

Company Registration No. SC453751

Savannah Petroleum 1 Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018

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Savannah Petroleum 1 Limited

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Savannah Petroleum 1 Limited

COMPANY INFORMATION

Directors:

J Ross
I Semega-Janneh

Registered Office:

50 Lothian Road
Festival Square
Edinburgh
Scotland
EH3 9WJ

Independent Auditor:

Grant Thornton UK LLP
Chartered accountants & statutory auditor
Level 8
110 Queen Street
Glasgow
G1 3BX

Savannah Petroleum 1 Limited

DIRECTORS' REPORT

For the year ended 31 December 2018

The Directors present their report and the audited financial statements of Savannah Petroleum 1 Limited, (the "Company") for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company's principal activity is the management of its investment in Savannah Petroleum 2 Limited and the provision of services to other companies within the wider Savannah Petroleum PLC Group. Savannah Petroleum 2 Limited has a 95% interest in Savannah Petroleum Niger R1/R2 S.A. whose principal activity is the exploration of hydrocarbons in the Republic of Niger. The Company is a subsidiary company of Savannah Petroleum PLC.

RESULTS AND DIVIDENDS

The loss for the year ended 31 December 2018 was US\$10,594 (2017: US\$11,111). The Directors do not propose the payment of a dividend for the year.

FINANCIAL RISK MANAGEMENT

The Company's principal financial assets are exposed to liquidity risk, foreign currency risk and investment risk. The policy for managing these risks is outlined in the Strategic Report.

CAPITAL STRUCTURE

The Company is principally financed through shareholder loans from its parent company, Savannah Petroleum PLC.

SUPPLIER PAYMENT POLICY

The Company's policy is to agree payment terms with all suppliers when establishing the terms of each business transaction and to abide by the agreed terms of payment.

DIRECTORS

The following Directors have held office during the year and to the date of this report:

A Knott (resigned 12 March 2019)
M Iannotti (resigned 12 March 2019)
J Ross (appointed 12 March 2019)
I Semega-Janneh (appointed 12 March 2019)

There are no qualifying indemnities in place in respect of the Directors.

RELATED PARTY TRANSACTIONS

Details of related party transactions are given in note 12 to the Financial Statements.

GOING CONCERN

Capital and operational finance is provided by the Company's parent company Savannah Petroleum PLC and will continue to be provided for the foreseeable future. The Company has received a letter of support from its parent company confirming that the loan will not be called in the next 12 months.

As a result, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

Savannah Petroleum 1 Limited

DIRECTORS' REPORT

For the year ended 31 December 2018

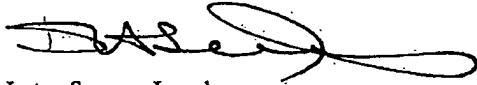
AUDITOR

The Directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as directors, in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Grant Thornton UK LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the board:



Isatou Semega-Janneh
Director

27 September 2019

Savannah Petroleum 1 Limited

STRATEGIC REPORT

For the year ended 31 December 2018

The Directors present their Strategic Report for the year ended 31 December 2018.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Directors have acknowledged results for the year which are outlined in the Statement of Comprehensive Income on page 9.

The Company did not issue any dividends during the year from incorporation to 31 December 2018 (2017: Nil).

The Company intends to remain an intermediary holding company in the Savannah Petroleum PLC Group, and to maintain its investment in Savannah Petroleum 2 Limited.

KEY PERFORMANCE INDICATORS

The Company is not yet at a stage of its development where it monitors any key performance indicators (KPI's).

PRINCIPAL RISKS AND UNCERTAINTIES

Critical to the Company's achievement of its objectives is effective risk management. The Company faces risk from a number of areas, all of which are prevalent throughout the industry and are shown below:

Liquidity risk

The Company maintains good relationships with its banks and its cash requirements are anticipated via the budgetary process. The Company also receives regular financial support from its ultimate parent company Savannah Petroleum PLC, to assist it in meeting their liabilities as and when they fall due. This is only to the extent that the money is not otherwise available to meet such liabilities.

Foreign currency risk

The Company is exposed to foreign currency risk. The functional currency of the Company is US \$. Certain purchases are also denominated in foreign currencies such as Sterling. The Directors believe that foreign currency risk is at an acceptable level and believe the cost of hedging against the risk would outweigh the benefits.

Investment risk

Investment risk is the risk of loss due to inappropriate investment decisions or a failure in the investment and portfolio management process. All investment risks are managed centrally by parent company Savannah Petroleum PLC.



Isatou Semega-Janneh
Director

27 September 2019

Savannah Petroleum 1 Limited
STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 31 December 2018

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Savannah Petroleum 1 Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAVANNAH PETROLEUM 1 LIMITED (CONTINUED)

Independent auditor's report to the members of Savannah Petroleum 1 Limited

Opinion

We have audited the financial statements of Savannah Petroleum 1 Limited (the 'company') for the year ended 31 December 2018 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Savannah Petroleum 1 Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAVANNAH PETROLEUM 1 LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Savannah Petroleum 1 Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAVANNAH PETROLEUM 1 LIMITED (CONTINUED)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



James Chadwick

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Glasgow

27 September 2019

Savannah Petroleum 1 Limited
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2018

	<i>Notes</i>	Year ended 31 December 2018 \$	Year ended 31 December 2017 \$
Operating expenses	3	(10,594)	(11,111)
OPERATING LOSS AND LOSS BEFORE TAX		(10,594)	(11,111)
Taxation	4	-	-
LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE LOSS		(10,594)	(11,111)

All results in the year derive from continuing operations and are attributable to the equity holders of the parent company.

The notes on pages 13 to 22 form part of these Financial Statements.

Savannah Petroleum 1 Limited

STATEMENT OF FINANCIAL POSITION

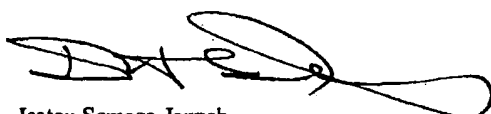
As at 31 December 2018

	Notes	2018 \$	2017 \$
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	7,062	17,656
Investment in subsidiary	6	<u>1</u>	<u>1</u>
TOTAL NON CURRENT ASSETS		7,063	17,657
CURRENT ASSETS			
Trade and other receivables	7	<u>130,735</u>	<u>90,542</u>
TOTAL CURRENT ASSETS		130,735	90,542
TOTAL ASSETS		<u>137,798</u>	<u>108,199</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	9	1	1
Capital contribution		60,528	60,528
Retained deficit		<u>(2,758,042)</u>	<u>(2,747,448)</u>
TOTAL EQUITY		(2,697,513)	(2,686,919)
CURRENT LIABILITIES			
Trade and other payables	8	<u>2,835,311</u>	<u>2,795,118</u>
TOTAL LIABILITIES		2,835,311	2,795,118
TOTAL EQUITY AND LIABILITIES		<u>137,798</u>	<u>108,199</u>

Company number: SC453751

The notes on pages 13 to 22 form part of these Financial Statements.

The Financial Statements were approved by the Board of Directors and authorised for issue on 27 September 2019 and are signed on its behalf by:



Isatou Semega-Janneh
Director

Savannah Petroleum 1 Limited
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Share capital	Capital contribution	Retained deficit	Total equity
	\$	\$	\$	\$
As at 1 January 2017	1	60,528	(2,736,337)	(2,675,808)
Comprehensive loss:				
Loss for the year	-	-	(11,111)	(11,111)
As at 31 December 2017	1	60,528	(2,747,448)	(2,686,919)
Comprehensive loss:				
Loss for the year	-	-	(10,594)	(10,594)
As at 31 December 2018	1	60,528	(2,758,042)	(2,697,513)

The notes on pages 13 to 22 form part of these Financial Statements.

Savannah Petroleum 1 Limited

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	<i>Notes</i>	Year Ended 31 December 2018 \$	Year Ended 31 December 2017 \$
OPERATING ACTIVITIES			
Net cash outflow from operations	10	-	-
Net cash outflow from operating activities		-	-
Net change in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		-	-

The notes on pages 13 to 22 form an integral part of the Financial Statements.

Savannah Petroleum 1 Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

The principal accounting policies are summarised below. These policies have all been applied consistently throughout the period.

GENERAL INFORMATION

Savannah Petroleum 1 Limited is a Company incorporated in Scotland, under the Companies Act 2006. The address of the registered office is given on page 1 of this report. The nature of the Company's operations and its principal activities are set out on page 2 of this report.

The Company's immediate and ultimate parent company is Savannah Petroleum PLC, incorporated and registered in England and Wales, which is the parent company of both the smallest and largest group to consolidate the Financial Statements. As such consolidated accounts have not been prepared for the Company.

BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006 applicable to companies reporting under IFRS.

The Financial Statements have been prepared on the historical cost basis. The Financial Statements are prepared in US Dollars which is the Company's functional currency.

GOING CONCERN

After taking account of the risks set out in the Directors' Report on pages 2 to 3 and the Strategic Report on page 4, and the receipt of a letter of financial support from its parent company, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The letter of financial support states that the loan will not be called in the next 12 months. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

NEW AND AMENDED IFRS STANDARDS

The following relevant new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2018:

Standard	Key requirements	Effective date as adopted by the EU
IFRS 9	Financial Instruments – Replacement to IAS 39 and is built on a single classification and measurement approach for financial assets which reflects both the business model in which they are operated and their cash flow characteristics.	1 January 2018
IFRS 15	Revenue from contracts with customers – Introduces requirements for companies to recognise revenue for the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. Also results in enhanced disclosure about revenue.	1 January 2018

IFRS 9 – FINANCIAL INSTRUMENTS

The Company has applied IFRS 9 as of the 2018 financial year. The Company has elected not to restate comparatives on initial application of IFRS 9. The full impact of adopting IFRS 9 on the Company's financial statements depends on the financial instruments that the Company possesses, as well as on economic conditions and judgements made as at the year end. Given the nature of the financial assets in the Company, it has not been required to restate any opening reserves in the Company's financial results.

Savannah Petroleum 1 Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

NEW AND AMENDED IFRS STANDARDS (CONTINUED)

IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 has had no impact on the Company given that no revenue has been generated during the year.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on a straight line basis on fixtures and fittings over five years and over three years for computer equipment.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the Statement of Comprehensive Income, net of any depreciation that would have been charged since the impairment.

FOREIGN EXCHANGE

The Financial Statements are presented in US \$ which is also the functional currency of the Company.

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing at the date of invoice. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated at the rates ruling at that date. Translation differences are recognised in the Statement of Comprehensive Income.

TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Savannah Petroleum 1 Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

TAXATION (CONTINUED)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Company has become a party to the contractual priorities of the instrument. Financial instruments are classified into specified categories, dependent upon the nature and purpose of the instruments and are determined at the time of initial recognition. All financial assets are recognised as loans and receivables and all financial liabilities are recognised as other financial liabilities.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired.

Trade and other payables

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the 'effective interest rate' to the carrying amount of the liability, except for short term trade payables when the recognition of interest would be immaterial.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

MANAGEMENT ESTIMATION

The preparation of the Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. In reaching estimates of fair value, management judgment needs to be exercised. The areas requiring significant management judgment are identified, documented and reported to senior management.

Savannah Petroleum 1 Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

1 AUDITORS REMUNERATION

The fees payable to Company's auditors for the audit of the Company's financial statements were \$12,000 (2017: \$12,000). Audit fees were borne by parent company Savannah Petroleum PLC. No fees in relation to non-audit services were paid to auditor, Grant Thornton UK LLP and their associates, for the provision of other services.

2 STAFF COSTS

The average monthly number of employees, (including executive directors) during the year was:

	Year ended 31 December 2018 No.	Year ended 31 December 2017 No.
Management	2	2

All staff costs are borne by Savannah Petroleum PLC the parent company.

3 OPERATING EXPENSES

	Year ended 31 December 2018 \$	Year ended 31 December 2017 \$
Depreciation	10,594	11,111
	<u>10,594</u>	<u>11,111</u>

4 TAXATION

	Year ended 31 December 2018 \$	Year ended 31 December 2017 \$
Current tax on income for the period	-	-
Deferred tax: Origination and reversal of temporary differences	-	-
Total tax charge	<u>-</u>	<u>-</u>

Savannah Petroleum 1 Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

4 TAXATION (CONTINUED)

	Year ended 31 December 2018 \$	Year ended 31 December 2017 \$
Factors affecting tax charge for the period		
The tax assessed for the period is lower than the UK corporation tax rate of 19% (2017: 19.25%) as explained below:		
Loss before taxation	(10,594)	(11,111)
Loss before taxation multiplied by the UK corporation tax rate of 19 % (2017: 19.25%)	(2,013)	(2,139)
Effects of:		
Disallowed expenses	2,013	2,139
Losses carried forward	-	-
Tax charge for the year	-	-

The Company has an unrecognised deferred tax asset at 31 December 2018 of \$6,906 (2017: \$5,105). The Company has incurred tax losses for the period and a corporation tax charge is not anticipated. The amount of unutilised tax losses has not been recognised in the financial statements as the recovery of this benefit is dependent on the future profitability of certain subsidiaries, the timing of which cannot be reasonably foreseen.

This unrecognised asset is based on a corporation tax rate of 17% (2017: 17%). The UK Government substantively enacted the mainstream corporation tax rate of 17% for 2020 on 16 March 2016.

5 PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment \$
Cost:	
At 1 January 2018	54,829
At 31 December 2018	54,829
Depreciation:	
At 1 January 2018	37,173
Charge for the year	10,594
At 31 December 2018	47,767
Net book value:	
31 December 2017	17,656
31 December 2018	7,062

Savannah Petroleum 1 Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

6 INVESTMENTS IN SUBSIDIARY

COMPANY	Total
	\$
Cost and Net book value at 31 December 2018	1

The Subsidiary undertakings, incorporated and operating in the Scotland, are noted below:

Name of undertaking	Description of shares held	Proportion of shares held	Principal activity
Savannah Petroleum 2 Limited	Ordinary \$1 shares	95%	Investment in Savannah Petroleum Niger R1/R2 S.A.

7 OTHER RECEIVABLES AND PREPAYMENTS

	2018	2017
	\$	\$
Other receivables and prepayments	28,524	46,991
Amounts owed from group undertaking	42,262	42,262
VAT receivable	985	1,157
Employee benefit trust loan	58,963	132
	130,735	90,542

8 TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
CURRENT		
Trade payables	259	734
Amounts owed to group undertakings	2,835,052	2,794,384
	2,835,311	2,795,118

The trade and other payables are denominated in a number of foreign currencies. Further detail on this can be found in note 11 to the Financial Statements.

The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices during the period.

The Directors consider that the carrying amount of trade and other payables approximates their fair value.

Savannah Petroleum 1 Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

9 **SHARE CAPITAL**

	Number of Shares	\$
Share capital comprises of issued and fully paid ordinary shares of \$0.000000001 each.		
A1 Ordinary	15,737,894	-
A2 Ordinary	2	-
B Ordinary	1,000,000,020	1
	<hr/>	<hr/>
At 31 December 2017 and 31 December 2018	1,015,737,916	1

The Company has taken advantage of the Companies Act 2006 and does not have an authorised share capital set in the Company's articles.

The following share issues took place during prior periods at par:

On 28 November 2014, under the share option scheme, the Company issued 15,737,894 ordinary A1 shares and 2 ordinary A2 shares at a nominal value of \$0.000000001.

Ordinary A shares have attached to them no right to vote at general meetings of the Company, receive dividends or receive capital contributions (including on winding up) until immediately before they are transferred to the parent.

Ordinary B shares have attached to them full voting, dividend and capital distribution (including on winding up) rights, they do not confer any rights of redemption.

10 **NOTES TO THE STATEMENT OF CASH FLOWS**

	2018 \$	2017 \$
Loss for the year before tax	(10,594)	(11,110)
Adjustments for:		
Depreciation	10,594	11,110
Operating cash flows before movements in working capital	-	-
Increase/(Decrease) in trade and other payables	40,194	(17,979)
(Increase)/Decrease in trade and other receivables	(40,194)	17,979
Net cash outflow from operations	-	-

11 **FINANCIAL INSTRUMENTS**

The Company is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the Company for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the Financial Statements.

Savannah Petroleum 1 Limited
NOTES TO THE FINANCIAL STATEMENTS
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11 FINANCIAL INSTRUMENTS (CONTINUED)

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The Company is funded by its ultimate parent company through working capital and equity financing.

The capital structure of the Company consists of:

- Share capital comprises of issued and fully paid ordinary shares
- Capital contribution relating to share options granted in 2014
- Retained profits are profits/(losses) retained since the company's inception

The Company has no externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policies section of the Financial Statements.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Amounts owed to group undertakings and from;
- Trade and other receivables
- Trade and other payables

Categories of financial instruments

At 31 December, the Company held the following financial assets:

<i>Loans and receivables</i>	2018 \$	2017 \$
Amounts owed from group undertakings	42,262	42,262
Other receivables	1	1
Employee benefit trust loan	58,963	132
	<u>101,226</u>	<u>42,395</u>

At 31 December, the Company held the following financial liabilities:

<i>Other financial liabilities</i>	2018 \$	2017 \$
Amounts owed to group undertakings	2,835,052	2,794,384
Trade and other payables	<u>259</u>	<u>734</u>
	<u>2,835,311</u>	<u>2,795,118</u>

Savannah Petroleum 1 Limited
NOTES TO THE FINANCIAL STATEMENTS
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11 FINANCIAL INSTRUMENTS (CONTINUED)

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

Foreign currency risk management

As highlighted earlier in the Financial Statements, the functional currency of the Company is US \$. The Company also has foreign currency denominated liabilities. Exposures to exchange rate fluctuations therefore arise. The Company pays for most invoices denominated in a foreign currency in £ sterling. The Company therefore does suffer from a level of foreign currency risk. Due to the minimal level of foreign transactions, the directors currently believe that foreign currency risk is at an acceptable level.

The Company does not enter into any derivative financial instruments to manage its exposure to foreign currency risk.

The carrying amounts in US \$ of the Company's foreign currency denominated monetary assets and monetary liabilities at 31 December 2018 are as follows:

	2018	2017
	\$	\$
<i>Other financial liabilities:</i>		
Trade and other payables	259	734
	<u>259</u>	<u>734</u>

No sensitivity analysis for foreign currency risk has been prepared, due to the immaterial nature of the risk facing the Company.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has not made any sales so credit risk has a minimal impact on the Company.

The concentration of the Company's credit risk is considered by counterparty, geography and currency. The Company has no concentration of cash held on deposit.

There are no other significant concentrations of credit risk at the end of the reporting period.

At 31 December 2018, the Company held no collateral (2017: nil) as security against any financial asset. No financial assets were past their due date and there were no problems with the credit quality of any financial asset in the period.

The carrying amount of financial assets recorded in the Financial Statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Management considers the above measures to be sufficient to control the credit risk exposure.

Savannah Petroleum 1 Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

11 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board of Directors. The board manages liquidity risk by regularly reviewing the Company's cash flow projections and available sources of funds. The Company's cash requirements are anticipated via the budgetary process. At 31 December 2018, the Company had \$nil (2017: \$nil) cash reserves.

The Company also receives regular financial support from ultimate parent company Savannah Petroleum PLC, to assist them in meeting their liabilities as and when they fall due. This is only to the extent that the money is not otherwise available to meet such liabilities.

Maturity of financial assets and liabilities

All of the Company's financial liabilities and its financial assets in the period to 31 December 2018 are either payable or receivable within one year.

12 RELATED PARTY TRANSACTIONS

During the period, the Company had transactions with a number of related parties. At 31 December 2018 the Company owed \$2,776,221 (2017: \$2,794,384) to its parent company, Savannah Petroleum PLC. The company provided \$18,163 (2017: received \$18,711) during the year to Savannah Petroleum PLC.

The Directors of the Company are considered to be key Information about their remuneration is shown in note 2.

13 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

Savannah Petroleum 1 Limited is a majority owned subsidiary company of Savannah Petroleum PLC. Savannah Petroleum PLC is a UK-domiciled oil and gas exploration company.