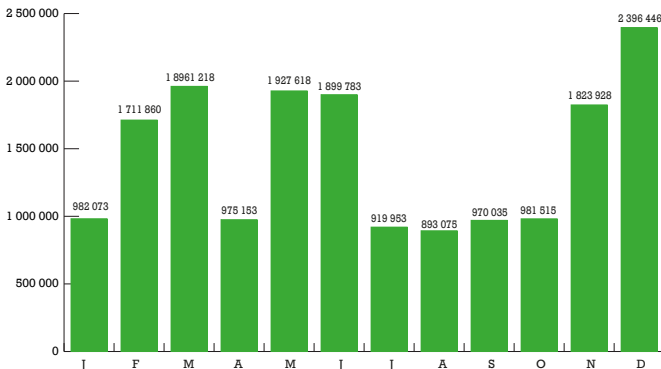
**Monthly evolution of Japan Korean Marker and Cameroonian LNG prices**  
(in USD/mmBTU)



**Destinations of Cameroonian LNG**



**Monthly quantities of LNG sold on behalf of the State**  
(in millions de BTU)



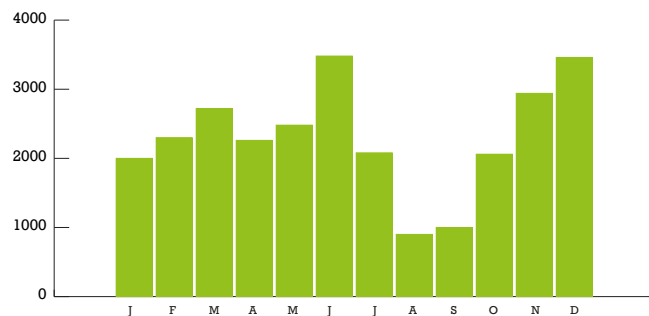
#### LNG Sales

- Quantities (billion of British Thermal Unit): 17,442.654 up 9.63% compared to 2021.
- Price (USD/mmBTU): 14.7155
- Turnover (million USD): 256.677

### LPG supply to the domestic market

SNH sold 28,677.930 metric tons (MT) of LPG at a price of 383,371.85 FCFA per MT. This volume is down 19.10% compared to 2021. The turnover generated by these sales was 13.315 billion CFAF, plus 2.321 billion CFA francs from the sale of the State share in the sales of LPG upstream.

**Volume of LPG loaded at the Bipaga LPG depot**  
(in metric tons)



# 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 tonnes.

In 2022, the availability rate for loading tankers amounted to 94.32%. 28,677.930 metric tonnes of LPG were delivered to supply the national market (- 19.10%).

The operation of this infrastructure has enabled SNH to contribute 15.75% to the domestic market

supply. The Bipaga LPG depot is the only local source of domestic gas production, since the fire incident that led to the suspension of SONARA's activities on 31 May 2019.

According to SNH's estimates, domestic LPG production resulted in savings of approximately 5,963 billion CFA francs in state subsidies and an estimated 29.492 million US dollars in foreign exchange reserves, compared to imports.

At the HSE level, the Depot recorded 1,778 days without an accident or reported pollution as at December 31.

SNH LPG depot in Bipaga: 5,000 tanker trucks successfully loaded as of 5 January 2022.

Commissioned in 2018, the SNH depot at Bipaga supplies the Cameroon market with Liquefied Petroleum Gas (LPG), commonly known as domestic gas. It is currently the only local source of supply. The gas from Bipaga reaches households through marketers.



### Supply to industrial companies of Douala



The total volume of gas produced and distributed to industrial companies in Douala from 1<sup>st</sup> January to 31<sup>st</sup> December 2022 was 2,065.946 million cubic feet (58.50 million m<sup>3</sup>), compared to 1,904.09 billion cubic feet (53.925 million m<sup>3</sup>) in 2021.

The natural gas distribution network for businesses in Douala is about 52 km long. It serves 40 companies in the Bassa and Bonaberi industrial zones.

### Gas supply to the Kribi Thermal Power Plant



Gas supply by SNH to the Kribi Thermal Power Plant for electricity generation continued throughout 2022. The volume of gas delivered to KPDC totaled 11.755 billion cubic feet (415.12 million m<sup>3</sup>).

In terms of Health, Safety and Environment (HSE), the operation team of the Bipaga-1/Mpolongwe 2 gas pipeline recorded 3,599 days without incident as at 31 December.

This represents a total of 965,431 hours worked since the pipeline's commissioning on 22 February 2013.

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**

With the commissioning of the Floating Liquefied Natural Gas (FLNG) project, spearheaded by SNH and its partners Perenco and Golar, Cameroon acquired the status of a natural gas exporting country in 2018. Gas from the Sanaga Sud field is liquefied at a floating plant off the coast of Kribi, producing 1.2 million tonnes of liquefied natural gas (LNG) a year. Concurrently, 1.8 million barrels of very light oil called condensate for the refinery and 30 000 tons of LPG are produced.

Planned maintenance of the floating plant facilities was carried out from 1<sup>st</sup> to 05 August without incident.



**CORPORATE SOCIAL  
RESPONSABILITY**



## 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

The PSMC participated in rescue operations following a diesel spill on the Lom River at Bétaré Oya, East Region, on 16 November, caused by a tanker truck overturning.

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

## Support to the education sector



- SNH donated notebooks, on 14 and 15 September 2022, to schools that requested the company's support for their 2021/2022 academic year prize-giving ceremonies. Each school received 320 notebooks personalized with SNH branding.
- On 9 and 10 June, the corporation presented prizes to the best pupils in four schools located in localities close to its operating sites in the Kribi area. The schools involved were the Dombe public school, the Mpalla GSS, the Mboke GSS and the Elogbatindi high school. School supplies were distributed to the 30 best students at each school. Teaching materials for the teaching staff were also offered at each school.
- From 1 to 28 April, 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 General Certificate of Education (GCE) Board. Each of the ten schools received school books valued at a minimum of one million CFA francs for their libraries.
- SNH participated in the 2022 edition of the Scientific Days on Applied Economics (JSEA), held on 4 May at the Nkolbisson campus of the Catholic University of Central Africa. The theme of the event was «African youth as the driving force behind economic development: Leadership and initiation to entrepreneurship.» SNH's presence, which included renting a stand, aimed to publicize the company's activities, projects, and various professions as part of a trade fair.
- Between April and November, SNH provided academic and holiday placements to 132 students, offering them an opportunity to familiarize themselves with a professional work environment.

## Sponsorship of sporting events

SNH has contributed to the organisation of major sporting events, in particular the 22<sup>nd</sup> Chantal Biya International Cycling Grand Prix, held from 03 to 07 October. The First Lady, Chantal Biya, was present on arrival in Yaoundé.



## A special care for the staff

SNH ensures that the workers have adequate working conditions at the professional, health, safety and infrastructural levels. In 2022, the corporation notably :

- renewed health insurance for all employees and their nuclear families;
- organised the traditional annual medical check-up, including ophthalmological checks, for all workers;
- carried out the two semi-annual medical examinations for drivers, switchboard operators and documentalists;
- updated the staff vaccination card and organised awareness-raising sessions on skin diseases and hepatitis;
- organised several screening and vaccination campaigns against Covid-19.

In addition, two associations continued to work to promote staff development :

- The Solidarity Fund of SNH Group Personnel which provided its members with a wide range of assistance in both happy and sad events.

- The Hydrocarbons Sports and Cultural Association (ASCH), which serves as a recreational framework through sports and cultural activities, organised a number of activities, including the 19<sup>th</sup> Friendship Sports Day and an excursion to the Northern region from 17 to 19 June. A sports walk was also organised on 22 February in Kribi, in the South Region. Activities were subsequently suspended to comply with barrier measures against Covid-19.



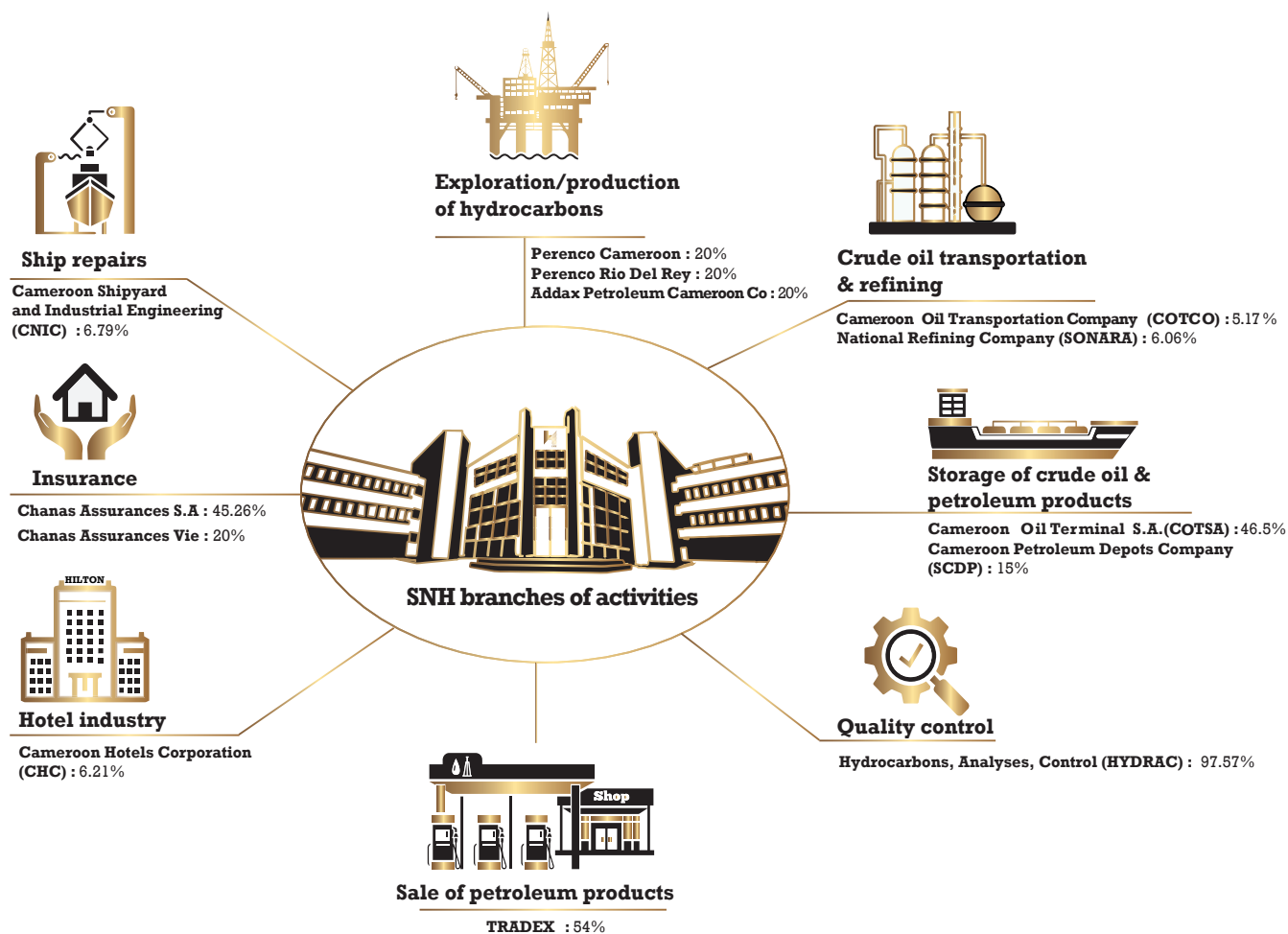
# FINANCIAL ACTIVITIES



## Management of share companies

### SNH, a diverse group

SNH has been diversifying its activities since 1994. As at 31 December 2022, it holds interests in 13 companies active in the petroleum, para-petroleum and related sectors.



In 2022, gross dividends received from share companies amounted to 45.228 billion CFAF, as against 37.686 billion CFAF in 2021, implying an increase of 20.01%.

**Perenco Rio Del Rey (PRDR)****Results up 24.11 %**

The accounts closed on 31<sup>st</sup> December showed a profit of USD 154.963 million against USD 124.861 million in 2021.

A net dividend of USD 625 per share was paid to shareholders for the 2021 fiscal year.

**Perenco Cameroon (PERCAM)****Results up 390.81%**

The accounts closed on 31<sup>st</sup> December showed a profit of USD 210.201 million against USD 42.827 million in 2021.

A net dividend of USD 13 952 per share was paid to shareholders for the 2021 fiscal year.

**Addax Petroleum Cameroon Company S.A. (APCC)****Results up 104.90%**

The accounts closed on 31<sup>st</sup> December showed a net profit of USD 117.967 million against USD 57.572 million in 2021.

A net dividend of USD 85 000 per share was paid to shareholders for the 2021 fiscal year.

**Cameroon Oil Terminal S.A. (COTSA)****Results up 6.06%**

The accounts closed on 31<sup>st</sup> December showed a net profit of USD 22.252 million against USD 20.980 million in 2021.

A net dividend of USD 21 per share was paid to shareholders for the 2021 fiscal year.

**Cameroon Oil Transportation Company (COTCO)****Results down 15.14 %**

The accounts closed on 31<sup>st</sup> December showed a net profit of USD 82.169 million against USD 97.513 million in 2021.

A net dividend of USD 143.70 per share was paid to shareholders for the 2021 fiscal year.

**Hydrocarbures Analyses Contrôles (HYDRAC)****Results up 148.51 %**

The accounts closed on 31<sup>st</sup> December showed a net profit of 2.008 million FCFA, as against 0.808 million CFAF in 2021.

**Société Nationale de Raffinage  
(SONARA)**

**Results down 91.52 %**

The accounts closed on 31<sup>st</sup> December showed a net profit of 1.959 billion FCFA, as against 78.919 billion CFAF in 2021.

**Société Camerounaise des Dépôts Pétroliers  
(SCDP)**

**Results up 11.38%**

The accounts closed on 31<sup>st</sup> December showed a profit of 2 725.680 million CFAF, as against 2 322.068 million CFAF in 2021.

A net dividend of FCFA 1 909 per share was paid to shareholders for the 2021 fiscal year.

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

**Results up 123.68%**

The accounts closed on 31<sup>st</sup> December show a positive net result of 11.866 billion CFAF, as against 5.305 billion CFAF in 2021.

The company paid a net dividend of 6 835 CFAF per share to shareholders for the fiscal year 2021.

**Chantier Naval et Industriel du Cameroun  
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 2021 and 2022.

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

**Results down 36.60%**

The accounts closed on 31<sup>st</sup> December showed a net profit of 2 085.993 million FCFA, as against 3 290.049 million CFAF in 2021.

A net dividend of FCFA 276 per share was paid to shareholders for the 2021 fiscal year.

**Chanas Assurances S.A.**

**Résultat en hausse de 10,63%**

The accounts closed on 31<sup>st</sup> December showed a net profit of 1188.754 million FCFA, as against 1 074.580 million CFAF in 2021.

A net dividend of 12 525 CFAF per share was paid to shareholders for the 2021 fiscal year.

**Chanas Assurances VIE S.A.**

La création de la société a été actée à l'Assemblée Générale Constitutive du 12 juillet 2022.

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

**En liquidation**

The liquidation of the company continues.



# FINANCIAL REPORT



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

- **Activities pertaining to the Mandate** given by the State, based on the management of the latter's interests in the hydrocarbons sector. The funds are derived from the sales of crude oil and gas, expressed in US dollars, 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

Sharp increase of 94.28% in the balance transferable to the State, which stood at 830.566 billion CFAF in 2022, as against 427.506 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	14.737 million barrels
Share of gas production accruing the State	21.947 billion cubic feet (Scf)
Share of LPG production accruing the State	7.116 thousand MT
Oil production sold on behalf of the State	15.233 million barrels
Gas production sold on behalf of the State	20.604 billion Scf
LPG production sold on behalf of the State	8.236 thousand MT
Average rate of the US dollar	1 dollar = 624.547 CFAF
Average official price of the crude oil barrel	US\$ 100.482
Total revenue (crude oil and natural gas sales)	US\$ 1 874.054 million (1 171.798 billion CFAF)
Oil and gas expenditures borne by the State	341.233 billion of CFAF
<b>Transferable balance</b>	<b>830.566 billion CFAF</b>

## Synthesis of operations on State-mandated activities

Operations items	Quantities			Amounts	
	Crude oil (in million barrels)	Natural gas (in billion cubic feet - Scf)	LPG (metric tons)	USD (million)	CFAF (billion)
Share of production accruing the State	14.737	21.947	7.116		
<b>1. Production sold</b>	<b>15.233</b>	<b>20.604</b>	<b>8.236</b>	<b>1,874.054</b>	<b>1,171.798</b>
Average exchange rate	624.547 CFAF for 01 USD				
Average official price	100.482 USD/barrel (bbl)				
Gas selling price to the State	1,492.709 XAF/thousand SCF				
Gas selling price to KPDC	1,633.087 XAF/thousand SCF				
LPG selling price to the State	281,780.710 XAF/TM				
LPG selling price to TRADEX	383,371.850 XAF/TM				
LNG selling price to Gazprom	14.715 USD/thousand SCF				
<b>2. SNH commitments</b>				<b>546.474</b>	<b>341.233</b>
<b>2.1 SNH Commitments/Associations</b>				<b>313.040</b>	<b>194.721</b>
a) Operating costs				110.358	68.636
b) Sanaga South exploitation/development				30.487	18.682
c) Dissoni North exploitation/development				3.335	2.102
d) Appraisal/development (Rio Del Rey + Lokele + Moudi + Ebome)				96.742	60.103
e) Iroko exploitation/development				19.500	12.368
f) Moabi exploitation/development				13.886	8.891
g) Bolongo exploitation/development				7.167	4.451
h) Royalties				31.566	19.487
<b>2.2 Gas commitments</b>				<b>178.324</b>	<b>111.961</b>
a) Liquefaction costs				136.287	85.683
b) Gas purchase cost for the Kribi Thermal Power Plant				27.319	17.084
c) LPG purchase cost				12.902	8.034
d) Resumption provisions LNG project				0.000	0.000
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				1.860	1.161
<b>2.3 Other SNH commitments</b>				<b>55.065</b>	<b>34.550</b>
a) Inspection costs				0.288	0.181
b) Security stocks				0.296	0.178
c) African Petroleum Producers Organisation (APPO)				0.465	0.284
d) Head office overheads				10.280	6.657
e) Securing of petroleum operations				11.898	7.477
f) Other loans				0.000	7.578
g) Other decommissioning provisions				12.100	7.477
h) Chad/Cameroon pipeline				2.606	1.629
i) Other expenses				17.132	10.567
<b>3) Transferable balance to the Public Treasury</b>				<b>1,327.580</b>	<b>830.566</b>

## Activities related to SNH management

### Highlight

Increase of 20.01% in gross dividends collected in 2022 from share companies, for the 2021 fiscal year, which stood at 45.228 billion CFAF, as against 37.686 billion CFAF collected in 2021 for the 2020 fiscal year.

### Income statement

The net result for the year 2022 (after corporate tax) recorded an increase of 9.223 billion CFAF in absolute value and 36.69% in relative value, to stand at 36.597 billion CFAF, as against 27.374 billion CFAF in 2021.

### Dividend paid to the State

SNH paid a gross dividend of 15 billion CFAF to the State in 2022, just as in 2021.

### Tax paid

SNH contributed CFAF 14.172 billion in corporate income tax and other taxes and duties to the State, as against CFAF 10.970 billion the previous year.

### Comparative consolidated balance-sheets

(in million CFAF)

Assets	2022	2021	2020	%	Asset	2022	2021	416 404	%
Net capital assets	266 770	237 762	169 921	39.93	Stable resources	528 506	448 873	148 208	7.80
Current assets	203 053	159 924	190 600	-16.09	Current liabilities	187 993	127 304	15 005	-14.10
Assets account	254 546	190 892	219 096	-12.87	Funds liabilities	7 870	12 401	579 617	-17.35
<b>Total</b>	<b>724 369</b>	<b>588 578</b>	<b>579 617</b>	<b>1.55</b>	<b>Total</b>	<b>724 369</b>	<b>588 578</b>	<b>10 533</b>	<b>1.55</b>
					<b>Result of group's share</b>	<b>74 619</b>	<b>32 594</b>	<b>10 533</b>	<b>209.45</b>

NB : The percentage indicates the change from 2022 to 2021

### Consolidated and comparative profit and loss accounts

(in million CFAF)

Item	2022	2021	2020
Operating result	23 576	13 696	12 473
Financial result	18 725	10 132	4 553
Result of ordinary activities	42 302	23 828	17 026
Result excluding ordinary activities	47	429	2 536
Share and taxes	-28 883	-19 135	-18 554
Net result of integrated companies	15 125	4 123	459
Result of companies equivalence	66 426	32 738	15 481
Consolidated net result	81 551	36 861	15 940
Minority interest/Result	6 932	4 267	5 407
<b>Net result: group's share</b>	<b>74 619</b>	<b>32 594</b>	<b>10 553</b>

## 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 des résultats 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 2022 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 31<sup>st</sup>, 2022

#### To the Board of Directors of the National Hydrocarbons Corporation.

Dear Board Directors

In fulfilment of the assignnient 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 31<sup>st</sup>, 2022. 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 of CFA Francs	2022	2021
Balance sheet total	1 343 419	1 186 563
Sales revenue	1 172 028	668 259
Net profit (before transfers to the public treasury)	912 511	547 605
Net cash	308 071	339 618

#### 1. Confirmation of independence

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

#### 2. Our methodology

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

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

We carried out the following audit procedures :

- ☞ An assessment of the internal controls and procedures at the SNH with the aim of identifying potential risk areas and possible errors within the financial statements on the one hand, and on the other hand, to determine the timing and extent of the samplings to be carried out on the financial statements ;
- ☞ Addressed confirmation letters to third parties in business with the corporation, mainly the banks, clients, suppliers, legal counsel, 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 31<sup>st</sup> December 2022 did not reveal any material misstatements.



### 3.3 Opinion on the financial statements

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

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the company at December 31<sup>st</sup>, 2022, 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**



*Douala, le 18 Août 2023*

## Portfolio Management



**Statutory Auditor's Report  
Fancial Statements 2022  
Year ended December 31<sup>st</sup>, 2022**

### To the shareholder of the National Hydrocarbons Corporation

In our capacity as statutory auditor, we present below our report for the period ended December 31<sup>st</sup>, 2022, on,

- the audit of NHC's annual financial statements, Portfolio Management section, drawn up in CFA francs as attached to this report and showing shareholders' equity of CFA francs 271,322 million, including a profit net of tax amounting to CFA francs 36,597 million;
- the specific procedures and disclosures prescribed by law.

## 1. Financial Statements Audit

### 1.1 Opinion

We have audited the annual 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 31<sup>st</sup>, 2022.

In our opinion, the financial statements of NHC present fairly, in all material respects, the financial position of the company on December 31<sup>st</sup>, 2022, 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.

## 2. Basis of opinion

### 2.1 Examen des procédures de contrôle interne

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 based on these financial statements.

### 2. Specific Audit Procedures and disclosures

We We have carried out specific audit procedures required by law in Cameroon.

We do not have any special point to rise 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, le 27 avril 2023



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