

CEO's Statement

A BUSINESS THAT PROVIDES FOR THE FUTURE

“The Company’s commitment to supporting Tanzania with the provision of power, but also by making a positive impact to the economic and social fabric of the country, remains at the heart of our core ethos.”



Jay Lyons
Chief Executive Officer

2021 was the second year where the global financial markets continued to be impacted by the COVID-19 pandemic. However, with the development and rollout of the vaccine, along with additional precautionary measures we were able to both protect our workforce and also ensure safe and reliable operations. This was critical as it allowed the Company to continue to achieve safe and reliable operations at the Songo Songo natural gas field. The Company remains committed to making a continued contribution to the Tanzanian economy through the supply of natural gas for both the generation of electrical power and to the country’s industrial markets. Ultimately, this aligns the Company with Tanzanian industrial policy, facilitating the growth of a more diverse and robust industrialized economy, for the benefit of all stakeholders.

The Global economy rebounded during 2021 and given the supportive macroeconomic backdrop, coupled with the Company’s commitment to realising further value from the license for all stakeholders, the Company is progressing on an approximately \$50 million capital expenditure program, that will underpin production and add additional incremental output in 2022, that can be directed towards Tanzania’s domestic market. These investments in the field are critical to the long-term success of the gas field and will play an important role in its ongoing development as the Company looks to achieve a license renewal beyond 2026.

The Company’s commitment to supporting Tanzania with the provision of power, but also by making a positive impact to the economic and social fabric of the country, remains at the heart of our core ethos. As in previous years, we are very proud of our employment record in Tanzania. The work we do as a business would not be possible without our highly qualified and dedicated workforce, as it is their contribution that enables us to deliver operationally. Throughout this report, you will see that safety is a key theme for us and further details of our pledge to be a leading operator in Environmental, Social and Governance (“ESG”) practices. We continue to prioritize our position as an ethical operator in Tanzania, ensuring the Songo Songo gas field is run safely and for the ultimate benefit of all Tanzanians.

In 2021, our average sales volume was 61.1 MMcfd, representing a 6% increase from 2020 where we achieved average sales volumes of 57.7 MMcfd. In addition to expanding our industrial gas distribution to displace higher carbon based and more expensive energy alternatives, we recognize the responsibility of providing reliable natural gas to the power sector.

Our People and Culture

■ Read more on page 08.

Introduction to Governance

■ Read more on page 10.

Company Operations

■ Read more on page 18.

Over the last three years we have laid the foundations for our inlet compression project at the Songo Songo gas plant, which will underpin our production going forward. At a cost of \$42 million it ensures that the gas field has sufficient gas deliverability to meet current gas demand. The installation of this project was completed in March 2022, following a formal testing and commissioning process. With the compression system in place, the gas plant's current productive output is expected to increase by 30%.

Additionally, we now expect to complete the workover of three gas wells (SS-3, SS-4 and SS-10) by the end of April 2022, which will increase production capacity from the gas field to approximately 160 MMcfd, representing a 60% increase in productive capacity since early 2022.

With regard to the well workovers, both the SS-3 and SS-4 wells were completed in recent months, with the SS-3 well being placed on production in February 2022, with the potential to produce at a rate of 15 MMcfd. The workover of the SS-4 well followed, with works anticipated to continue on this well. However, the rig was released and moved to the SS-10 well, which was placed on production in April 2022. The workover program has enabled the Company to further its understanding of the underlying Songo Songo gas reservoir, in addition to ensuring the structural integrity of the wells remains sound, while adding to the field's overall production capacity.

The Company is also working hard towards the planned 2022 3D seismic acquisition program, which remains on track to commence in Q3 2022. As with the workover program, the purpose of this campaign is to increase our knowledge base on the sub-surface geology and looking to de-risk future development drilling in the gas field. Enhancing our understanding of this will help us ascertain the potential for further exploration drilling activity on the license.

We continue to balance our growth objectives with delivering sustainable material cash returns to shareholders, from inception the Company has paid out a total of \$38.2 million via its quarterly dividend and selective share buybacks. The Company continues to benefit from being in a financially robust position, with cash and cash equivalents of \$73.0 million and loans of \$54.6 million as at December 31, 2021.

We have made a positive start in 2022, with gross gas sales averaging 74.4 MMcfd (up to and including March 2022), with the Company forecasting average gross gas sales of 70-76 MMcfd for the year. This is an increase on our previous forecasts and is primarily driven by our discussions with the Ministry of Energy, TPDC and Tanzania Electric Supply Company Limited ("TANESCO"), all of which want to increase gas supply to new power generation facilities expected to be commissioned this year.

In closing, I would like to thank all of our stakeholders, in particular the Government of Tanzania, our partners in country, our dedicated workforce and our shareholders for their continued support, during what has been a turbulent time globally over the last two years. We believe that 2022 has the potential to be another busy and exciting period for the Company and we look forward to updating the market on our progress over the coming months.



Jay Lyons
Chief Executive Officer
April 20, 2022

Welcoming our new CFO, Lisa Mitchell



Lisa Mitchell joined the Company as Chief Financial Officer ("CFO"), effective November 1, 2021.

Lisa was most recently the CFO and Executive Director of San Leon Energy plc (AIM: LSE), a Nigeria focused oil and gas Company listed in London, and before that was CFO and Executive Director of Lekoil Limited (AIM: LEK), an Africa focused oil and gas Company with interests in Nigeria. Lisa has also held senior roles at Ophir Energy plc (LSE: OPHR), a former FTSE 250 energy Company, CSL Limited (ASX top 50) and Mobil Oil Australia.

Lisa is a FCPA (Australia) and holds a Bachelor of Economics (major in Accounting) from La Trobe University, Melbourne and a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia.

Additional Gas MMcfd

