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**If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document, together with the accompanying Form of Proxy, at once to the purchaser or transferee or to the stockbroker, banker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. Such documents should not, however, be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of Ordinary Shares, you should retain these documents.**

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# SAVANNAH PETROLEUM PLC

*(Incorporated in England and Wales under the Company's Act 2006 with registered number 9115262)*

## **Firm Placing of 19,334,000 new Ordinary Shares, Proposed Placing of a further 60,501,682 new Ordinary Shares and proposed issue of 1,444,318 Subscription Shares at 38 pence per share**

**and**

## **Notice of General Meeting**

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This document does not constitute a prospectus for the purposes of the prospectus rules of the Financial Conduct Authority nor does it comprise an admission document prepared in accordance with the AIM Rules. Accordingly, this document has not been approved by or filed with the Financial Conduct Authority. This document does not constitute or form part of any offer or invitation to sell or issue or a solicitation of any offer to acquire, purchase or subscribe for Placing Shares in any jurisdiction. Subject to the exceptions below, this document must not be distributed to a US Person (as such term is defined in Rule 902 of Regulation S under the US Securities Act of 1933, as amended (the "Securities Act")) or within or into the United States, Canada, Japan, South Africa, the Republic of Ireland or Australia. The Ordinary Shares have not been and will not be registered under the Securities Act, and, subject to the exceptions below, may not be offered or sold or subscribed, directly or indirectly, within the United States, Canada, Japan, South Africa, the Republic of Ireland or Australia or to or by any US Person (as such term is defined in Regulation S promulgated under the Securities Act) or any national resident or citizen of Canada, Japan, South Africa, the Republic of Ireland or Australia or any corporation, partnership or other entity created or organised under the laws thereof. The Ordinary Shares may be offered or sold by Merriman Capital and/or Auerbach Grayson, as the U.S. Agents to U.S. Persons or otherwise in the United States who are reasonably believed after reasonable inquiry to be accredited investors or qualified institutional buyers, or QIBs, as defined in Rule 144A under the Securities Act, in reliance on Rule 144A, Section 4(a)(2) of the Securities Act or in offshore transactions in reliance on Regulation S. Any failure to comply with this restriction may constitute a violation of the United States or other national securities laws. None of the information contained herein has been filed or will be filed with the US Securities and Exchange Commission, any regulator under any state securities laws or any other governmental or self-regulatory authority. The Ordinary Shares may be offered or sold or subscribed, directly or indirectly, within Australia to the extent that such offer or sale or subscription does not need disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act 2001 (Cth) which includes an offer, sale or subscription to or by a "sophisticated investor", a "professional investor" or a "wholesale client" within the meaning of sections 708(8), 708(11) or 761G of the Corporations Act 2001 (Cth) respectively. No governmental authority has passed or will pass on the merits of this Placing or the adequacy of this document. Any representation to the contrary is unlawful.

Application will be made to the London Stock Exchange for the Second Tranche Shares to be admitted to trading on AIM. No application has been made or is currently intended to be made for the Placing Shares to be admitted to trading or dealt in on any other exchange. Admission is expected to become effective in respect of, and dealings on AIM commence in, the First Tranche Shares on 11 July 2016 and it is expected, subject, *inter alia*, to the passing of the Resolutions at the General Meeting, that Admission will become effective in respect of, and that dealings on AIM will commence in, the Second Tranche Shares, on or around 26 July 2016.

Notice of the General Meeting of Savannah Petroleum PLC to be held at the offices of Mirabaud Securities LLP, 33 Grosvenor Place, London SW1X 7HY on 25 July 2016 at 10.30 a.m. is set out at the end of this document. The Form of Proxy accompanying this document for use in connection with the General Meeting should be completed and returned in accordance with the instructions thereon so as to be received by the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS99 6ZY by no later than 10.30 a.m. on 21 July 2016. The recommendation of the Directors on the Resolutions to be proposed at the General Meeting is set out on page 14 of this document. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

This document should be read in its entirety in conjunction with the accompanying Form of Proxy and the definitions set out herein. In particular your attention is drawn to the letter from the Chairman, which is set out on pages 9 to 14 of this document, and which recommends that you vote in favour of the Resolutions.

Strand Hanson Limited, which is a member of the London Stock Exchange and is authorised and regulated by the Financial Conduct Authority, is acting as Nominated Adviser to the Company in connection with the Placing and is not acting for any other person and will not be responsible to any person other than the Company for providing the protections afforded to clients of Strand Hanson Limited.

Mirabaud Securities LLP ("Mirabaud"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Savannah Petroleum and no-one else in connection with the Placing. Mirabaud will not regard any other person (whether or not a recipient of this document) as its client or be responsible to any other person for providing the protections to clients of Mirabaud nor for providing advice in relation to the transactions and arrangement described in this document. Mirabaud is not making any representation or warranty, express or implied, as to the contents of this document. Mirabaud has not approved the contents of, or any part of, this document and no liability whatsoever is accepted by Mirabaud for the accuracy of any information or opinions contained in this document or for the omission of any information from this document.

Panmure Gordon (UK) Limited ("Panmure Gordon"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Savannah Petroleum and no-one else in connection with the Placing. Panmure Gordon will not regard any other person (whether or not a recipient of this document) as its client or be responsible to any other person for providing the protections to clients of Panmure Gordon nor for providing advice in relation to the transactions and arrangement described in this document. Panmure Gordon is not making any representation or warranty, express or implied, as to the contents of this document. Panmure Gordon has not approved the contents of, or any part of, this document and no liability whatsoever is accepted by Panmure Gordon for the accuracy of any information or opinions contained in this document or for the omission of any information from this document.

Merriman Capital and Auerbach Grayson, each a broker-dealer registered with and regulated by the U.S. Securities and Exchange Commission (the "SEC") and the U.S. Financial Industry Regulatory Authority ("FINRA"), are acting as agents in the U.S. for the Placing Shares. Each of Merriman Capital and Auerbach Grayson (i) was not requested to (and did not) verify or confirm any statement contained in the document relating to the past or future financial performance, financials, operations or activities of the Company or its affiliates, the Company's products or any market information; (ii) did not conduct any investigation with respect to such information; and (iii) cannot guarantee the accuracy of such information.

The past performance of the Company and its securities is not, and should not be relied on as, a guide to the future performance of the Company and its securities.

Neither the content of websites referred to in this document, nor any hyperlinks on such websites is incorporated in, or forms part of, this document.

This document is published on 7 July 2016. Copies of this document will be available free of charge during normal business hours on weekdays (excluding Saturday, Sunday and public holidays) from the date hereof until 25 July 2016 from the Company's registered office. Copies will also be available to download from the Company's website at [www.savannah-petroleum.com](http://www.savannah-petroleum.com).

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## DEFINITIONS

The following definitions apply in this document, unless the context otherwise requires:

<b>“Act”</b>	the Companies Act 2006 (as amended)
<b>“Admission”</b>	admission of the First Tranche Shares, which is expected to occur at 8.00 a.m. on 11 July 2016, or, as the context requires, the Second Tranche Shares being admitted to trading on AIM, becoming effective in accordance with the AIM Rules
<b>“Agadem Region Infrastructure Agreement” or “Infrastructure Agreement”</b>	the agreement anticipated to be entered into between Savannah and the Republic of Niger relating to Savannah’s potential participation and shareholding in oil export infrastructure in Niger
<b>“AIM”</b>	the market of that name operated by London Stock Exchange plc
<b>“AIM Rules”</b>	the rules for AIM companies and their AIM advisers, as published from time to time by the London Stock Exchange in relation to AIM traded securities
<b>“Articles”</b>	the articles of association of the Company in enforce from time to time
<b>“Auerbach Grayson”</b>	Auerbach Grayson & Company LLC of 25 West 45th Street, New York, NY10036
<b>“CGG GeoConsulting”</b>	CGG Services (UK) Limited, Fugro House, Hithercroft Road, Wallingford, Oxfordshire, OX10 9RB
<b>“Company” or “Savannah Petroleum”</b>	Savannah Petroleum PLC, registered in England and Wales with company number 9115262
<b>“CREST”</b>	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) including any enactment or subordinate legislation which amends or supersedes those regulations and any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force
<b>“Directors” or “Board”</b>	all of the directors of Savannah Petroleum, whose names are set out on page 9 of this document
<b>“Enlarged Issued Ordinary Share Capital”</b>	the Existing Issued Ordinary Share Capital as enlarged by the allotment and issue of the Placing Shares
<b>“Exclusive Exploration Authorisation”</b>	an exclusive exploration authorisation as defined by the Petroleum Code, issued to a contractor and authorising it to undertake hydrocarbons exploration operations in a contractual exploration area
<b>“Existing Issued Ordinary Share Capital”</b>	the 193,341,447 Ordinary Shares in issue on the Latest Practicable Date
<b>“Firm Placing”</b>	the placing of the First Tranche Shares at the Placing Price pursuant to the Placing Agreement

<b>“First Tranche of the Placing”</b>	that part of the Placing which relates to the First Tranche Shares and which was conditional on Admission, which is expected to become effective at 8.00 a.m. on 11 July 2016
<b>“First Tranche Shares”</b>	the 19,334,000 new Ordinary Shares issued by the Company as part of the Placing pursuant to existing allotment authority, at the Placing Price
<b>“Form of Proxy”</b>	the form of proxy accompanying this document for use by Shareholders in connection with the General Meeting
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 of the UK (as amended), including any regulations made pursuant thereto
<b>“General Meeting” or “GM”</b>	the general meeting of the Shareholders of the Company called pursuant to the notice of General Meeting set out at the end of this document at which the Resolutions will be proposed
<b>“Group”</b>	the Company and its subsidiaries
<b>“Latest Practicable Date”</b>	close of business (5.00 p.m. London time) on 6 July 2016, being the latest practicable date prior to the publication of this document
<b>“London Stock Exchange”</b>	London Stock Exchange PLC
<b>“Merriman Capital”</b>	Merriman Capital Inc. of 135 East 57th Street, 24th Floor, New York, NY10022
<b>“Mirabaud”</b>	Mirabaud Securities LLP
<b>“Official List”</b>	the Official List maintained by the UK Listing Authority pursuant to Part VII of the FSMA
<b>“OPEC”</b>	Organisation of the Petroleum Exporting Countries
<b>“Ordinary Shares”</b>	the ordinary shares of £0.001 each in the capital of the Company
<b>“Panmure Gordon”</b>	Panmure Gordon (UK) Limited
<b>“Petroleum Code”</b>	Act No. 2007-01 of 31 January 2007 concerning the Petroleum Code of the Republic of Niger
<b>“Placing”</b>	the allotment and issue of the Placing Shares (which includes the Subscription Shares) by the Company
<b>“Placing Agreement”</b>	the placing agreement between the Company, Mirabaud and Panmure Gordon, dated 5 July 2016, in respect of the Placing
<b>“Placing Price”</b>	38 pence per Placing Share
<b>“Placing Shares”</b>	the First Tranche Shares, the Second Tranche Shares and the Subscription Shares being in aggregate 81,280,000 new Ordinary Shares issued or to be issued by the Company pursuant to the Placing
<b>“Proposed Placing”</b>	the conditional placing of the Second Tranche Shares at the Placing Price pursuant to the Placing Agreement
<b>“Resolutions”</b>	the resolutions set out in the notice of General Meeting (set out at the end of this document) and which are to be proposed as special resolutions
<b>“R1/R2 PSC”</b>	the production sharing contract between Savannah Niger and the Government of Niger entered into on 3 July 2014 in respect of the R1/R2 PSC Area (as may be amended from time to time)
<b>“R3/R4 PSC”</b>	the production sharing contract between Savannah Niger and the Government of Niger entered into on 31 July 2015 in respect of the R3/R4 PSC Area (as may be amended from time to time)

<b>“R1/R2 PSC Area”</b>	means the R1/R2 areas in south-eastern Niger that are the subject of the R1/R2 PSC, and “R1 PSC Area” and “R2 PSC Area” shall be defined accordingly
<b>“R3/R4 PSC Area”</b>	means the R3/R4 areas in south-eastern Niger that are the subject of the R3/R4 PSC, and “R3 PSC Area” and “R4 PSC Area” shall be defined accordingly
<b>“Regulation S”</b>	Regulation S as promulgated under the Securities Act
<b>“Savannah Niger”</b>	Savannah Petroleum Niger R1/R2 S.A. a société anonyme unipersonnelle incorporated under the laws of Niger with registered number RCCM: NI-NIA-2014-B1940, whose registered office is at 61 rue NB-44, BP 07 Quartier Terminus, Niamey, Niger
<b>“Savannah PSCs”</b>	means the R1/R2 PSC and the R3/R4 PSC collectively, as either or both may be amended or restated from time to time
<b>“Second Tranche of the Placing”</b>	that part of the Placing which relates to the Second Tranche Shares and which is conditional on, <i>inter alia</i> , the passing of the Resolution 1 and Admission
<b>“Second Tranche Shares”</b>	60,501,682 new Ordinary Shares to be issued by the Company at the Placing Price, conditional on, <i>inter alia</i> , the passing of the Resolution 1 and Admission
<b>“Securities Act”</b>	the U.S. Securities Act of 1933 (as amended)
<b>“Shareholders”</b>	the holders of Ordinary Shares from time to time
<b>“Strand Hanson”</b>	Strand Hanson Limited, the nominated and financial adviser to the Company
<b>“Subscribers”</b>	each of Andrew Knott, Isatou Semega-Janneh, Jessica Hostage and Yacine Wafy
<b>“Subscription”</b>	as defined in paragraph 1 on page 9 of this document
<b>“Subscription Shares”</b>	the 1,444,318 new Ordinary Shares, in aggregate, to be issued to the Subscribers, who have stated the intention to subscribe on the same terms governing the wider Placing within one day of announcing the result of the Placing
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“U.S.” or “United States”</b>	the United States of America, its territories and possessions, any states of the United States of America and the district of Columbia and all other areas subject to its jurisdiction
<b>“U.S. Agents”</b>	Merriman Capital and Auerbach Grayson
<b>“US Person”</b>	the meaning ascribed to such term by Regulation S
<b>“XOF”</b>	Communaute Financiere Africaine franc, the functional currency of Niger

*References to “£”, “pence” and “p” are to British pounds and pence sterling, the currency of the United Kingdom.*

*References to “US\$” and “dollars” are to American dollars, the currency of the United States of America.*

*References to times are, unless specified otherwise, references to London time.*

*An exchange rate of £/US\$ 1.295 has been assumed which was the mid-morning rate prevailing on 6 July 2016.*

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of publication of this Circular	7 July 2016
Admission and commencement of dealings in the First Tranche Shares on AIM	8.00 a.m. on 11 July 2016
Latest time and date for receipt of Forms of Proxy	10.30 a.m. on 21 July 2016
General Meeting	10.30 a.m. on 25 July 2016
Admission and commencement of dealings in the Second Tranche Shares and the Subscription Shares on AIM	8.00 a.m. on 26 July 2016
Expected date for CREST accounts to be credited (where appropriate) with the Second Tranche Shares	by 5 August 2016

**Notes:**

1. Each of the times and dates above are indicative only and are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified by the Company to Shareholders by announcement through a regulatory information service.
2. All of the above times refer to London time unless otherwise stated.
3. The admission and commencement of dealings in the Second Tranche Shares and the Subscription Shares on AIM are conditional on, *inter alia*, the passing of Resolution 1 at the General Meeting.

## PLACING STATISTICS

Placing Price per Placing Share under the Placing	38 pence
Number of existing Ordinary Shares prior to Admission of the First Tranche Shares	193,341,447
Number of Placing Shares to be issued by the Company pursuant to the First Tranche of the Placing	19,334,000
Gross proceeds received by the Company from the First Tranche Shares	US\$9.5 million
Number of Placing Shares to be issued by the Company pursuant to the Second Tranche of the Placing	60,501,682
Gross proceeds received by the Company from the Second Tranche Shares	US\$29.8 million
Number of Subscription Shares to be issued by the Company pursuant to the Subscription	1,444,318
Gross proceeds received by the Company from the Subscription	US\$0.7 million
Total gross proceeds of the Placing (which includes the Subscription)	US\$40.0 million
Total net proceeds of the Placing (which includes the Subscription)	US\$38.7 million
Number of Ordinary Shares in issue following Admission of the First Tranche Shares	212,675,447
First Tranche Shares as a percentage of the enlarged issued ordinary share capital following Admission of the First Tranche Shares	9.1 per cent.
Enlarged Issued Ordinary Share Capital following Admission of the Second Tranche Shares and the Subscription Shares <sup>1</sup>	274,621,447
Second Tranche Shares and the Subscription Shares as a percentage of the enlarged issued ordinary share capital following Admission of the Second Tranche Shares and the Subscription Shares	22.6 per cent.
Percentage of Enlarged Issued Ordinary Share Capital represented by the Placing Shares <sup>1</sup>	29.6 per cent.
Implied market capitalisation of the Company immediately following the Placing <sup>1</sup> at the Placing Price	£104.4 million

<sup>1</sup> For the purposes of this calculation it is assumed that no Ordinary Shares, other than the First Tranche Shares will be issued between the Latest Practicable Date and the allotment and issue of the Second Tranche Shares and the Subscription Shares and the Company's share price remains equal to the Placing Price.

## **FORWARD LOOKING STATEMENTS**

This document contains forward-looking statements. These statements relate to the Group's future prospects, developments and business strategies. Forward-looking statements are identified by their use of terms and phrases such as "potential", "estimate", "expect", "may", "will" or the negative of those, variations or comparable expressions, including references to assumptions. The forward-looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. These forward-looking statements speak only as at the date of this document. No statement in this document is intended to constitute a profit forecast or profit estimate for any period. Neither the Directors nor the Group undertake any obligation to update forward-looking statements or risk factors other than as required by the AIM Rules or by the rules of any other securities regulatory authority, whether as a result of new information, future events or otherwise.

## LETTER FROM THE CHAIRMAN

### SAVANNAH PETROLEUM PLC

(Incorporated in England and Wales under the Company's Act 2006 with registered number 9115262)

Directors:

Stephen ("Steve") Ian Jenkins (*Non-Executive Chairman*)  
Andrew Allister Knott (*Chief Executive Officer*)  
David Lawrence Jamison (*Non-Executive Director*)  
Marco ("Mark") Iannotti (*Non-Executive Director*)

Registered Office:

Canary Wharf  
40 Bank Street  
London  
E14 5NR

7 July 2016

To Shareholders

Dear Shareholder,

**Firm Placing of 19,334,000 new Ordinary Shares, Proposed Placing of  
a further 60,501,682 new Ordinary Shares and proposed issue of 1,444,318 Subscription  
Shares at 38 pence per share**

**and**

**Notice of General Meeting**

#### 1. Introduction

The Company is the holding company of the Group which was originally formed in July 2013 and which operates from offices in London, UK, and Niamey, Niger, with its current principal business being the exploration, appraisal and anticipated eventual development and production of conventional oil deposits in Niger. The Ordinary Shares were suspended from trading on AIM on 11 January 2016 (further details on which are disclosed in paragraph 5 below) and will recommence trading tomorrow at 7.30 a.m.

The Company further announced on 5 July 2016 its intention to raise, in aggregate, gross proceeds of up to approximately US\$40 million through the placing of, up to, in aggregate, 81,280,000 new Ordinary Shares, at a placing price of 38 pence per Ordinary Share (the "**Placing Price**") with certain existing and new institutional and other investors via an accelerated book-build (the "**Placing**") and the Subscription (as defined below). As part of the Placing, it is the intention of certain of the directors and senior management of the Company to subscribe for an aggregate amount of 1,444,318 new Ordinary Shares tomorrow (the "**Subscription**").

The Placing, which has been conducted by Mirabaud, acting as Sole Bookrunner and Joint Lead Manager, Panmure Gordon, acting as Joint Lead Manager, and Merriman Capital and Auerbach Grayson acting as US Agents, pursuant to the terms and conditions of the Placing Agreement, is conditional, *inter alia*, upon Admission.

The Placing is being effected in two tranches. The First Tranche Shares have been placed using the authority approved by Shareholders at the most recent annual general meeting of the Company which was held on 28 June 2016 to allot equity securities of the Company without being required to offer those equity securities on a pre-emptive basis pursuant to the Act. The Second Tranche Shares and the Subscription Shares are being placed conditionally upon, *inter alia*, the passing of Resolution 1 at the General Meeting. If Resolution 1 is not passed at the General Meeting, the Second Tranche Shares and the Subscription Shares will not be issued and the proceeds of the Placing to the extent applicable to the Second Tranche Shares and the Subscription Shares will not be available to the Company.

The First Tranche of the Placing is not conditional on the completion of the Second Tranche of the Placing. The Placing is not being underwritten.

Further information on the intended utilisation of the proceeds of the Placing and details of the Resolutions to be proposed at the General Meeting is set out below. Notice of the General Meeting, at which the Resolutions will be proposed and voted on, is set out on pages 15 to 17 of this document.

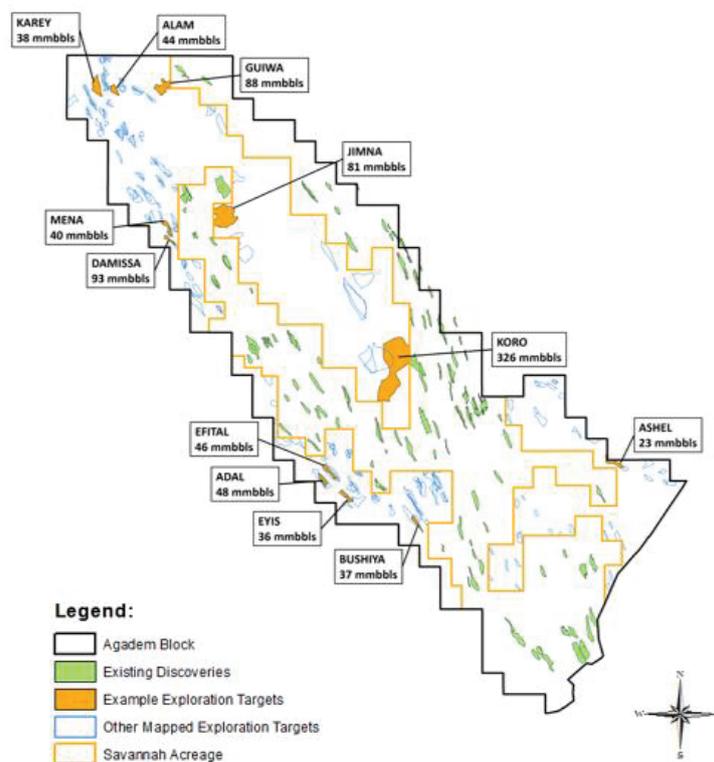
## 2. Resource and Technical Work Update<sup>1</sup>

Savannah has now completed over 2,200 man days of technical work on the Savannah PSCs. This work has involved the interpretation of substantial seismic, Full Tensor Gradiometry and magnetic datasets and has been supported by continuing geological evaluations (including stratigraphy, reservoirs, oil-typing, source rocks, basin modeling, structural geology, basin evolution and fault seal analysis).

Since the time of our last published resource update in July 2015, the database available to Savannah has expanded significantly in size (2D seismic +c.60 per cent., 3D seismic +c.300 per cent., well data suites +c.80 per cent.). Overall, the increased dataset and associated work programs have significantly enhanced the Company's understanding of the geology of the Savannah PSCs, enabling the confirmation of a new proven play type in the basin and a significant increase in the Company's lead and prospect inventory.

The new proven play is located in the Upper Sokor (Oligocene) sandstone reservoirs, which lie above the previously recognised Eocene and Upper Cretaceous reservoir sections. The Upper Sokor play has now been proven across several discoveries in the Agadem Rift Basin (outside of Savannah's acreage) with commercial flow rates having been demonstrated. Savannah's review of its acreage has shown that significant play potential exists in this formation, and this usually sits directly above Eocene leads and therefore offers attractive "stacked" targets to evaluate exploration prospectivity across multiple horizons.

Savannah has now identified 118 exploration leads and prospects ("Targets") across the Savannah PSCs (vs. 51 at the time we last reported on this in May 2015). CGG GeoConsulting has conducted a review of 12 example Targets which they view as representative of the prospectivity contained within the Savannah PSCs. A total of 10 of these Targets are similar to existing, proven play discoveries in the basin and are located in the R1 PSC Area and the R3/R4 PSC Area. CGG GeoConsulting has assessed these 10 Targets to carry a low risk profile (i.e. similar to those drilled elsewhere in the basin to date). The other 2 Targets aim to test unproven plays, and are located in the R2 PSC Area. CGG GeoConsulting anticipates one of these Targets will carry a low risk profile (Jimna, a deeper structural Target) and one will carry a high technical risk profile (Koro, a stratigraphic Target). CGG GeoConsulting has assessed that the methodology used by Savannah to assign unrisked mean recoverable resources to these Targets is reasonable. The 10 Targets on proven plays are estimated to contain an aggregate c.494 mmbbls of unrisked mean recoverable resources. The 2 Targets on unproven plays are estimated to contain an aggregate c.407 mmbbls of unrisked mean recoverable resources.



<sup>1</sup> Note: the interpretations, assessments and estimates contained in this paragraph 2 are based upon inferences from measurements, empirical relationships, assumptions, and industry practice, which are not infallible.

Separately, CGG GeoConsulting has upgraded its overall estimate of the Company's gross best estimate risked recoverable prospective resources to 2,185 mmbbls, from their previous estimate of 1,191 mmbbls provided in July 2015. The principal drivers of the upgrade are the addition of volumes associated with the R3/R4 PSC Area and volumes associated the Upper Sokor formation across both the R1/R2 and R3/R4 PSC Areas. In conducting this estimate CGG GeoConsulting has continued to utilise its proprietary "yet-to-find" methodology, previously employed for the July 2014 and July 2015 resource updates.

### **3. Amendments to Terms of the Savannah PSCs and Petroleum Code and Agadem Region Infrastructure Agreement**

The Company has received notification from the Ministry of Energy and Petroleum ("MEP") in Niger that certain amendments to the Savannah PSCs will be submitted to Niger's Council of Ministers for approval. These changes, if approved, are expected to see Savannah's required minimum work commitments under the Savannah PSCs be amended.

The MEP has further informed Savannah that a new Petroleum Code is anticipated to be adopted prior to the end of 2016. Under the proposed new terms, it is anticipated that the potential extension period for the Savannah PSCs will be two years (as opposed to a current one year extension permitted under the terms of the existing Petroleum Code). As per the current Petroleum Code, any such extension is intended to be granted in return for Savannah committing to finalise a commerciality study following the discovery of hydrocarbons.

The MEP has also advised Savannah that it is intended that the proposed terms of the new Petroleum Code will, in a prevailing lower oil price environment, result in the cost recovery ceiling in the Savannah PSCs being increased to 80 per cent. from the current 70 per cent.

Finally, the Company has been notified by the MEP that it is anticipated that Savannah will enter into an agreement with the Republic of Niger (being the "Agadem Region Infrastructure Agreement"), which is expected to provide for Savannah to have the right to be an equity holder in any potential oil export infrastructure. In the event the Agadem Region Infrastructure Agreement is signed, Savannah would intend to establish an externally funded vehicle for the purposes of financing its share of any costs.

### **4. Background to and Reasons for the Placing and Use of Proceeds**

Savannah is seeking to recommence ground operations on its assets in 2H 2016, with the acquisition of 3D seismic in the R3 PSC Area. This is expected to provide further definition on existing mapped exploration targets, as well as the likely identification of new potential structures. These targets are analogous to and located along trend with existing producing fields and discoveries. Savannah expects to follow this program with a multi-well 3D seismic backed exploration drilling campaign, planned to commence in Q1 2017.

Savannah continues to consider the introduction of a partner to its assets. The Company is currently in discussions with a number of large and well capitalised counterparties, who have indicated their capabilities to meet Savannah's financial and technical objectives in the current industrial environment, with a view to potentially announcing a transaction prior to the commencement of drilling activity. It should be noted that Savannah remains focused around the generation of stakeholder value and only intends to conduct a transaction on terms that it believes will enable the R1/R2 PSC Area and R3/R4 PSC Area to be explored and appraised in a value accretive manner.

Savannah believes that it is in Shareholders' best interests to commence this planned operational activity. The net proceeds of the Placing are therefore intended to be used to fund the Group's planned seismic programme as well as its initial drilling campaign and for general corporate purposes.

## 5. Update on Trading Suspension

As noted above, and as announced on 11 January 2016, the Ordinary Shares were suspended from trading on AIM on 11 January 2016. The trading suspension was at the request of the Company following it entering into a non-binding heads of terms regarding a potential transaction which, had it been completed on the proposed terms as set out in the said heads of terms, would have been classified as a reverse takeover under the AIM Rules.

The Board confirms that all discussions on the potential transaction have now been terminated and, in the near term, the Company's focus will be on developing and maximising the value of the Group's existing assets. Trading in the Ordinary Shares therefore will recommence tomorrow at 7.30 a.m.

## 6. Details of the Placing

The Company placed the First Tranche Shares at the Placing Price conditional only on Admission, which is expected to occur at 8.00 a.m. on 11 July 2016. The First Tranche Shares have been issued pursuant to the existing pre-emption disapplication authority granted to the Directors by Shareholders at the Company's most recent annual general meeting of the Company held on 28 June 2016. The placing of the First Tranche Shares raised, in aggregate, gross proceeds of approximately £7.3 million (approximately US\$9.5 million). Following their Admission, the First Tranche Shares will represent approximately 9.1 per cent. of the Company's then enlarged issued ordinary share capital and the holders of the First Tranche Shares will be eligible to vote on the Resolutions.

In addition, the Company has conditionally placed the Second Tranche Shares. As the Company will have utilised all of the Directors' existing authority to allot shares for cash on a non pre-emptive basis following Admission of the First Tranche Shares, the Proposed Placing of the Second Tranche Shares to raise, in aggregate, approximately a further £23.0 million (approximately US\$29.8 million) gross, is conditional upon, *inter alia*, the passing of Resolution 1 at the General Meeting and Admission occurring on or before 26 July 2016 (or such later date as Mirabaud and Panmure Gordon may agree, not being later than 8 August 2016). Following their Admission, the Second Tranche Shares will represent approximately 22.0 per cent. of the Company's then enlarged issued ordinary share capital (which also includes the Subscription Shares).

Certain of the directors and senior management of the Company intend to subscribe for an aggregate amount of 1,444,318 new Ordinary Shares (the "Subscription Shares") on the same terms governing the wider Placing tomorrow. The Subscription Shares will be issued at the same time as the Second Tranche Shares and are also conditional on the passing of Resolution 1.

Together, the First Tranche Shares, the Second Tranche Shares and the Subscription Shares constitute the Placing Shares, which, in aggregate total, 81,280,000 new Ordinary Shares.

The Placing Shares, when issued, will rank *pari passu* in all respects with the Existing Issued Ordinary Share Capital with regard to dividend entitlements, interests and all other rights and obligations attaching to the Ordinary Shares.

The Placing Price represents a premium of approximately 60.81 per cent. to the closing middle market price of 23.63 pence per Ordinary Share on 8 January 2016, being the last business day prior to the Ordinary Shares being suspended from trading on AIM (as further discussed in paragraph 5 above).

78,519,892 of the Placing Shares have been placed by Mirabaud and Panmure Gordon as agents of the Company, with certain existing and new institutional and other investors pursuant to the Placing Agreement. The U.S. Agents have been engaged for the purposes of effecting the issue of Placing Shares to US Persons or in the United States pursuant to the exemption from registration under Rule 144A or Section 4(a)(2) of the Securities Act. Under the terms of the Placing Agreement, Mirabaud and Panmure Gordon will receive commission from the Company conditional on Admission and the Company will give customary warranties and undertakings to Mirabaud and Panmure Gordon in relation, *inter alia*, to its business and the performance of its duties. The fees of the U.S. Agents will be settled by Mirabaud and/or Panmure Gordon out of the foregoing commissions payable to them by the Company. There is no other investment banker, broker, finder or other intermediary that has been retained by or is authorised to act

on behalf of the Company who might be entitled to any fee or commission in connection with the Placing. In addition, the Company has agreed to indemnify Mirabaud and Panmure Gordon in relation to certain liabilities that they may incur in undertaking the Placing. Mirabaud and Panmure Gordon each has the right to terminate the Placing Agreement in respect of its obligations in certain circumstances prior to Admission, in particular, in the event that there has been, *inter alia*, a material breach of any of the warranties given by the Company to Mirabaud and Panmure Gordon.

The Market Abuse Regulation (“MAR”) became effective from 3 July 2016. Market soundings, as defined in MAR, were taken in respect of the Placing with the result that certain persons became aware of inside information, as permitted by MAR. That inside information was set out in the announcement of the Placing dated 5 July 2016 and in this Circular and has been disclosed as soon as possible in accordance with paragraph 7 of article 17 of MAR. Therefore, those persons that received inside information in a market sounding are no longer in possession of inside information relating to the Company and its securities.

## **7. The Resolutions**

The Resolutions are proposed in the notice of General Meeting as set out at the end of this document. They are proposed as special resolutions.

The Directors do not currently have sufficient authorities in place to undertake the Second Tranche of the Placing or to issue the Subscription Shares. Therefore, the Directors are seeking at the General Meeting:

- firstly, authority to allot on a non pre-emptive basis up to 61,946,000 new Ordinary Shares in order to complete the Second Tranche of the Placing and issue the Subscription Shares; and
- secondly, authority to allot on a non pre-emptive basis up to a further 55,000,000 new Ordinary Shares (which will represent approximately 20 per cent. of the enlarged issued share capital following the completion of the Placing) going forward.

**Shareholders should be aware that the issue of the Second Tranche Shares and the Subscription Shares cannot take place if Resolution 1 is not passed. Shareholders are strongly encouraged to vote in favour of both Resolutions. The passing of Resolution 1 is not conditional on the passing of Resolution 2 and vice-versa.**

## **8. Irrevocable Undertakings**

The Company has received irrevocable undertakings to vote in favour of the Resolutions in respect of 51,963,830 Ordinary Shares, representing 26.9 per cent. of the Existing Issued Ordinary Share Capital.

## **9. General Meeting**

A notice convening the General Meeting to be held at the offices of Mirabaud, 33 Grosvenor Place, London SW1X 7HY on 25 July 2016 at 10.30 a.m. is set out at the end of this document.

## **10. Action to be taken**

You will find enclosed with this document a reply-paid envelope to insert the completed form of proxy for use by Shareholders at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete this form in accordance with the instructions printed on it as soon as possible. To be valid, completed forms of proxy must be received by Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by no later than 10.30 a.m on 21 July 2016.

Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the General Meeting if you so wish.

New Shareholders should note that, in order to have the right to attend and vote at the meeting, their holding must be entered on the Company’s share register by 6 p.m. on. on 21 July 2016.

**Shareholders are reminded that the Second Tranche of the Placing and the issue of the Subscription Shares are conditional, *inter alia*, on the passing of Resolution 1 to be proposed at the General Meeting. Should Resolution 1 not be passed, the Proposed Placing of the Second Tranche Shares and the issue of the Subscription Shares will not proceed and the associated subscription monies in respect of the Second Tranche Shares and the Subscription Shares will be returned to investors.**

**In the event that Resolution 1 is not passed, the Company will be required to secure alternative sources of funding in order to meet its general corporate and working capital requirements. There is no guarantee such funding would be forthcoming or that funding would be available on terms acceptable to the Company.**

#### **11. Recommendation**

Given that the Second Tranche of the Placing and the issue of the Subscription Shares will only be completed if Shareholders vote in favour of Resolution 1 (as explained above), Shareholders are strongly urged to vote in favour of that Resolution, particularly given the requirement for the Company to utilise the proceeds of the Second Tranche Shares and the Subscription Shares (being issued pursuant to that Resolution) for the purposes of funding the work program as noted above.

**The Directors consider the passing of the Resolutions and the completion of the Placing to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that all Shareholders vote in favour of the Resolutions, as they intend to do, or procure to be done, in respect of their own beneficial shareholdings, being at the Latest Practicable Date, in aggregate, 27,991,543 Ordinary Shares, representing approximately 14.5 per cent. of the Existing Issued Ordinary Share Capital. In addition, and as mentioned above, the Company has received irrevocable undertakings to vote in favour of the Resolutions in respect of 51,963,830 Ordinary Shares, representing 29.6 per cent. of the Existing Issued Ordinary Share Capital.**

Yours faithfully

**Stephen Ian Jenkins**

*Chairman*

## NOTICE OF GENERAL MEETING

### SAVANNAH PETROLEUM PLC

*(Incorporated in England and Wales under the Company's Act 2006 with registered number 9115262)*

Notice is hereby given that a General Meeting of Savannah Petroleum PLC (the “**Company**”) will be held at the offices of Mirabaud Securities LLP, 33 Grosvenor Place, London SW1X 7HY on 25 July 2016 at 10.30 a.m. for the purposes of considering and, if thought fit, to passing the following resolutions which will be proposed as special resolutions.

Except where otherwise defined herein, the definitions set out in the circular to which this notice of meeting is attached shall apply to this notice.

### SPECIAL RESOLUTIONS

#### **Authority to allot the Second Tranche Shares and the Subscription Shares**

(1) THAT:

- (A) the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 (the “Act”) to exercise all the powers of the Company to allot up to 61,946,000 new ordinary shares of £0.001 each in the capital of the Company (“**Ordinary Shares**”) in connection with the issue of new Ordinary Shares pursuant to the second tranche of the placing of new Ordinary Shares by Mirabaud Securities LLP and Panmure Gordon (UK) Limited and a subscription with certain of the directors and senior management announced by the Company on 7 July 2016; and
- (B) the Directors be empowered pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560(1) of the Act) for cash pursuant to the authority given by paragraph (A) of this Resolution number 1 as if section 561(1) of the Act did not apply to such allotment,

such powers to be in addition to all previous or existing powers or authorities under Sections 551 or 570 of the Act (including the powers and authorities to be granted in the event of the passing of the Resolution number 2 below) and which shall expire (unless renewed, varied or revoked by the Company in general meeting) on 31 August 2016.

#### **Replenishment of general authority to allot Ordinary Shares on a non pre-emptive basis**

(2) THAT:

- (A) the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Act to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into shares in the Company up to a maximum aggregate nominal amount of £55,000; and
- (B) the Directors be empowered to allot equity securities (as defined in Section 560(1) of the Act) for cash pursuant to the authority given by paragraph (A) of this Resolution number 2 or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the Act otherwise than in connection with a pre-emptive offer, as if section 561(1) of the Act did not apply to such allotment,

such powers to be in addition to all previous or existing powers or authorities under Sections 551 or 570 of the Act (including the powers and authorities to be granted in the event of the passing of the Resolution number 1 above) and which shall expire (unless renewed, varied or revoked by the Company in general meeting) at the conclusion of the annual general meeting of the Company to be held in 2017 or on 30 June 2017, whichever is the earlier, but so that the Company may during this period, make offers or enter into agreements which would, or might, require equity securities to be allotted after the powers expire and the Directors may allot equity securities under any such offer or agreement as if the powers and authorities conferred by the Resolution had not expired.

For the purposes of the above Resolutions:

- (i) “pre-emptive offer” means an offer of equity securities open for acceptance for a period fixed by the Directors to (a) holders of Ordinary Shares (other than the Company) on the register on a record date fixed by the Directors in proportion to their respective holdings, and (b) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory;
- (ii) references to an allotment of equity securities shall include a sale of treasury shares; and
- (iii) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

Dated 7 July 2016

*Registered Office:*

40 Bank Street  
Canary Wharf London  
E14 5NR

BY ORDER OF THE BOARD

*Company Secretary*

**Notes:**

1. The Resolutions are subject to the approval of the Shareholders (being the holders of Ordinary Shares in the Company).
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members holding ordinary shares in the capital of the Company and registered on the Company’s register of members at 6.00 p.m. on 21 July 2016 (London time) (or, if the General Meeting is adjourned, 6.00 p.m. on the day which is two days before the date of the adjourned meeting) shall be entitled to attend and vote at the General Meeting.
3. If you are a member of the Company at the time set out in note 2 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a form of proxy with this document. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. If you do not have a form of proxy and believe that you should have one, or if you require additional forms, please contact the Company’s registrars using the contact details set out at note 13 below.
4. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company’s registrars using the contact details set out at note 13 below.
6. To direct your proxy on how to vote on the Resolutions, please mark the appropriate box with an “X”. To abstain from voting, select the relevant “Vote Withheld” box. A vote withheld is not a vote in law, which means that the vote will not be counted in calculation of votes for or against the relevant Resolution. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
7. The notes to the proxy form explain how to direct your proxy how to vote on each Resolution or withhold their vote. If you return more than one proxy appointment, either by paper or electronic communication, the proxy appointment received last by the Company’s registrars before the latest time for receipt of proxies will take precedence.

To appoint a proxy using the proxy form, the form must be:

- (a) completed and signed;
- (b) sent or delivered to Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or scanned by email to [externalproxyqueries@computershare.co.uk](mailto:externalproxyqueries@computershare.co.uk); and
- (c) received no later than 10.30 a.m. on 21 July 2016 or 48 hours before the time fixed for any adjourned meeting at which the proxy is to vote.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company’s register of members in respect of the joint holding (the first-named being the most senior).
9. The return of a completed form of proxy, other such instrument or any CREST Proxy Instruction (as described in Note 12 below) will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting (and any adjournment of the General Meeting) by using the procedures described in the CREST Manual (available from <https://euroclear.com/site/public/EUI>). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuers’ agent 3RA50 by 10.30 a.m. on 20 July 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuers’ agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
13. Members who have general queries about the meeting should do so by calling Computershare Investor Services PLC on 0370 707 1133 (or, if calling from outside the UK, on +44 (0) 370 707 1133). Calls from within the UK cost 10 pence per minute plus network extras, lines are open 9.00 a.m. – 5.30 p.m., Monday to Friday. Calls from outside the UK will be charged at the applicable international rate. Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that Computershare Investor Services PLC cannot provide investment advice, nor advise you on how to cast your vote on the Resolutions.
14. If a corporation is a member of the Company, it may by resolution of its directors or other governing body authorise one or more persons to act as its representative or representatives at the meeting and any such representative or representatives shall be entitled to exercise on behalf of the corporation all the powers that the corporation could exercise if it were an individual member of the Company. Corporate representatives should bring with them either an original or certified copy of the appropriate board resolution or an original letter confirming the appointment, provided it is on the corporation’s letterhead and is signed by an authorised signatory and accompanied by evidence of the signatory’s authority.
15. As at 6 July 2016 (being the latest practicable business day prior to the date of posting of this notice of General Meeting), the Company’s issued Ordinary Share capital comprised 193,341,447 Ordinary Shares of £0.001 each and therefore that the total voting rights in the Company as at that time were 193,341,447.

## APPENDIX I

### RISK FACTORS

Ordinary Shares are subject to a number of risks. Accordingly, Shareholders should consider carefully all of the information set out in this circular including, in particular, the risks described below, prior to making any decision relating to the Ordinary Shares.

An investment in the Company may not be suitable for all investors and involves a high degree of risk. Before making an investment decision, prospective investors are advised to consult a professional adviser authorised under FSMA who specialises in advising on investments of the kind described in this circular. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

The exploration for and development of natural resources is a highly speculative activity which involves a high degree of risk. Accordingly, the Ordinary Shares should be regarded as a highly speculative investment and an investment in the Company should only be made by those with the necessary expertise to evaluate the investment fully.

There can be no certainty that the Group will be able to implement successfully the strategy set out in this circular. No representation is or can be made as to the future performance of the Group and there can be no assurance that the Group will achieve its objectives.

THE FOLLOWING RISK FACTORS DO NOT PURPORT TO BE AN EXHAUSTIVE LIST OR EXPLANATION OF ALL THE RISK FACTORS INVOLVED IN INVESTING IN THE COMPANY. IN PARTICULAR, THE COMPANY'S PERFORMANCE MIGHT BE AFFECTED BY CHANGES IN MARKET AND/OR ECONOMIC CONDITIONS AND IN LEGAL, REGULATORY AND TAX REQUIREMENTS. ADDITIONALLY, THERE MAY BE RISKS OF WHICH THE BOARD IS NOT AWARE OR BELIEVES TO BE IMMATERIAL WHICH MAY, IN THE FUTURE, ADVERSELY AFFECT THE OPERATING RESULTS, FINANCIAL CONDITION AND PROSPECTS AND THE MARKET PRICE OF THE ORDINARY SHARES. IN SUCH CASES, THE MARKET PRICE OF THE ORDINARY SHARES MAY DECLINE AND HOLDERS OF ORDINARY SHARES MAY LOSE ALL OR PART OF THEIR INVESTMENT. ANY ONE OR MORE OF THESE RISK FACTORS COULD HAVE A MATERIALLY ADVERSE IMPACT ON THE VALUE OF THE GROUP AND SHOULD BE TAKEN INTO CONSIDERATION WHEN ASSESSING THE COMPANY AND WHETHER TO ACQUIRE ORDINARY SHARES.

#### **Risks relating to the business**

##### ***Risks relating to the Group's activities in the oil and gas industry***

There are numerous factors which may affect the success of the Group's business which are beyond its control including local, national and international economic, legal and political conditions. The Group's business involves a high degree of risk which a combination of experience, knowledge and careful evaluation may not overcome. The operations of the Group in West Africa may expose it to potential civil unrest and political or currency risks.

##### ***Oil prices***

The marketability and price of oil and natural gas that may directly or indirectly be acquired or discovered by the Group will be affected by numerous factors beyond the control of the Group, but which include: global and regional supply and demand, expectations regarding future supply and demand, for oil and gas; global and regional economic conditions; political, economic and military developments in oil and gas producing regions; prices and availability of alternative sources of energy; geopolitical uncertainty; speculative activities and trends in the financial community; and the ability and desire of members of OPEC, and other oil producing nations, to set and maintain specified levels of production and prices. Low oil prices will reduce the projected economic value of the Group's assets, make it harder for the Company to attract partners and/or capital and reduce the cashflows of the Group's assets once developed.

### ***Title matters and payment obligations***

Although the Savannah PSCs and various international treaties to which Niger is signatory offer a strong protection to the Group, an unforeseen defect in title, changes in law (or interpretations thereof), regulatory consents or political events may arise or occur to defeat or impair the claim of the Group to some or all of the rights in properties which it currently owns or is interested or may acquire which could result in a material adverse effect on the Group, including a reduction in any revenues generated. Similarly, there is a risk that the proposed amendments to the Savannah PSCs, the Petroleum Code and/or the terms of the proposed Agadem Region Infrastructure Agreement may not be approved by the Nigerien Government.

### ***Early stage of operations***

The Group's operations are at an early stage of development and future success will depend, *inter alia*, on the Directors' ability successfully to manage and exploit the current asset portfolio and to take advantage of further opportunities which may arise. There can be no guarantee that the Group can or will be able to, or that it will be commercially advantageous for the Group to, develop its assets.

An investment in the Company is subject to certain risks related to the nature of the Group's business in the acquisition, appraisal, exploitation, development and production of oil and natural gas assets and their early stage of development. The Group has a limited operating history and no history of positive earnings, and there can be no assurance that the Group's business will be successful or profitable.

Further, the Group has no assets producing positive cash flow and its ultimate success will depend on, *inter alia*, the Group's success in discovering oil and/or natural gas, the Directors' ability to implement their strategy, generate cash flow from economically viable projects and access appropriate sources of future funding, including, but not limited to, equity markets, bank debt and proceeds from potential asset sales. Whilst the Directors are optimistic about the Group's prospects, there is no certainty that sustainable revenue streams and sustainable profitability will be achieved.

The Group will not generate any material income until production has successfully commenced, an asset sale is completed or producing assets have been acquired and in the meantime the Group will continue to expend its cash reserves.

The Group's business plan to exploit and commercialise its assets will require significant capital expenditure for the identification, acquisition, appraisal, exploration, development and production of oil and gas resources and/or reserves in the future.

In the opinion of the Directors, the net proceeds of the Placing receivable by the Company will be sufficient to finance the activities described in this circular, and beyond this, the Group will enter into arrangements to raise finance from asset sales, debt or equity financing for its operations or exploration, appraisal, development or production plans. However, there is no assurance that the Group will be able to generate sufficient internal cash flow, or that sufficient additional sources of financing will be available to meet the Group's funding requirements in the medium and longer term to pursue its future strategic decisions. Furthermore, if additional sources of finance are available, they may not be on terms acceptable to the Group given the limited amount of cash reserves the Group may have at that time. The Group's inability to access sufficient capital for its operations may have a material adverse effect on its business, financial condition, results of operations and prospects.

### ***Use of proceeds of the Placing***

At present, the Company intends to use the net proceeds of the Placing to finance the activities described in this circular and to fund general corporate purposes. The very nature of the oil and gas industry in which the Group operates means that it will need to manage certain events which are outside of its control. For example, access to drilling rigs and/or seismic equipment and certain other associated long-lead items in the timeframes currently envisaged. Furthermore, the success or otherwise of the Group's seismic and drilling campaigns, or changes to the Group's future business needs, could lead to amendments to its future work programme and therefore to the use of net proceeds of the Placing.

### ***Governmental relations may change and retention of key business relationships***

To protect the Group's licences and permits to operate and its ability to secure new resources it is important that the Group should maintain strong positive relationships with the governments of, and communities in, the countries where its business is conducted. Failure – real or perceived – to maintain these relationships, or any of the risk factors described in this circular materialising, could harm the Group's reputation, which could, in turn, impact the Group's licences, financing and access to new opportunities.

Although the Company believes it has good relations with the Nigerien Government, there can be no assurance that the actions of present or future governments in Niger and governments of other countries in which the Group may operate, directly or indirectly, in the future, will not materially adversely affect the business or financial condition of the Group.

The Group will rely significantly on strategic relationships with other entities, on good relationships with regulatory and governmental departments and upon third parties to provide essential contracting services. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed, and the Group could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance which causes the early termination or non-renewal of one or more of these key business alliances or contracts could adversely impact the Group, its business, operating results and prospects.

### ***Prospective investments and growth strategy execution risks***

Whilst the Group has been focused on the development of the Savannah PSCs, it may seek to further expand its operation and therefore may expend significant costs on, *inter alia*, conducting due diligence into potential investment opportunities in further businesses, assets or prospects/projects that may not be successfully completed or result in any acquisition being made, which failure to complete or acquire, could have a material adverse effect on its business, operating results and financial condition.

### ***Farm down of the Group's assets***

In due course the Group may, subject to receipt of any necessary consents, farm down part of its licence interests to third parties, some of which may act as operator. Operating agreements with third party operators typically provide for a right of consultation or consent in relation to significant matters and generally impose standards and requirements in relation to the operator's activities. However, in the event that the Group does not act as operator in respect of certain of its licence interests, the Group will generally have limited control over the day-to-day management or operations of those assets and will therefore be dependent upon the third party operator. A third party operator's mismanagement of an asset may result in significant delays or materially increased costs to the Group. The Group's return on assets operated by others will therefore depend upon a number of factors that may be outside the Group's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Generally, a failure by any licence partner (whether the operator or otherwise) to fulfil its financial obligations may increase the Group's exposure related to the licence in question. Any significant increase in costs as a consequence of joint and several liabilities may materially adversely affect the financial condition of the Group.

There can be no certainty that a farm out transaction will be successfully concluded due to, without limitation, an inability to secure suitable terms, failure of a potential farminee to achieve appropriate management or regulatory approvals, or a change in the Group's strategy.

### ***Dependence on key executives and personnel***

The future performance of the Group will to a significant extent be dependent on its ability to retain the services and personal connections or contacts of key executives and to attract, recruit, motivate and retain other suitably skilled, qualified and industry experienced personnel to form a high calibre management team. Such key executives are expected to play an important role in the development and growth of the Group, in particular by maintaining good business relationships with regulatory and governmental departments and essential partners, contractors and suppliers.

Further, the Group may struggle to recruit key personnel required to run an exploration and appraisal programme and other important members of the workforce required to run a full exploration or appraisal programme. Shortages of labour, or of skilled workers, may cause delays or other stoppages during exploration and appraisal activities. Many of the Group's competitors are larger, have greater financial and technical resources, as well as staff and facilities, and have been operating in a market-based competitive economic environment for much longer than the Group.

There can be no assurance that the Group will retain the services of any key executives, advisers or personnel who have entered into service agreements or letters of appointment with the Group. The loss of the services of any of the key executives, advisers or personnel may have a material adverse effect on the business, operations, relationships and/or prospects of the Group. In particular, given the importance of the direction and leadership of its existing Chief Executive Officer as founder of the Group, his local knowledge and relationships in the oil and gas industry in Niger and his industry expertise, the future success of the Group is, to an extent, dependent upon the continued service of the Chief Executive Officer. The Group currently has no key-man insurance policy in place and, therefore, there is a risk that the unexpected departure or loss of this individual could have a material adverse effect on the business, financial condition and results of operations of the Group, and there can be no assurance that the Group will be able to attract or retain a suitable replacement.

### ***Labour and health & safety***

Developing oil and gas resources and reserves into commercial production involves a high degree of risk. The Group's exploration operations are subject to all the risks common in its industry. These hazards and risks include encountering unusual or unexpected rock formations or geological pressures, geological uncertainties, seismic shifts, blowouts, oil spills, uncontrollable flows of oil, natural gas or well fluids, explosions, fires, improper installation or operation of equipment and equipment damage or failure, including failure to comply with regulatory requirements expected of a Western country (such as comprehensive health and safety processes). Personal injuries suffered as a result of the foregoing are likely to be exacerbated as a result of a lack of access to medical care facilities and healthcare professionals.

If any of these types of events were to occur, they could result in loss of production, environmental damage, injury to persons and loss of life.

They could also result in significant delays to drilling programmes, a partial or total shutdown of operations, significant damage to equipment owned or used by the Group and personal injury, wrongful death or other claims related to loss being brought against the Group. These events could result in the Group being required to take corrective measures, incurring significant civil liability claims, significant fines or penalties as well as criminal sanctions potentially being enforced against the Group and/or its officers. The Group may also be required to curtail or cease operations on the occurrence of such events. Any of the above could have a material adverse effect on the Group's business, prospects, financial condition or results of operations.

While the Group has implemented certain policies and procedures to identify and mitigate such hazards, develop appropriate work plans and approvals for high-risk activities and prevent accidents from occurring, these procedures may not be sufficiently robust or appropriately followed by the Group's staff or third-party contractors to prevent accidents.

### ***Risks associated with the need to maintain an effective system of internal controls***

The Group faces risks frequently encountered by developing companies such as under-capitalisation, under-capacity, cash shortages and limited resources. In particular, its future growth and prospects will depend on its ability to manage growth and to continue to maintain, expand and improve operational, financial and management information systems on a timely basis, whilst at the same time maintaining effective cost controls. Any damage to, failure of or inability to maintain, expand and upgrade effective operational, financial and management information systems and internal controls in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

### ***Project development risks***

There can be no assurance that the Group will be able to manage effectively the expansion of its operations or that the Group's current personnel, systems, procedures and controls will be adequate to support the Group's operations. Any failure of the Board to manage effectively the Group's growth and development could have a material adverse effect on the Group's business, financial condition and results of operations. There is no certainty that all or, indeed, any of the elements of the Group's current strategy will develop as anticipated and that the Group will be profitable.

### ***Foreign subsidiaries***

The Group conducts most of its operations through its subsidiary, Savannah Niger, which is located outside of the United Kingdom. Therefore, the success of the Group in the near term will be dependent on distributions from the Company and its subsidiaries to Savannah Niger in order that it may meet its obligations. At the point of production commencement, the ability of Savannah Niger to make payments to the Company may be constrained by, among other things, the level of taxation, particularly in relation to corporate profits and withholding taxes, in the jurisdiction in which it or any other Group company operates, and the introduction of exchange controls or repatriation restrictions or the availability of hard currency to be repatriated.

### ***Tax risks***

The Group is subject to taxation including, but not limited to, that as outlined in the Savannah PSCs. The Group has subsidiaries located in multiple jurisdictions and has relied on external professional advice in relation to the applicable taxation regime in each jurisdiction. The Group cannot be certain that this advice will ultimately prove to be correct. The application of such taxes together with taxes levied in other applicable jurisdictions, may change over time due to changes in laws, regulations or interpretations by the relevant tax authorities. Any such changes, or the application of taxes where not anticipated by the Group, may have a material adverse effect on the Group's financial condition and results of operations.

### ***Exchange rate fluctuations***

Currency fluctuations may affect the Group's operating cash flow since certain of its costs and revenues are likely to be denominated in currencies other than Pounds Sterling such as US Dollars, Euros and Communauté Financière Africaine francs (XOF). Fluctuations in exchange rates between currencies in which the Group operates may cause fluctuations in its financial results (which are reported in US Dollars) which are not necessarily related to its underlying operations. The Group does not currently have a foreign currency hedging policy in place. If and when appropriate, the adoption of such a policy will be considered by the Board.

The Company's share price is quoted on the London Stock Exchange in Pounds Sterling. As a consequence, shareholders may experience fluctuation in the market price of the Ordinary Shares as a result of, amongst other factors, movements in the exchange rate between Pounds Sterling, US Dollars, Euros and XOF.

### ***Exchange controls***

Savannah Niger is subject to the special foreign exchange regime provided for under the Savannah PSCs as well as the common law foreign exchange regime for issues with respect to which the Savannah PSCs do not provide for a preferential treatment.

In accordance with the combined provisions of the WAEMU Foreign Exchange Regulation and of the Savannah PSCs, there are no restrictions on transfers of funds into Niger though Savannah Niger must send a quarterly report to the Nigerien Government with all information concerning the movement of capital and payments made by it that are required for declaration purposes.

Any resident company intending to transfer foreign currency out of the country must provide supporting documentation. Residents are required to transfer any income in foreign currency via an approved intermediary. In this case as well, Savannah Niger must, each quarter, send to the Nigerien Government all information concerning the movement of capital and payments out of Niger effected by it.

Notwithstanding the stabilisation of the foreign exchange regime granted to Savannah Niger as per the Savannah PSCs, if restrictions on exchange controls are changed in a manner detrimental to the Group, its business, prospects, results of operations or financial conditions could be materially adversely affected, as would its ability to pay dividends on the Ordinary Shares, should any be declared.

### ***Market perception***

Market perception of junior exploration and production companies, as well as all oil and gas companies in general, and/or companies operating in the Niger and West Africa generally, may change which could impact on the value of investors' holdings and the ability of the Group to raise further funds through the issue of further Ordinary Shares or otherwise.

### ***Insurance coverage and uninsured risks***

While the Board will determine appropriate insurance coverage from time to time, it may elect not to have insurance for certain risks due to the high premium costs associated with insuring those risks or for other reasons, including an assessment in some cases that the risks are remote.

No assurance can be given that the Group will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it or the relevant operator obtains and proceeds of insurance will be adequate and available to cover any claims arising. The Group may become subject to liability for pollution, blow-outs or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible. The Group will exercise due care in the conduct of its business and obtain insurance prior to commencing operations in accordance with industry standards to cover certain of these risks and hazards. However, insurance is subject to limitations on liability and, as a result, may not be sufficient to cover all of the Group's losses. The occurrence of a significant event against which the Group is not fully insured, or the insolvency of the insurer of such event, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Any indemnities the Group may receive from such parties may be difficult to enforce if such sub-contractors, operators or joint venture partners lack adequate resources. In the event that insurance coverage is not available or the Group's insurance is insufficient to fully cover any losses, claims and/or liabilities incurred, or indemnities are difficult to enforce, the Group's business and operations, financial results or financial position may be disrupted and adversely affected. Further, even where the Group is insured, its contractors may themselves be insufficiently insured, or uninsured, in respect of damage they may cause to the Group's property or operations. In such cases, the Group may be required to incur additional costs to extend its cover to its contractors, from whom it may be unsuccessful in recovering such costs in full or at all.

The payment by the Group's insurers of any insurance claims may result in increases in the premiums payable by the Group for its insurance cover and adversely affect the Group's financial performance. In the future, some or all of the Group's insurance coverage may become unavailable or prohibitively expensive.

Operational insurance policies are usually placed in one year contracts and the insurance market can withdraw cover for certain risks which can greatly increase the costs of risk transfer. Such increases are often driven by factors unrelated to the Group such as well control elsewhere in the world and wind storm damage.

### ***Professional advisers***

The Directors and the Group have relied upon advice from various professional advisers engaged by the Group in relation to the preparation of this circular and the Placing. Such professional advisers' liability is subject to limitations. Accordingly, in the event any such advice proves to have been incorrect, any amounts recoverable from the relevant adviser(s) may not be sufficient to cover all of the Group's resulting losses. This could have a material adverse effect on the Group's business and operations, financial condition and prospects.

### ***Future litigation***

From time to time, the Group may be subject, directly or indirectly, to litigation arising out of its proposed operations. Damages claimed under such litigation may be material or may be indeterminate, and the outcome of such litigation may materially impact the Group's business, results of operations or financial condition. While the Group assesses the merits of each lawsuit and defends itself accordingly, it may be required to incur significant expenses or devote significant resources to defending itself against such litigation. In addition, the adverse publicity surrounding such claims may have a material adverse effect on the Group's business.

### **General exploration, development and production risks**

#### ***Exploration, development and production risks***

There can be no guarantee that hydrocarbons will be discovered in commercial quantities, or that those potentially discovered will be developed into profitable production. Developing a hydrocarbon production field requires significant investment, generally over several years, to build the requisite operating facilities, drilling of production wells along with implementation of advanced technologies for the extraction and exploitation of hydrocarbons with complex properties. Making these investments and implementing these technologies, normally under difficult conditions, can result in uncertainties about the amount of investment necessary, operating costs and additional expenses incurred as compared with the initial budget, thereby negatively affecting the business, prospects, financial condition and results of operations of the Group. In addition, hydrocarbon deposits assessed by the Group may not ultimately contain economically recoverable volumes of resources and even if they do, delays in the construction and commissioning of production projects or other technical difficulties may result in any projected target dates for production being delayed or further capital expenditure being required. There is also the risk that the Group may not be awarded exclusive exploitation rights in respect of resources which are ultimately identified.

The operations and planned drilling activities of the Group and its partners may be disrupted, curtailed, delayed or cancelled by a variety of risks and hazards which are beyond the control of the Group, including unusual or unexpected geological formations, formation pressures, geotechnical and seismic factors, environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharge of toxic gases, industrial accidents, occupational and health hazards, technical failures, mechanical difficulties, equipment shortages, labour disputes, fires, power outages, compliance with governmental requirements and extended interruptions due to inclement or hazardous weather and ocean conditions, explosions, blow-outs, pipe failure and other acts of God.

Any one of these risks and hazards could result in work stoppages, damage to, or destruction of, the Group's or its partners' facilities, personal injury or loss of life, severe damage to or destruction of property, environmental damage or pollution, clean-up responsibilities, regulatory investigation and penalties, business interruption, monetary losses and possible legal liability which could have a material adverse impact on the business, operations and financial performance of the Group. Although precautions to minimise risk are taken, even a combination of careful evaluation, experience and knowledge may not eliminate all of the hazards and risks. In addition, not all of these risks are insurable.

#### ***Hydrocarbon resource and reserve estimates***

No assurance can be given that hydrocarbon resources and reserves reported by the Group previously, now or in the future are or will be present as estimated, will be recovered at the rates estimated or that they can be brought into profitable production. Hydrocarbon resource and reserve estimates may require revisions (either up or down) based on actual production experience and in light of the prevailing market price of oil and gas. Hydrocarbon resource and reserve estimates are highly subjective, and there is a risk that there are discrepancies between those estimates and the resources and reserves which are ultimately identified, both in terms of volume of resources and reserves identified, and in terms of the potential for recovery of such resources to be economically recoverable. A decline in the market price for oil and gas could render reserves uneconomic to recover and may ultimately result in a reclassification of reserves as resources.

The resources data contained in this circular has been reviewed by CGG unless stated otherwise. There are uncertainties inherent in estimating the quantity of resources and reserves and in projecting future rates of production, including factors beyond the Group's control. Estimating the amount of hydrocarbon resources and reserves is an interpretive process and, in addition, results of drilling, testing and production subsequent to the date of an estimate may result in material revisions to original estimates.

The hydrocarbon resources data contained in this circular are estimates only and should not be construed as representing exact quantities. The nature of resource quantification studies means that there can be no guarantee that estimates of quantities and quality of the resources disclosed will be available for extraction. Any resource estimates contained in this circular are based on production data, prices, costs, ownership, geophysical, geological and engineering data, and other information assembled by the Group (which it may not necessarily have produced). The estimates may prove to be incorrect and potential investors should not place reliance on the forward looking statements contained in this circular (including data from CGG and whether expressed to have been reviewed by CGG or otherwise) concerning the Group's resources and reserves or production levels.

If the assumptions upon which the estimates of the Group's hydrocarbon resources have been based prove to be incorrect, the Group (or the operator of an asset in which the Group has an interest) may be unable to recover and produce the estimated levels or quality of hydrocarbons set out in this circular and the Group's business, prospects, financial condition or results of operations could be materially and adversely affected.

***Capital and operating expenditure estimates may not be accurate***

Estimated capital and operating expenditure requirements are estimates based on anticipated costs and are made on certain assumptions. Given the nascent stage of Savannah Petroleum's operation in Niger, the inherent uncertainties as to Savannah Petroleum's future work program, the uncertain time frame during which the capital expenditures will be made and sources of finance will be made available to the Group, the lack of clarity around the ultimate amount of oil resources which Savannah Petroleum may or may not discover in Niger, the lack of clarity around the precise method under which any oil or gas which is discovered would ultimately be developed, and the general correlation between oil and gas capital expenditures and global commodity markets there is a very high risk that currently assessed capital and operating expenditure costs may prove to be inaccurate. In addition, given the pragmatic approach of Savannah Petroleum's board and executive management team, nearer term capital and operating expenditure may be subject to change if Savannah Petroleum's board and management believe such a change is in the best interests of the Group.

Should the Group's capital and operating expenditure requirements turn out to be higher than currently anticipated the Group or its partners may need to seek additional funds which it may not be able to secure on reasonable commercial terms to satisfy the increased capital expenditure requirements. If this happens, the Group's business, cash flow, financial condition and operations may be materially adversely affected.

***Exploration activities are capital intensive and there is no guarantee of success***

Exploration activities are capital intensive and their successful outcome cannot be assured. The Group intends to undertake exploration activities and incur significant costs with no guarantee that such expenditures will result in the discovery of commercially deliverable oil or gas. The Group intends to explore in geographic areas, where environmental conditions are challenging and costs can be high. The costs of drilling, completing and operating wells are often uncertain. As a result, there may be cost overruns or requirements to curtail, delay or cancel drilling operations because of many factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with environmental regulations, governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment. Capital expenditure commitments may vary (or be increased) as a result of actual exploration performance. The risk of incurring such costs and the failure of such exploration may adversely affect the Company's profitability.

***Appraisal and development results may be unpredictable***

Appraisal results for discoveries are also uncertain. Appraisal and development activities involving the drilling of wells across a field may be unpredictable and not result in the outcome planned, targeted or predicted, as only by extensive testing can the properties of the entire field be fully understood.

***Production operations may produce unforeseen issues and drilling activities may not be successful***

Any production operations at the Savannah PSCs would involve risks common to the industry, including blowouts, oil spills, explosions, fires, equipment damage or failure, natural disasters, geological uncertainties, unusual or unexpected rock formations and abnormal geological pressures. In the event that any of these occur, environmental damage, injury to persons and loss of life, failure to produce oil or gas in commercial quantities or an inability to fully produce discovered reserves could result. Drilling activities may be unsuccessful and the actual costs incurred in drilling, operating wells and completing well workovers may exceed budget. There may be a requirement to curtail, delay or cancel any drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment. The occurrence of any of these events could have a material adverse effect on the Group's business, prospects, financial condition and operations.

***Increase in drilling costs and the availability of drilling equipment***

The oil and gas industry historically has experienced periods of rapid cost increases. Increases in the cost of exploration and development would affect the Group's ability to invest directly or indirectly in prospects and to purchase or hire equipment, supplies and oil and gas specific services. In addition, the availability and cost of drilling rigs and other equipment and services, including access to seismic survey equipment and related professionals, is affected by the level and location of drilling activity around the world.

An increase in drilling operations outside or in the Group's intended area of operations may reduce the availability, and increase the cost, of such equipment and services to the Group and to the companies with which it operates. The reduced availability of such equipment and services may delay the Group's ability, directly or indirectly, to exploit reserves and adversely affect the Group's operations and profitability.

***Delays in production, marketing and transportation***

Various production, marketing and transportation conditions may cause delays in oil production and adversely affect the Group's business. Drilling wells in areas remote from distribution and production facilities may delay production from those wells until sufficient reserves are established to justify expenditure on construction of the necessary transportation and production facilities. The Group's inability directly or indirectly to complete wells in a timely manner would result in production delays.

The Group is also subject to market fluctuations in the prices of oil and natural gas, deliverability uncertainties related to the proximity of reserves to adequate pipeline and processing facilities, and extensive government regulations relating to price, taxes, royalties, licences, land tenure, allowable production, the export of oil and natural gas, and many other aspects of the oil and natural gas business. Moreover, weather conditions may impede the transportation and delivery of oil by sea. Any or all of these factors may result in an adverse impact on the financial returns anticipated by the Group.

Oil exploration and production and the sale of such production depends on adequate infrastructure.

Reliable roads, bridges, power sources and water supplies are important determinants which affect capital and operating costs. Generally speaking, Niger suffers from underdeveloped infrastructure, communication problems (particularly internet access), energy shortages and high energy costs.

The Group will require access to a pipeline(s) or other infrastructure in order to export and monetise its production from any potential discoveries. Whilst the Directors are aware that certain companies operating in Niger are planning a large scale pipeline development in the country and through certain neighbouring countries, at present there is no existing export pipeline infrastructure. Further, even if this infrastructure is constructed, there can be no guarantee that there will be sufficient spare capacity to enable Savannah Petroleum to access such infrastructure. At this stage, there is no certainty as to the exact cost of access to this infrastructure even if such access is granted. In addition, although the Petroleum Code and the

Savannah PSCs prescribe the key requirements and conditions under which Savannah Niger can expect to be granted access to this infrastructure, and although the Group expects to sign the proposed Agadem Region Infrastructure Agreement which is expected to provide for the Group to have a right to be an equity holder in any potential export infrastructure, there is no guarantee that this will ultimately prove to be the case, or that the Infrastructure Agreement will ultimately be signed.

***Interruptions in availability of exploration, production or supply infrastructure***

The Group may suffer, indirectly, from delays or interruptions due to lack of availability of drilling rigs or construction of infrastructure, including pipelines, storage tanks and other facilities, which may adversely impact the operations and could lead to fines, penalties, criminal sanctions against the Group and/or its officers or its current or future licences or interests being terminated. Despite assurances given by the Nigerien Government in the Savannah PSCs, there is the risk of delays in obtaining licences, permissions and approvals required by the Group or its partners in the pursuance of its business objectives could likewise have a material adverse impact on the Group's business and the results of its operations.

***Failure to meet contractual work commitments may lead to penalties***

The Group is subject to contractual work commitments, including those specified within the Savannah PSCs, which include minimum work programmes to be fulfilled within certain time restraints. Specifically these commitments may cover certain depths of wells to be drilled, seismic surveys to be performed and other data acquisition. Failure to comply with such obligations, whether inadvertent or otherwise, may lead to fines, penalties, restrictions and withdrawal of licences with consequent material adverse effects.

***Decommissioning costs may be greater than initially estimated***

The Group, through its licence interests, expects to assume certain obligations in respect of the decommissioning of its wells, fields and related infrastructure. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and require the Group to make provisions for and/or underwrite the liabilities relating to such decommissioning. It is difficult to forecast accurately the costs that the Group will incur in satisfying its decommissioning obligations. When its decommissioning liabilities crystallise, the Group will be liable either on its own or jointly and severally liable for them with any other former or current partners in the field. In the event that it is jointly and severally liable with other partners and such partners default on their obligations, the Group will remain liable and its decommissioning liabilities could be magnified significantly through such default. Any significant increase in the actual or estimated decommissioning costs that the Group incurs may adversely affect its financial condition.

***Natural disasters***

Any interest held by the Group is subject to the impacts of any natural disaster such as earthquakes, epidemics, fires and floods etc. No assurance can be given that the Group will not be affected by future natural disasters.

***Environmental factors***

The Group's operations are, and will be, subject to environmental regulation in Niger and any other regions in which the Group may operate. Environmental regulations may evolve in a manner that will require stricter standards and enforcement measures being implemented, increases in fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees. Compliance with environmental regulations could increase the Group's costs. Should the Group's operations not be able to comply with this mandate, financial penalties may be levied. Environmental legislation can provide for restrictions and prohibitions on spills, releases of emissions of various substances produced in association with oil, condensate and natural gas operations. In addition, certain types of operations may require the submission and approval of environmental impact assessments. The Group's operations will be subject to such environmental policies and legislation.

Environmental legislation and policy may be periodically amended. Such amendments may result in stricter standards of enforcement and in more stringent fines and penalties for noncompliance. Environmental assessments of existing and proposed projects may carry a heightened degree of

responsibility for companies and their directors, officers and employees. The costs of compliance associated with changes in environmental regulations could require significant expenditure, and breaches of such regulations may result in the imposition of material fines and penalties. In an extreme case, such regulations may result in temporary or permanent suspension of production operations. There can be no assurance that these environmental costs or effects will not have a materially adverse effect on the Group's future financial condition or results of operations.

## **Risks relating to Niger and West Africa**

### ***Doing business in Niger***

The Group is currently dependent upon the Savannah PSCs and the Exclusive Exploration Authorisations granted thereunder. Any adverse development affecting the Savannah PSCs would have a material adverse effect on the Group, its business, prospects, results of operations and financial condition. Doing business in Niger brings with it a wide variety of risks, including political, legal, regulatory, social and economic.

Niger faces a threat of terrorism. One element of this risk arises as a result of its proximity to various regional Islamist insurgencies. Whilst these insurgencies have not impacted Savannah Petroleum's operations historically, there can be no guarantee this continues to be the case in the future.

### ***Risk of crime and corruption***

Countries in West Africa experience high levels of criminal activity and governmental and business corruption. Oil and gas companies operating in West Africa may be particular targets of criminal or terrorist actions. Criminal, corrupt or terrorist action against the Group and its directly or indirectly held properties or facilities could have a material adverse effect on the Group's business, results of operations or financial condition. In addition, the fear of criminal or terrorist actions against the Group could have an adverse effect on the ability of the Group adequately to staff and/or manage its operations or could substantially increase the costs of doing so.

Furthermore, alleged or actual involvement in corrupt practices or other illegal activities by the Group or by Savannah Petroleum's potential future joint venture partners, or others with whom the Group directly or indirectly conducts business, could also damage the Group's reputation and business and adversely affect the Group's financial condition and results of operations. The UK Bribery Act 2010 ("Bribery Act") came into force in July 2011. Under the terms of the Bribery Act, an unlimited fine may be imposed on companies (which could potentially include the Company and other members of its Group) where they have failed to take appropriate steps ("Adequate Procedures") to ensure that the company and its associated persons, as defined in the Bribery Act (including, but not limited to, employees, subsidiaries, joint ventures, and agents) are not involved in any corrupt practices. There is concern in the oil and gas industry that, following the letter of the law, the Bribery Act prohibits certain practices which are not covered by (a) the US Foreign Corrupt Practices Act 1977 (the "FCPA"), or (b) Nigerien anti-corruption legislation and regulations (to which the Group is bound), but which are regarded as standard industry practice (for example, facilitation payments). It may not be possible for the Group to detect or prevent every instance of fraud, bribery or corruption. Failure to detect or prevent any such instances may expose the Group to potential civil or criminal penalties under relevant applicable law and to reputational damage, which may have a material adverse effect on the Group's business, prospects, financial condition or results of operations.

### ***Emerging markets risk***

Investors in emerging markets, such as Niger, should be aware that these markets are subject to greater risk than more developed markets, including, in some cases, significant legal, fiscal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved in an investment in the Company and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging and developing markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved.

### ***Political, economic, fiscal, legal, regulatory and social environment risk***

The Group's interests in Niger are likely to be exposed to political, economic, fiscal, legal, regulatory and social environment risk. The Group's business will involve a high degree of risk which a combination of experience, knowledge and careful evaluation may not overcome. These risks include, but are not limited to, corruption, civil strife or labour unrest, armed conflict, terrorism, limitations or price controls on oil exports, and limitations or the imposition of tariffs or duties on imports of certain goods. If the existing body of laws and regulations in Niger are interpreted or applied, or relevant discretions exercised, in an inconsistent manner by the courts or applicable regulatory bodies, this could result in ambiguities, inconsistencies and anomalies in the enforcement of such laws and regulations, which, in turn, could hinder the long-term planning efforts of the Group and may create uncertainties in its operating environment.

Exploration and development activities in developing countries may require protracted negotiations with host governments, national oil companies and third parties and may be subject to economic and political risks referred to above and expropriation, nationalisation or renegotiation of existing contracts. The two main protections granted to Savannah Petroleum under the Savannah PSCs are (1) the stability of the legislation and the terms agreed under the Savannah PSCs and the commitment that the Nigerien Government shall never (a) directly or consequently increase the obligations and responsibilities imposed on Savannah Niger nor (b) infringe the latter's economic rights and advantages resulting from Law of 2007 and the Savannah PSCs, and (2) the arbitration procedure according to which any dispute relating to the Savannah PSCs which cannot be settled amicably shall ultimately be resolved by means of arbitration conducted in accordance with the Arbitration Rules of the International Centre for Settlement of Investment Disputes (ICSID Rules) in accordance with the Convention on the settlement of investment disputes between States and nationals of other States, the "Washington Convention". The Savannah PSCs each provide that the dispute shall be resolved in accordance with its provisions, the Law of 2007 and the provisions of international law applicable in the area. The Savannah PSCs specifically provide for any such arbitration to be heard in Paris, France.

The Nigerien Government owns the country's mineral resources and grants hydrocarbon exploration and production rights under fixed term production sharing contracts, which can be renewed in accordance with their terms. It thus retains control over the exploration and exploitation of hydrocarbon reserves. Any adverse changes in the Nigerien Government's policy with respect to the oil and gas industry, including any which may occur following the proposed review of the current Petroleum Code, may adversely impact the interests of the Group. Further, the strategy and business of the Group in Niger depend on it maintaining good relationships and cooperating with the relevant Nigerien authorities. While the Company believes that it has an effective working relationship with the Niger authorities, there is no guarantee that this positive relationship will continue or that actions by current or future governments will not seriously affect the business or financial position of the Group. This relationship could be adversely impacted by future changes in the personnel or management of the Group or the Nigerien authorities.

### ***Uncertainties in the interpretation and application of laws and regulations***

A number of the Group's principal agreements including the Savannah PSCs and the proposed Agadem Region Infrastructure Agreement are governed under Niger law. The courts in Niger may offer less certainty as to the judicial outcome or a more protracted judicial process than is the case in more established economies. However, the Savannah PSCs offer the option of a recourse to an international arbitration procedure in accordance with the International Centre for Settlement of Investment Disputes (ICSID Rules) in accordance with the Convention on the settlement of investment disputes between States and nationals of other States, the "Washington Convention" (the Savannah PSCs specifically providing for any such arbitration to be heard in Paris, France). Nevertheless, the Group could face risks, such as: (i) effective legal redress in the courts being more difficult to obtain, whether in respect of a breach of law or regulation, or in an ownership dispute, (ii) a higher degree of discretion on the part of governmental authorities and, therefore, less certainty, (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations. Enforcement of laws in Niger may also depend on and be subject to the interpretation placed upon such laws by the relevant local authority, and such authority may adopt an interpretation of an aspect of local law which differs from the advice that has been given to the Group by local lawyers or even previously by the relevant local authority itself.

In Niger, the state asserts ownership of minerals and consequently, subject to the terms agreed in the Savannah PSCs, retains control of (and, in many cases, participates in) the production of hydrocarbon reserves. Transfers of interests typically require government approval, which may delay or otherwise impede such transfers.

#### ***Licensing and other regulatory requirements in Niger***

The Group's direct and/or indirect intended future operations will be subject to, licences, production sharing contracts, regulations and approvals of governmental authorities for exploration, development, construction, operation, production, marketing, pricing, transportation and storage of oil, taxation, and environmental and health and safety matters. The Group cannot guarantee that such documents applied for will be granted or, if granted, will not be subsequently withdrawn or made subject to possibly onerous conditions, or their availability to the Group or its associated companies may adversely affect the Group's assets, plans, targets and projections. A block authorisation may be revoked by the relevant regulatory authority if, *inter alia*, an interest holder defaults on its block obligations.

The Group will be subject to extensive government laws and regulations (which may be subject to change) governing prices, taxes, royalties, allowable production, waste disposal, pollution control and similar environmental laws, the export of oil and many other aspects of the oil business. There can be no assurance that the actions of present or future governments in Niger, or of governments of other countries in which the Group may operate in the future, will not materially adversely affect the Group's ability to comply with such laws and regulations or that there will not be a challenge to the Group's title to any interest it may have in Niger. However, in the Savannah PSCs, the Nigerien Government grants to Savannah Niger a guarantee of the stability of the legal, economic, tax, customs duty, financing and foreign exchange regimes applicable to the Savannah PSCs and to the petroleum operations carried out by virtue of the Savannah PSCs.

In order to ensure continuity of its activities in Niger, the Group needs to obtain the renewal of the PSCs after the initial phase and, eventually, an extension of the validity of the PSCs. This extension is conditioned on the Group finalising a feasibility study which will permit the Group to prove the existence of a commercially exploitable hydrocarbons deposit. Despite the guarantees given by the Government of Niger in the PSCs, possible changes in political and institutional will may result in the Government rejecting any request for the renewal or extension of the PSCs and licenses, thereby leaving Savannah without a valid title. Notwithstanding the right to dispute settlement by arbitration, such a refusal by the Nigerien Government to extend the PSC will severely impact the operations of the Group.

#### ***Adverse sovereign action involving expropriation or renationalisation***

The oil and gas industry is central to the economy and future prospects for development in Niger. Therefore, the industry can be expected to be the focus of continuing attention and debate. In certain developing countries, petroleum companies have faced the risks of expropriation or renationalisation, breach or abrogation of project agreements, application to such companies of laws and regulations from which they were intended to be exempt, denials of required permits and approvals, increases in royalty rates and taxes that were intended to be stable, application of exchange or capital controls, and other risks.

As with many countries, possible future changes in the government, major policy shifts or increased security arrangements could have, to varying degrees, an adverse effect on the value of investments.

These factors could materially adversely affect the Group's business, prospects or financial results.

In the event of a dispute arising in connection with its interests, the Group is likely to be subject to the jurisdiction of the courts of Niger. The effectiveness of and enforcement of such contracts and relationships with parties in these jurisdictions cannot be assured. Consequently, the Group's exploration, development and production activities could be substantially affected by factors beyond the Group's control, any of which could have a material adverse effect on the Group.

## **Investment and AIM risks**

### ***Share price volatility and liquidity***

The Company's entire issued share capital is admitted to trading on AIM (and it is intended that the Placing Shares will be admitted to AIM), there can be no assurance that an active or liquid trading market for the Ordinary Shares will develop or, if developed, that it will be maintained. AIM is a market designed primarily for emerging or smaller growing companies which carry a higher than normal financial risk and tend to experience lower levels of liquidity than larger companies. Accordingly, AIM may not provide the liquidity normally associated with the Official List or some other stock exchanges. The Ordinary Shares may therefore be difficult to sell compared to the shares of companies listed on the Official List and the share price may be subject to greater fluctuations than might otherwise be the case. An investment in shares traded on AIM carries a higher risk than those listed on the Official List.

The Company is principally aiming to achieve capital growth and, therefore, Ordinary Shares may not be suitable as a short-term investment. Consequently, the share price may be subject to greater fluctuation on small volumes of shares traded, and thus the Ordinary Shares may be difficult to sell at a particular price. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. There can be no guarantee that the value of an investment in the Company will increase. Investors may therefore realise less than, or lose all of, their original investment.

The share prices of publicly quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares may be influenced by a large number of factors, some of which are general or market specific, others which are sector specific and others which are specific to the Group and its operations. These factors include, without limitation, (i) the performance of the Company and the overall stock market, (ii) large purchases or sales of Ordinary Shares by other investors, (iii) results of exploration, development and appraisal programmes and production operations, (iv) changes in analysts' recommendations and any failure by the Group to meet the expectations of the research analysts, (v) changes in legislation or regulations and changes in general economic, political or regulatory conditions (particularly in Niger), and (vi) other factors which are outside of the control of the Company.

Shareholders may sell their Ordinary Shares in the future to realise their investment. Sales of substantial amounts of Ordinary Shares following Admission and/or termination of the lock-in restrictions that were entered into at the time of the Company's IPO in August 2014, or the perception that such sales could occur, could materially adversely affect the market price of the Ordinary Shares available for sale compared to the demand to buy Ordinary Shares. Such sales may also make it more difficult for the Company to sell equity securities in the future at a time and price that is deemed appropriate. There can be no guarantee that the price of the Ordinary Shares will reflect their actual or potential market value or the underlying value of the Group's net assets and the price of the Ordinary Shares may decline below the Placing Price.

### ***US Shareholders***

Ordinary Shares purchased in the US or otherwise by US Persons in the Placing are subject to restrictions on transfer and resale. The Ordinary Shares have not been registered, and are not intended to be registered, under the Securities Act or the securities laws of any US state. The Company has not and does not intend to list the Ordinary Shares on an established US securities exchange, have them quoted on an automated dealer exchange or otherwise create a public market in the United States for the Ordinary Shares. Absent registration, the Ordinary Shares may be offered or sold only in transactions that are not subject to or are exempt from the registration requirements of the Securities Act and applicable US state securities laws. These restrictions could make it more difficult to resell Ordinary Shares, and this could have an adverse effect on their market value. Investors in the United States may not be able to locate suitable purchasers on suitable terms, or meet the requirements of the available exemptions from registration under the Securities Act or applicable state laws in order to effect a sale. As a result, investors in the US may not experience the same level of liquidity in the Ordinary Shares as investors located in other jurisdictions and must be prepared to hold the Ordinary Shares purchased in the Placing for an indefinite period of time.

In addition, if the share capital of the Company is increased and new Ordinary Shares are issued for cash, existing holders of Ordinary Shares are, under the Company's constitutional documents, entitled to pre-emptive rights in respect of those Ordinary Shares unless such rights are waived by a shareholders' resolution. If the Company allots Ordinary Shares for cash in the future, even in circumstances where pre-emptive rights are not waived, holders of the Ordinary Shares outside the UK may not be able to exercise their pre-emptive rights for Ordinary Shares unless the Company decides to comply with applicable local laws and regulations and may suffer significant dilution as a result. US shareholders would not be able to exercise their pre-emptive rights to acquire the new Ordinary Shares unless an effective registration statement under the Securities Act were in place or an exemption from the registration requirements of the Securities Act were available for the offer, sale and issuance of new Ordinary Shares to such shareholders. There can be no assurance that the Company will file any such registration statement or that an exemption to the registration requirements of the Securities Act will be available.

### ***Investment risk***

An investment in the Company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities which have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time or to lose their investment principal. While various oil and gas investment opportunities are available, potential investors should consider the risks that pertain to oil and gas development projects in general.

### ***Modification or Cancellation of Placing***

The Company or certain of its advisers may withdraw, cancel or modify the placing of the Ordinary Shares at any time without notice. The Ordinary Shares are offered subject to the right of the Company to reject any purchase in whole or in part, for any reason, or to allot to any investor less than the amount of the Ordinary Shares subscribed for by that investor.

### ***Determination of Placing Price***

Placees will subscribe for the Ordinary Shares at the Placing Price, which is a fixed price. The Second Placing Shares will require shareholder approval (being sought at the General Meeting) in order to be issued. The Placing Price may not reflect the trading value of the Ordinary Shares when issued, the actual value of the Ordinary Shares, the Company's potential earnings or results or any other recognized criteria of value.

### ***Dilution***

Shareholders not participating in future offerings may be diluted and pre-emptive rights may not be available to Shareholders, including, but not limited to Shareholders resident in jurisdictions with restrictions having the effect that they will not be granted subscription rights in connection with, or be able to subscribe for new shares in, such offerings. Statutory pre-emptive rights have been waived, and will be waived subject to the passing of the Resolutions at the General Meeting, up to certain stated amounts as detailed in this circular. The Company may in the future issue warrants and/or options (in addition to the existing awards made by the Company under its management long-term equity incentive plan, which were announced by the Company on 28 November 2014) to subscribe for new Ordinary Shares, including (without limitation) to certain advisers, employees, directors, senior management and consultants. The exercise of such warrants and/or options would result in dilution of the shareholdings of other investors.

### ***Dividends***

There can be no assurance as to the level of future dividends. Subject to compliance with the Act and the Articles, the declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors, and will depend on, *inter alia*, the Company's earnings, financial position, cash requirements and availability of profits. A dividend may never be paid and at present, there is no intention to pay a dividend.

**It should be noted that the risk factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Group is or may be exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates and holds its major assets. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware which may also have an adverse effect upon the Group.**

**If any of the risks referred to above crystallise, the Group's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its Ordinary Shares could decline and investors may lose all or part of their investment.**

**Although the Directors will seek to minimise the impact of the risk factors listed above, investment in the Group should only be made by investors able to sustain a total loss of their investment.**





