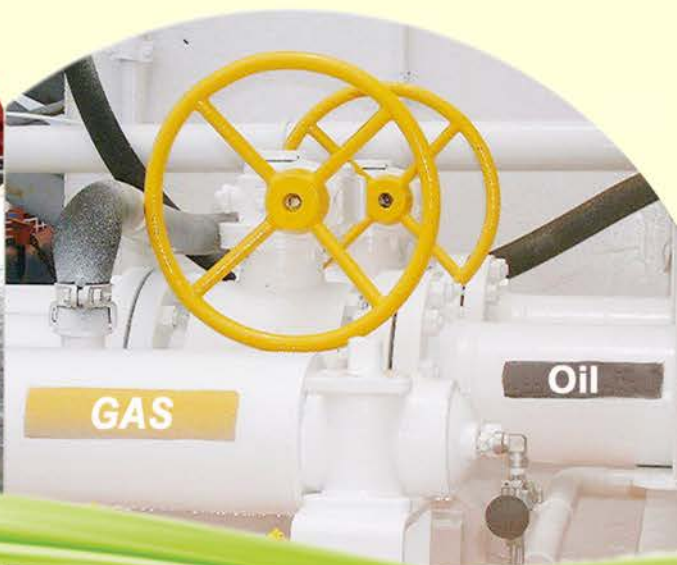




National Hydrocarbons Corporation

**Partner of oil companies in Cameroon,
at the heart of the Gulf of Guinea**





Profile

The National Hydrocarbons Corporation (SNH) is a public company with a share capital of eight billion CFAF wholly owned by the State of Cameroon. It is an industrial and commercial company with legal personality and financial autonomy. Created on 12 March 1980, its objectives are to promote and give value to the national mining domain and manage State interests in the hydrocarbons sector.

Activities:

- Promotion of the national mining domain;
- Negotiation of oil and gas contracts, in cooperation with the competent public administrations;
- Monitoring the implementation of oil and gas contracts between the State and companies operating in the hydrocarbons sector;
- Exploitation of oil fields in association or sole risk;
- Marketing the share of national hydrocarbons production accruing to the State, as allocated in the contracts;
- Implementation of gas projects aiming notably the increase of national electricity supply;
- Management of security stocks of petroleum products;

- Transfer to the Public Treasury, of income derived from the sale of crude oil, after deducting production costs, which finance the State budget;
- Conduct of studies and execution of various projects related to its missions in the oil, gas, para-petroleum, as well as related sectors.

SNH: Management based on principles of good governance

SNH is a member of the National Committee for the follow-up and implementation of principles of the Extractive Industries Transparency Initiative (EITI), which aims judicious use by governments, of revenues from the extractive sector.

The management of SNH is participatory and objective-oriented, following a guideline summarized in three watchwords:

- professionalism,
- integrity ,
- sense of common interest.

An expanding portfolio

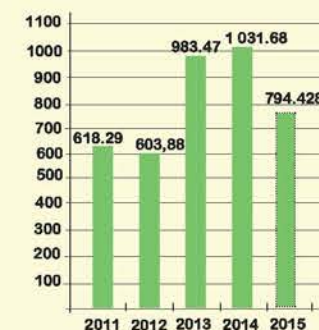
As an expanding group, SNH has been diversifying its activities since 1994. Its portfolio includes 13 share companies operating in the petroleum, para-petroleum and related sectors.



Branch of activity	
Hydrocarbures Analyses Contrôles (HYDRAC)	Quality control
Société de Trading et d'Exportation de Pétrole Brut et de Produits Pétroliers (TRADEX)	Trading
International Business Corporation (IBC)	Steel and industrial metals
Cameroon Oil Terminal S.A. (COTSA)	Storage of crude oil
Chantier Naval et Industriel du cameroon (CNIC)	Ship repair
Société Nationale de Raffinage (SONARA)	Crude oil refining
Chanas Assurances S.A.	Insurance
Addax Petroleum Cameroon LLC	Exploration/production
Perenco Cameroon S.A. (PERCAM)	
Perenco Rio Del Rey (Perenco RDR)	
Société Camerounaise des Dépôts Pétroliers (SCDP)	Storage of petroleum products
Cameroon Hotels Corporation (CHC)	Hotel industry
Cameroon Oil Transportation Company (COTCO)	Crude oil transportation

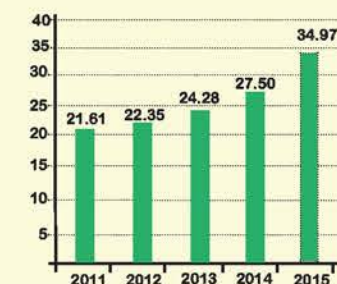
All promising indicators

Oil investments
(in million dollars)



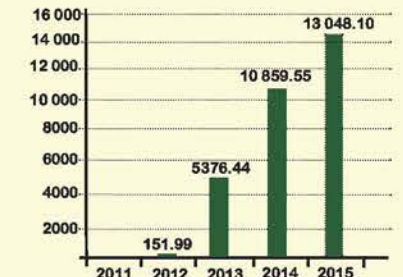
Oil investments, which had been on a constant increase, are affected by the drop in crude oil prices

National crude oil production
(in million barrels)



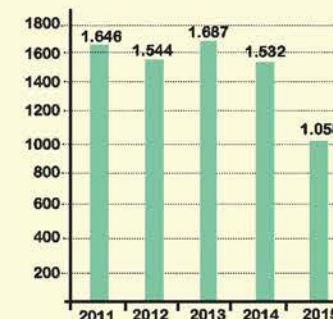
Oil production has been increasing since 2012

National natural gas production
(in million SCF)



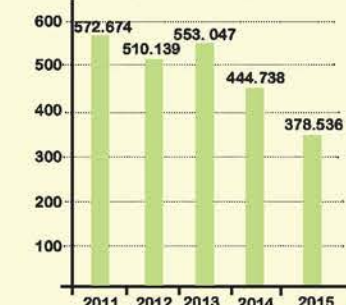
Gas production is on the rise

Turnover
(in billion dollars)



Oil revenues account for nearly one quarter of the State budget

SNH transfers to the State
(in billion CFAF)



Prospective sedimentary basins

In Cameroon, there are two main types of sedimentary basins, which belong to three active African petroleum systems: Niger Delta, West African Salt Basins and Southern and Central Africa rifts.

They include:

- the coastal sedimentary basins (Rio del Rey and Douala/Kribi-Campo), and
- the intracratonic basins (Logone Birni, Mamfe and Garoua).

These basins are still under-explored.

Petroleum associations, at the heart of activities

Exploration/production activities are conducted in the following sedimentary basins: Rio del Rey (producing since 1977), Douala/Kribi-Campo (producing since 1997) and Logone Birni (not yet producing). Mamfe basin (non-producing) is on promotion.

Activities are carried out within the framework of investors' associations comprising SNH, which is the State's Representative, and oil companies. In each association, one of the members, called operator, is appointed to conduct the activities on the field.

Assets of the hydrocarbons sector

An attractive legislation

Cameroon's petroleum code provides for contractual, economic and tax incentives, in particular a reduction of corporation tax, depending on the project economics.

The flexibility of the **petroleum code** gives room for the negotiation of two of the most recognised types of contracts in the industry: the Concession Contract (CC) and the Production Sharing Contract (PSC).

The **gas code**, which specifies the accounting, financial, tax and customs provisions applicable to activities related to the development of gas, also provides for tax incentives. In addition, it provides for:

- the concession system for transport and distribution activities;
- the license system for processing, storage, import and export activities;
- the authorisation scheme for the sale of gas, importation and installation of material and equipment intended for the commissioning of gas transportation and distribution networks, gas storage centres as well as measurement and safety equipment to be used by operators and customers.

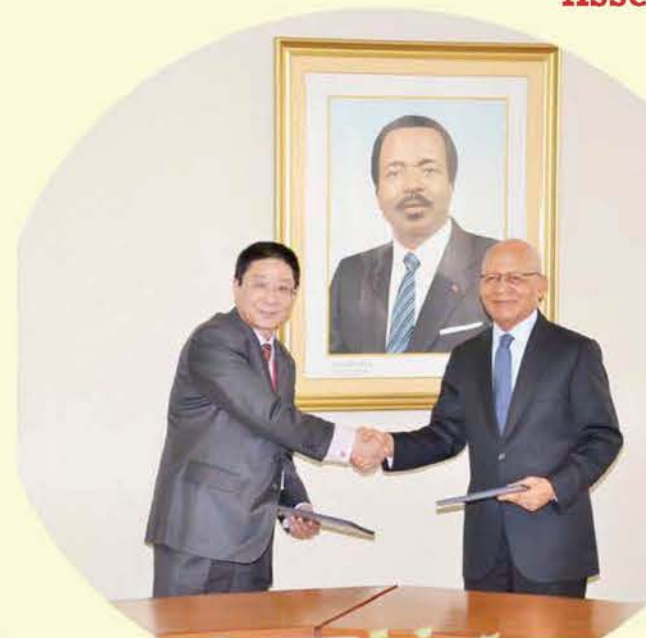
A data repository at the disposal of operators

SNH has a Petroleum Information Centre (PIC), which is in charge of:

- collecting, managing and archiving data generated from the national mining domain. The PIC provides data on wells (samples, various reports, logs), geophysical data (seismic, gravimetric, magnetometric) and various technical studies available on paper and electronic medium.
- mapping (generating updated and digitalised maps). The PIC's expertise is acknowledged nationwide and internationally. As such, it has provided maps to many oil operators, Cameroonian ministries and bilateral commissions.

Reliable partners

SNH partners with various international oil companies notably Glencore, EurOil (a subsidiary of Bowleven), Noble Energy, Dana Petroleum, Addax Petroleum (a subsidiary of Sinopec), New Age, Tower Resources, Yan Chang, Perenco and Gaz du Cameroun (a subsidiary of Victoria Oil & Gas).



Exploration: Intensified research in a mining domain still under-explored



Increasing oil investments

Investments in exploration, concession appraisal and infill development stood at 794.428 million USD in 2015, despite the drop in crude oil prices. The constant increase of oil investments observed between 2010 and 2014 is an expression of the confidence and interest shown by investors in Cameroon's upstream petroleum sector, as well as the dynamism of SNH technical teams.

Production: Above 100 000 barrels per day once again

In 2015, the national production of crude oil exceeded the 100 000 barrels per day mark, a threshold that had no longer been attained since 2002. This production has increased by about 26% in 2015 compared to the preceding year. Such an increase in one year had not been experienced since 1984. This rise results particularly from the putting on production of new fields.

Seven unlicensed blocks on promotion

In 2016, SNH put on promotion seven unlicensed blocks of the mining domain, covering a total surface area of 8453.342 km². These include Bakassi East, Bomana Exploration and Bolongo Exploration in the Rio del Rey basin; Etinde Exploration, Ntem and Elombo in the Douala/Kribi-Campo basin, and Manyu in the Mamfe basin.

Marketing : SNH's expertise acknowledged

SNH markets the share of national crude oil production accruing to the State, as well as its own production. SNH also sells Cameroonian crude oil on behalf of its partners, which testifies to the

acknowledgement of its marketing expertise. The reference crude oil for the sale of Cameroonian crude oil is Dated Brent, listed on the London Intercontinental Exchange.

Conditions to be fulfilled for the purchase of crude oil

- Full address of the company
- Name and nationalities of the main shareholders as well as senior managers of the company
- Certified balance-sheets of the past three years
- Annual report of the past financial year
- Bank references (address, telex, fax, telephone) and contact persons in the banks.

Types of crude oil sold in Cameroon

Kole (30.90° API): 950 000 barrel cargoes
 Lokele (21.87° API): 650 000 barrel cargoes
 Ebome (37.23° API): 400 000 barrel cargoes

An FSO henceforth in the Rio del Rey basin

In 2012, SNH and its partners acquired the Massongo, an FSO with a capacity of 1.87 million barrels. The FSO is managed by COTSA, a company incorporated under Cameroonian laws owned 44% by SNH, 51% by Perenco and 5% by Two Square Shipping of ABC Maritime Group, owner. The Massongo makes possible the separation of the two types of crude oil produced in the Rio del Rey Basin: Kole and Lokele.



Gas for the development of Cameroon

Cameroon's natural gas reserves are estimated at 154 billion cubic metres. These resources, which had remained on hold until 2012 due to the absence of a viable market, have now found outlets through various projects conducted by SNH and international companies.

Gas for Douala-based industries

The Logbaba Association, comprised of SNH and its partner Gaz du Cameroun, a subsidiary of British company Victoria Oil & Gas, has put on production the natural gas reserves of the eponymous field, located in the outskirts of Douala, the economic capital of Cameroon, in order to supply local industries in the Bassa and Bonaberi areas with clean energy, which is cheaper than fuel oil or diesel.

By 1st January 2016, over 30 of the most important industrial companies had converted their burners and now use natural gas as a source of energy, including the Bassa and Logbaba power stations. The gas distribution network is currently being extended to permit the connection of other industries.

Gas supply to the Kribi thermal power plant

SNH and its partner Perenco, grouped under the Sanaga Sud Association, have put on production the natural gas reserves of Sanaga Sud field, to supply the thermal power plant constructed in the coastal town of Kribi, with an initial capacity of 216 MW. The thermal power plant represents about 20% of Cameroon's energy capacity.

Gas supply to the thermal power plant is effective since 25 February 2013, via a pipeline constructed and operated by SNH. Studies are underway, to increase the plant's capacity to 330 MW as prescribed by the Government.

The available reserves are sufficient to meet higher demand.



Liquefaction of natural gas

SNH is conducting two projects aiming the liquefaction of natural gas in Cameroon.

The first project, called Cameroon LNG, is undertaken in partnership with Engie. It involves the construction of a natural gas liquefaction plant at Mboro, with a capacity of 3.5 million tons per year. The production of cooking gas, intended for the Cameroonian market, will also be included, in order to increase national supply, which is currently in a deficit. Detailed feasibility studies on the project are being carried out by Amec Foster Wheeler.

The second project, named Floating LNG, is undertaken in partnership with Perenco and Golar groups. It aims the liquefaction of natural gas from a vessel converted to a plant, to be installed offshore Kribi. It will have an annual capacity of 1.2 million tons of LNG intended for export, 30 000 tons of cooking gas (LPG) for Cameroonian households and 1.8 million barrels of very light crude oil, known as condensate, for the refinery. The vessel is expected to arrive Cameroon in 2017.

Construction of a chemical fertiliser plant

This project, conducted in partnership with German company Ferostaal, and whose studies are underway, aims an annual production of about 600 000 to 700 000 tons of ammonia and 100 000 to 200 000 tons of fertilisers, composed of urea, phosphate and potassium, intended for local and export markets. Its implementation should contribute to the agricultural revolution in Cameroon, advocated by President Paul Biya. The envisaged plant would be located in the coastal town of Limbe.

The Cameroon Gas Association (CGA), a cooperation framework

The CGA was created in October 2005, at the instigation of SNH, in order to create a synergy, profitable to the development of national gas resources. It brings together all stakeholders of the sector in Cameroon (upstream and downstream).

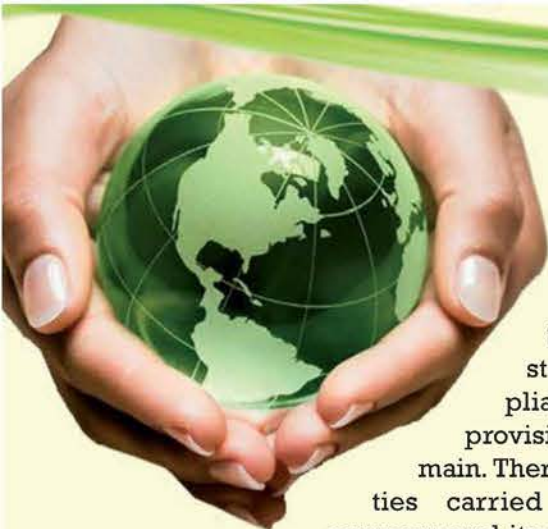
Main objectives of the CGA:

- Seek all adequate means to promote the development of the gas industry in Cameroon, including exploration/production activities, supply,

storage, transportation, distribution, construction as well as operation of networks and facilities, manufacturing of materials and equipment;

- Contribute to the regulation, standardization and certification of the gas industry, in collaboration with national and /or international organisations;

- Maintain relations with similar Cameroonian or foreign groups and facilitate the exchange of information and ideas.



SNH, a key player in

Environmental protection

SNH ensures strict compliance with legal provisions in this domain. Therefore, all activities carried out by the company and its partners in the exploration and production of hydrocarbons are subject to a prior environmental impact assessment, which presents in particular the incidence of

such activities on the environment and the mitigating measures envisaged for the preservation of the ecosystem balance.

SNH also promotes the reduction of gas flaring on oil platforms and their release into the atmosphere. In this regard, the company signed a partnership agreement with the World Bank for the funding of the Global Gas Flaring Reduction Partnership (GGFR).

SNH's commitment to its workers

SNH endeavours to create a working environment in which employees have the skills and tools necessary to enable them to work in pleasant and secure conditions, so that they can return home safe and sound at the end of the day. In addition, the staff also benefit from a range of facilities intended to foster their physical and intellectual well-being, including the Hydrocarbons Sports and Cultural Association (ASCH).



sustainable development



Youth training

For many decades, SNH has contributed to youth training by supplying books to libraries and multimedia centers of secondary schools in Cameroon.

This has had very positive effects in rural areas in particular, where the low purchasing power does not permit students to have books, including textbooks.

Moreover, the company contributes to the professionalisation of teaching in the oil sector. In this regard, it has put in place a computerized petroleum geosciences laboratory in the University of Douala, in partnership with the Schlumberger oil service company, at a total cost of about 1.5 billion CFAF.

Support to sport

As one of the major sponsors of Cameroon's cycling, SNH has contributed to the revival of this activity in the country. Similarly, the company participates in the development of table tennis and golf, by sponsoring competitions organised in these disciplines.



SNHVélo Club won the 2015 International Cycling Tour of Cameroon



National Hydrocarbons Corporation (SNH)

Head Office: P.O. Box 955 Yaoundé, Cameroon

Telephone: (237) 222 201 910

Fax: (237) 222 209 869

www.snh.cm