

ASSALA  
ENERGY  
**2021**  
BUSINESS  
HIGHLIGHTS



# Assala Energy is an oil exploration and production company.

Our decisions are guided by our company's Values & Spirit, with safety and integrity at the forefront.

We invest to improve the production efficiency of our mature fields by streamlining our operations while reducing our carbon footprint.

It's about providing the energy needed to power lives, and thus contributing to local and national economies.



ONE OF GABON'S  
LARGEST OIL AND  
GAS PRODUCERS



6 OPERATED  
PRODUCTION LICENCES,  
3 RENEWED UNTIL 2044



1 NON-OPERATED  
PRODUCTION LICENCE



3 ONSHORE OPERATED  
EXPLORATION LICENCES



176M USD CAPEX



MORE THAN 500  
DIRECT JOBS



MORE THAN 2,500  
INDIRECT JOBS



8<sup>1</sup> NEW WELLS DRILLED  
32 WORKOVERS



179 PRODUCING  
WELLS

1. 8 new wells drilled; 7 completed.

*Assala* is our namesake. Adaptability, tenacity, and vitality of spirit enable this young, small African forest elephant to evolve and strengthen in the most challenging of environments. Never have *assala's* characteristics been more relevant.

The challenges of 2021 may seem a distant memory as we live through some of the heady oil prices of 2022. However, the war in Ukraine, and geopolitics in the Middle and Far East, Europe and the US, with the emergence of old feuds and new alliances, remind us that stability is a luxury we do not have. We must be prepared and resilient to both boom and recession scenarios that are more frequent and more dramatic. *Assala's* strategy throughout these events remains to carry on strengthening the business.

In 2021, *Assala's* focus was recouping the losses of the previous year's negative oil price, economic downturn and, of course, the global COVID-19 pandemic. We capitalised on our 2020 resilience, where we had invested in asset integrity and built capacity for increased production to ready ourselves to continue our development drilling and to kick off our 2022 exploration drilling campaign.

As ever, health and safety remained our priority, and the reduction of our carbon footprint played a key role in our business decisions. We completed flagship engineering projects, such as the commissioning of our new Gamba Power Plant and the installation of electrical compressor units. *Assala* took over operatorship of Atora, our fifth operated site. Even with this increased production, we continued to reduce routine flaring by 20% and Greenhouse Gas (GHG) emissions by 13%, compared to 2020.

*Assala* is ahead of the World Bank's "Zero Routine Flaring by 2030" target and has aligned its activities towards the Paris Agreement's "Carbon Neutral by 2050" objective. We operate to ISO14001 and International Finance Corporation (IFC) Performance Standards. Impressive audit

results in these areas reflect our commitment and efforts: the audit of our Environmental and Social Action Plan saw the closure of all legacy major non-conformities and no new major non-conformities. Our ISO14001 certification was renewed for a further three years.

*Assala* demonstrated its capacity to quickly adapt to tougher health and economic environments in 2020, and safely and resiliently navigated this crisis. In 2021, we exemplified our agility: we resumed our ambitious asset redevelopment programme, ahead of our peers, to bring our drilling and workover activities back to pre-COVID-19 levels. Now, stronger than ever, we are ready to tackle our 2022 exploration plans, expanding our portfolio to continue to offer value to our people, to the communities surrounding our operations, to our suppliers and to our stakeholders, including the State of Gabon.

## #ProudToBeAssala



A handwritten signature in black ink that reads "D. Roux".

**David Roux**  
CEO, ASSALA ENERGY

# OPERATE RESPONSIBLY AND SAFELY

We invest in mature oil & gas assets and explore for new energy sources. Our Vision is to inject new life into mature oil and gas assets through operational and cost-control excellence, transforming them into safer, cleaner, adaptable, resilient, and rejuvenated businesses. Our Values & Spirit and Code of Conduct guide our daily decisions. At their core is our absolute commitment to HSE<sup>2</sup> and compliance. This means we place people, the environment and the respect of laws and regulations above all else. Achieving our business objectives never takes priority over this commitment.



For these reasons, in 2021, Assala expanded its Environmental, Social & Governance (ESG) report to include additional standards, such as reference to the Task Force for Climate-related Financial Disclosure, and preparation for the report's own independent audit against ISAE 3000/3410. Please refer to the 2021 ESG report for details on our operational and other business activities.

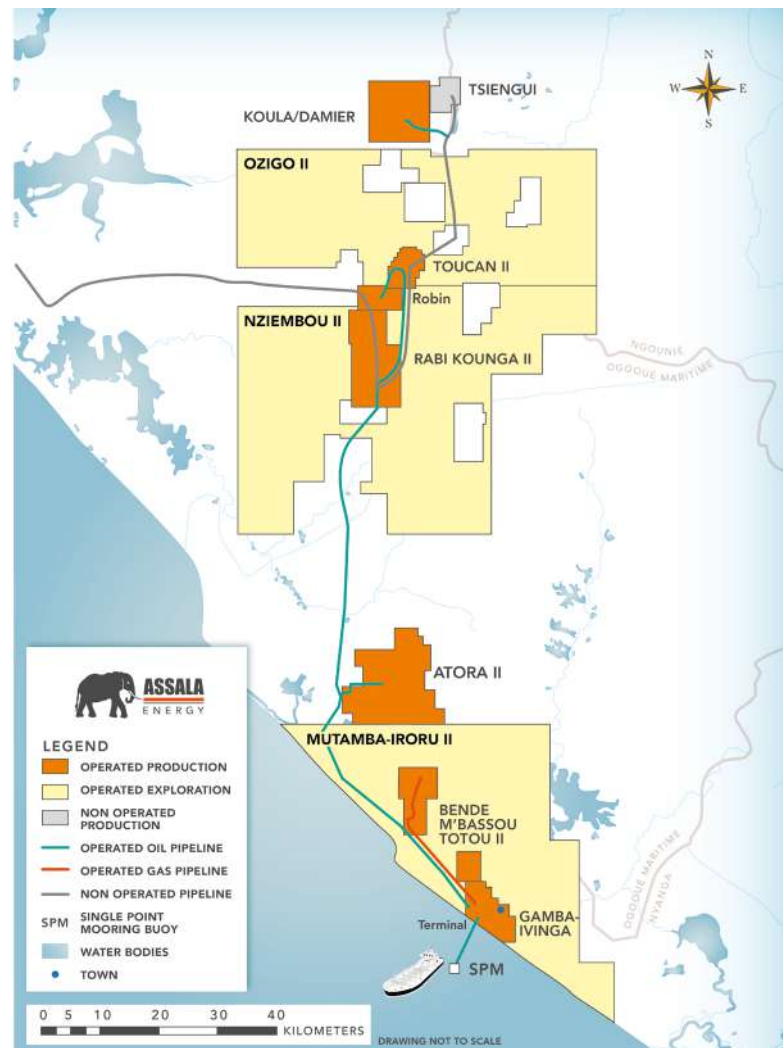
Despite the shockwaves of the COVID-19 pandemic and the subsequent global economic crisis that continued to rock the oil & gas industry in 2021, Assala capitalised on its adaptability, fundamental to our way of doing business.

## Production

In February 2021, we recommenced our drilling activities, after they were paused due to COVID-19. With the ongoing support of our shareholders and lenders, our teams invested this downtime in strengthening our asset integrity, production capacity and internal competencies, while preparing to resume drilling.

## Exploration

We continued to pursue our ambitions to unlock the full potential of our assets, whilst exploring for new energy resources. In 2021, our geoscience teams identified prospects in the new exploration licences acquired from the State of Gabon in 2019, and initiated our drilling campaign to evaluate these prospects, with a view to expanding Assala's portfolio.



2. HSE: Health, Safety, Security & Environment.



## Socio-economic development

As such, Assala continues to generate sustainable revenues for shareholders and stakeholders, including the government of Gabon, employees, suppliers, and local communities. Our payment of taxes, sustainable production and provision of direct and indirect jobs contribute positively to national and local socio-economic development.

## COVID-19

For our staff to travel to site safely, we built a dedicated jetty for our operations personnel. As such, the pre-mobilisation quarantine period in a hotel was not compromised by interactions with third parties at a shared pier. We equipped a purpose-built laboratory in Port-Gentil with our own PCR-testing apparatus. By the end of 2021, 897 employees, their dependents, and our contractors were vaccinated on an Assala facility as part of a campaign that continued in 2022.

## Greenhouse Gas (GHG) emissions reduction

Assala is committed to continue reducing its emissions in line with the World Bank's "Zero Routine Flaring by 2030" initiative, and is working towards the Paris Agreement's Carbon Neutral by 2050" objective. For more details, please refer to our 2021 ESG report.

# EMPOWER OUR EMPLOYEES TO REACH THEIR POTENTIAL

At Assala, our people are our greatest asset. Their commitment to the achievement of business objectives is key to the company's ongoing & future successes.

## Our people

At the end of 2021, Assala had more than 500 employees across its businesses and, despite the COVID-19 & economic crises which shook our industry, had kept every single employee position. We invest in young people. In 2021, Assala Gabon provided 27 internships, this through Gabon's National Employment Office (ONE), and eight technical work placement opportunities. Our smaller business in the UK offered two internships.

## Training & development

Assala recognises that the development of the company and the development of our employees go hand in hand. In 2021, our Goals, Performance and Appraisal (GPA) programme was further enhanced to include career-related and corporate Environmental, Social & Governance (ESG) objectives. As part of the company's investment in professional development, Assala's online training system was boosted with 700 new courses. Face-to-face training efforts recommenced, recouping any training opportunities postponed due to COVID-19.



> **500** DIRECT JOBS



**37** internships and technical work placements offered to young people



**3,453** participants received **10,972** hours of training (in-house and external)<sup>3</sup>



**463K USD** invested in training



## Employee engagement survey

In 2021, Assala conducted its first employee survey, on a voluntary basis. 67% of our staff participated in the survey; 81% feel engaged by the company & proud to work for Assala. Following this survey, we formed Employee Engagement Circles to address identified actions points, boost a feeling of collective responsibility for improving our experience at work and launch the #ProudToBeAssala campaign. Collaboration with senior management to implement identified improvement actions continues.



**81%** of staff feel **#ProudToBeAssala**

3. These figures include all mandatory compliance training and time spent on Assala eLearning. They do not include on-the-job training.

# ENGAGE IN ROBUST FINANCIAL MANAGEMENT



In 2021, the world came to terms with the impact of the COVID-19 pandemic. Assala was able to absorb and mitigate the resultant short-term shocks, as well as the negative impacts on our medium- and long-term plans, protecting jobs and revenue throughout the height of the subsequent economic crisis.

Thanks to OPEX optimisation projects implemented since the company's arrival in 2017, Assala has reduced the annual operating costs of our assets by 140M USD<sup>4</sup> per annum in 2021, compared to operational expenditure at the time of Assala's take over.

This robust financial management meant we emerged from 2020's uncertainty with the means necessary to relaunch our core exploration and drilling activities. In 2021, whilst still financially recovering from negative oil prices, we pushed ahead with critical CAPEX projects designed to support our business ambitions to operate safely, responsibly, and sustainably, with the capacity required for additional planned production levels.

4. 140M USD saving calculated against 213M USD baseline OPEX. This figure excludes COVID-19 and Atora operational expenditures; Atora came under Assala's operatorship in Q1 2021.

## 2021<sup>5</sup>



**176M USD**  
CAPEX  
investment<sup>6</sup>



**323M USD** paid to  
governments in Gabon  
and in the UK for 2021<sup>7,8</sup>



**230M USD<sup>9</sup>**  
OPEX<sup>10</sup>

## TOTAL TO DATE<sup>11</sup>



**601M USD**  
CAPEX  
investment<sup>12</sup>

5. Currency conversions calculated using the 2021 USD > XAF average.  
6. ~ 97,921M XAF.

7. Taxes, other contractual payments & dividends.  
8. ~ 179,708M XAF.

9. 18M USD of this figure is accounted for by Atora, which came under Assala's operatorship in Q1 2021.  
10. ~ 127,965M XAF.

11. Total since Assala's arrival in November 2017.  
12. ~ 334,378M XAF.

# INCREASE FIELD LIFE CYCLES AND PRODUCTION



Through asset integrity and strategic investment, we increase field life cycles and production. This is an Assala Value. Our teams collaborate to identify development opportunities, applying their expertise to achieve our business objectives whilst keeping safe and responsible operations at the core of everything we do. Our 2021 activities exemplified this Value.

## Organic reserves

An independent reserves auditor determined that Assala had exceeded 170% of organic reserves replacement on its fields since 2018, when Assala started its investment programme.



**170%** organic reserves replacement ratio since 2018

## Exploration & redevelopment

As well as optimising existing fields, in 2021, our subsurface team conducted a non-invasive airborne acquisition survey over its northern exploration and production licences to identify new exploration and development opportunities. 2022 will see exploration and appraisal drilling over these licences.

### North-west extension at Rabi field

A successful appraisal well announced the discovery of the north-west extension to our Rabi field. The dynamism of Assala's business strategy and the adaptability of our teams allowed the fast-tracked development of this discovery, with the first of three horizontal production wells coming on stream in October 2021.

### Record production levels at Rabi field

The combination of in-house expertise, cutting edge technology and disciplined CAPEX investment not only stopped the natural decline but also increased our Rabi field's production to its highest level in 12 years.



**27** new wells  
**102** workovers (2018-2021)



## Project highlights

Assala's key projects focused on increasing our production capacity, whilst continuing to decrease our emissions in line with the Paris Agreement's "Carbon Neutral by 2050" objective. This is to ensure our ability to complete our ambitious drilling and workover schedule, and thus pursue our objective to tap into our assets' full potential.



**27M<sup>13</sup> USD Gamba Power Plant:** 100% in-house engineering project to install 3 turbines with up to 13.5 MW to power our Gamba Terminal. This project was key to securing Assala's ability to supply reliable energy internally to our Gamba field operations but also to carry out its drilling & workover campaigns, while reducing routine gas flaring.



**16M<sup>14</sup> USD Gamba Gas Compression Unit Upgrade:** installation of a new electrical driven gas compression unit, with associated supporting systems. The compressor supports future field development to enhance oil recovery, improve energy efficiency & costs, and reduce our carbon footprint.



13. ~ 15,022M XAF.  
14. ~ 8,902M XAF.

# BUILD WIN-WIN PARTNERSHIPS WITH GOVERNMENTS AND LOCAL COMMUNITIES

For Assala, building win-win partnerships is ensuring long-term benefit from our operations for communities surrounding our sites, for regional and national governments, and for all stakeholders.

## Gabon

Assala supports local communities with their initiatives in socio-economic development. In 2021, many of our Social Performance projects were able to recommence, with COVID-19 barrier measures in mind.

### Focus on Gamba

Assala aims to stimulate the deisolation of communities surrounding our operational sites by supporting their access to basic goods and services including food, water, electricity, gas and medicines. In the town of Gamba, actions included investing in the remediation of the road network and moving forward with our initiative to install a barge to support the provision of goods and services in this remote location. Assala provides an uninterrupted supply of gas to Gamba's power plant, which delivers electricity to the community.

### Community engagement initiatives

"My Village, My Pride" nurtures civic duty and responsibility for one's own environment; Assala provides tools & equipment to help participating neighbourhoods stay clean.

The Assala Excellence Prize celebrates outstanding academic performance by pupils in schools surrounding each of our operational sites. In 2021, we visited 23 of Gabon's schools & celebrated the achievements of 38 children in Gamba, Port-Gentil and around our Rabi, Toucan & Koula fields.

### Local Content

Assala's comprehensive and integrated approach to Local Content aims to reap sustainable, long-term results from the company's presence in Gabon. In our Supply Chain, we favour using local businesses and employing local people to improve skills through training, career development and the transfer of technologies.

## United Kingdom

In the UK, Assala's contributions to The Prince's Trust reflects the company's commitment to investing in young people to build an experienced and qualified workforce for the future. We provided donations to the Tower Hamlets Educational Partnership and the Hammersmith & Fulham Foodbank for those hit hardest by the COVID-19 pandemic.

## ASSALA LOCAL CONTENT 2021 HIGHLIGHTS



**275M USD**  
spent with Gabonese  
businesses



**5.7M USD**  
spent with businesses  
based in Gamba



**185<sup>15</sup>**  
Gabonese businesses  
working directly with  
Assala



**579**  
jobs offered to the  
community by our  
contractors

15. Improved reporting methods revised this figure for 2021: number of vendors who have been paid for services or purchases by Assala and classified as Gabonese companies, registered in Gabon, according to the classification of companies under the Hydrocarbon Code.

# COMMIT TO THE APPLICATION OF INTERNATIONAL BEST PRACTICE ENVIRONMENTAL STANDARDS

At Assala, we believe environmental conservation is all about people. While people contribute to many of the environmental problems that the world faces, these same people are key to fixing, protecting, and conserving precious biodiversity.

In early 2022, Assala was recertified ISO14001-compliant, following a full audit in 2021. Valid for three years, until February 2025, this recertification demonstrates that our environmental management system is of international standard.



We continue to use the Equator Principles and International Finance Corporation (IFC) Performance Standards as the company's benchmarks for environmental best practices. Our 2021 IFC audit identified no new major non-conformities and closed all legacy major non-conformities.

## Climate change

Assala actively seeks to limit its Greenhouse Gas (GHG) emissions in line with both the Paris Agreement's "Carbon Neutral by 2050" objective and with the World Bank's "Zero Routine Flaring by 2030" target. Measuring our progress against this target, we have committed to reducing our carbon footprint by 80% by 2025 (against 2020 levels).

## Collaboration with local and international organisations

### *Ibonga*

Ibonga is a leading Gabonese Non-Government Organisation (NGO), advocating for the protection of marine wildlife and raising awareness within the community. Every year, Gabon's beaches host the world's most endangered marine turtles for the nesting season. Assala has supported Ibonga since 2017.



## ASSALA'S SUPPORT IN 2021



**400** turtle protection patrols during the nesting seasons<sup>16</sup> with turtle observations, measurements, samples taken or genetic studies, and activity monitoring.



**443kg** of plastic waste collected during beach cleaning activities.



**751** primary-school pupils attended environmental awareness sessions.



**25** young volunteers trained as ambassadors to deliver environmental awareness sessions in primary schools.

16. This highlights report covers activities between Jan. 2021-Dec. 2021. These figures relate to the marine turtle nesting seasons (Oct. 2020 - March 2021).



## Smithsonian Conservation Biology Institute

The Smithsonian Conservation Biology Institute (SCBI) plays a leading role in the Smithsonian Institution's global efforts to save wildlife species from extinction and train future generations of conservationists.

Their Gabon Biodiversity Programme uses research to find practical ways to measure and enhance biodiversity conservation, reduce human-wildlife conflict, and promote sustainable use of natural resources. It undertakes educational outreach to raise awareness about wildlife and encourage environmentally responsible and safe behaviour.



### ASSALA'S SUPPORT IN 2021<sup>17</sup>



**48** anti-poaching patrols in Assala's southern concessions with SCBI & Gabon's Ministry of Forests, the Sea, the Environment and Climate Plan (MINFMEPC).



**200** children participated in conservation awareness sessions in local primary schools.



**2-year** experimental sustainable natural soil-enrichment programme to increase crop yield on poor soil, decrease deforestation and reduce human-wildlife conflict. 2021 highlights:

**47** local farmers receiving skills transfer training in soil improvement techniques to improve soil quality.

**26** farmers volunteering to implement this compost on their land as a method to improve their yield.

**1** centre constructed to demonstrate compost creation to promote technical skills transfer in this area.



**1** continued long-term monitoring project of the 25-hectare Rabi forest plot<sup>18</sup> in Assala's concession; this project was paused due to COVID-19 travel constraints and will recommence in 2022.



**160+**<sup>19</sup> employees and contractors at Assala's Gamba site participated in live awareness sessions; to overcome COVID-19<sup>20</sup> barrier measures, more remote sites received reminders about Assala Wildlife Safety Rules which provide risk-reduction strategies when around wildlife.

17. Some activities such as applied research & visits to the SCBI Biodiversity Centre were paused in 2021 due to COVID-19 logistical constraints.

18. One of 72 sites worldwide that make up the Smithsonian Forest Global Earth Observatory, which monitors the function and diversity of 7 million trees of 12,000 species.

19. Wider outreach was impinged by COVID-19 travel constraints.

20. In addition, this topic is covered during induction given to new arrivals on our sites.



### *Space for Giants*

Space for Giants is an international conservation organisation that protects the wild landscapes Africa's elephants need to survive and thrive. Rising human populations and forest encroachment in the areas where Assala operates pose a health and safety risk as human-elephant conflict increases.

In Gabon, Assala has committed to support local communities to mitigate this conflict. From 2019, Assala funded a 3-year programme with Space for

Giants and the Gabonese National Parks Authority, which provides protection to Gabonese farmers working in cooperative plantations through the construction of specialised electrified fences. These fences help to avoid human-elephant conflict by protecting farmers' crops from raiding elephants, by consequence, increasing harvests.



#### ASSALA'S SUPPORT IN 2021



**4** fences built with Assala funds (10 completed in total) benefitting **86** farmers and **435** of their family members.

# ACT WITH INTEGRITY

Compliance with all applicable international legal and regulatory requirements, as well as with local laws of the countries where we operate, is at the core of the Values & Spirit that define and drive the way Assala does business. This is underpinned by our Code of Conduct, policies and procedures.

Our reporting system encourages our employees and contractors to raise any concern regarding the law, our Code, policies or procedures through various channels, such as their manager, supervisor, or Safecall. Each report results in an investigation.

## Assala's Values



Operate responsibly and safely



Empower our employees to reach their potential



Build win-win partnerships with governments and local communities to ensure long-term benefit from our operations



Engage in robust financial management



Increase field life cycles and production through asset integrity and strategic investment



Commit to the application of international best practice environmental standards



Act with integrity by complying with our Code of Conduct and applicable international compliance regulations

## Assala's Spirit

### OUR BUSINESS

#### Compliant & Robust

We believe in rigorous operations management in strict compliance with our Code of Conduct and in accordance with national and international procedures and regulations.

#### Adaptable

Inspired by its name, our model is based on flexibility, innovation and creativity necessary to adapt and improve in an ever-changing environment.

### OUR PEOPLE

#### Empowered

We strive to empower and support our employees in reaching their goals and succeeding in their roles.

#### Accountable

We expect our team members to show individual dedication in their tasks while also promoting collaboration and teamwork.

### OUR OPERATIONS

#### Safe & Secure

We are committed to conducting our operations in a safe and secure environment for all our staff, consultants and contractors.

#### Fit for Purpose

Assala's organisation is based on transparent and straightforward processes in its operations. We are also committed to respecting our environment in the long term by improving our production performances and extending the life cycle of our fields.

## Assala's Code of Conduct



Obey the law



Treat people with dignity and respect



Avoid conflicts of interest



Protect Assala's resources



Keep accurate and honest records



Be a responsible global citizen



Honour business obligations

# Our **ESG** commitment has three aspects:



## 01 Investment

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- Invest in the long-term.
- Be accountable for our activities.

## 02 Performance

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- Deliver a strong financial performance for our shareholders and host countries.
- Report on our performance, including our efforts to reduce Greenhouse Gas (GHG) emissions.

## 03 Contribution

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- Contribute to socio-economic development at national and local level through the payment of tax, the sustainability of production and employment opportunities.
- Contribute to the Paris Agreement goal to achieve global carbon neutrality.



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