

Statement of Compliance with the QCA Corporate Governance Code

Chairman's Introduction

Savannah Petroleum plc ("Savannah" or the "Company") is a British independent oil and gas company focused around activities in Niger and Nigeria.

The Board of Directors of Savannah Petroleum Plc recognises its responsibility for the proper management of the Company and the importance of sound corporate governance commensurate with the size and nature of the Company and the interests of its shareholders. The Board is therefore committed to maintaining high standards of corporate governance and has adopted the 2018 Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies (the "QCA Code") as the basis of the Group's governance framework.

In accordance with the QCA Code and AIM Rule 26, the report below provides a high level overview of how Savannah Petroleum has applied the principles of the QCA Code and any areas in which the Company's governance structures and practices depart from or differ from the expectations of the QCA Code.

Note: Savannah is currently focused on the completion of the acquisition of certain assets in South East Nigeria from Seven Energy International Limited (the "Seven Energy Transaction"). Due to its size and nature, the Seven Energy Transaction constitutes a reverse takeover of the Company pursuant to the AIM Rules for Companies and will result in changes to the Company's strategy and business model.

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

Savannah Petroleum has clearly set out its vision for the medium to long term and regularly sets this out in communication with stakeholders. In addition, the Board of Directors meet on a regular basis to discuss the strategic direction of the Company, and progress in achieving its aims.

Departures from the code:

Savannah Petroleum are currently reviewing the Company's purpose, business model, Key Performance Indicators and strategy in light of the ongoing Seven Energy Transaction and will provide a full explanation of the Company's revised purpose, business model and strategy in its 2018 Annual Report and Accounts and on its website following the completion of the Transaction. In addition, an annual review of the Company's business, strategy and Key Performance Indicators will be undertaken by the Board.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Company communicates with shareholders and potential investors through a variety of channels, including the Annual Report, regulatory announcements, operational updates and a pro-active and comprehensive investor relations programme which is managed in line with operational developments, corporate news flow and the Company's financial calendar.

The CEO and the Vice President of Corporate Affairs maintain a regular dialogue with major institutional investors and analysts and provide the Board with regular reports on investor and analyst feedback. The Company holds investor roadshows throughout the year as appropriate. Corporate presentations which are given to shareholders and potential investors can be accessed on the Company's website at <https://www.savannah-petroleum.com/en/presentations>

The CEO, Chairman and Non-executive Directors are available to meet with private institutional investors to explain the Group's strategy and performance and listen to investors' views. The AGM provides another opportunity for shareholders to meet and speak to members of the Board directly.

The Company's website provides the contact details of the Company's Investor relations team: <https://www.savannah-petroleum.com/en/IR-contacts>

Departures from the code:

Voting decisions at general meetings (including votes withheld or abstentions) are not posted on the company's website or contained in the announcement released via RNS as required under this principle. Savannah will consider disclosing the abstentions from votes and any votes withheld when announcing the Company's General Meeting results going forward and will engage with shareholders post general meetings to understand the motivations behind shareholder voting decisions where applicable.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

Key stakeholders which the business relies on include its customers, employees, suppliers, shareholders and local communities in the areas that the Group operates in. The Group takes a proactive and robust approach in recognising, assessing, managing and mitigating the risks facing the Company with the aim of protecting its employees, contractors and other stakeholders and safeguarding the interests of the Group and its shareholders.

The Group has put in place a Board level Health, Safety, Security and Environment ("HSSE") Committee with the aim of ensuring that the Group's framework of policies, procedures, systems and controls in relation to HSSE remain appropriate, and communicates the Board's commitment to these matters to the Group's staff, contractors and other stakeholders. In addition, the Group has HSSE and Corporate Social Responsibility policies and procedures in place which are developed and implemented across the Group and align with and adhere to applicable local and international standards.

As mentioned under principal 2 above, the Company communicates with shareholders and potential investors through a variety of channels.

Departures from the code:

The Company does not currently have a formal feedback mechanism to solicit, consider and act on the feedback of stakeholders outside the Company. The board will keep this under consideration and put in place procedures when it is felt appropriate.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has overall responsibility for establishing and maintaining the Group's system of internal controls and risk management and reviewing its effectiveness. As with any successful company, delivering the Company's business objectives will involve taking considered risks. The Group's internal controls and risk management framework has been designed to assist the Board in making better, more informed decisions with a view to creating and protecting shareholder value.

The internal control framework within which the Group operates includes the following key elements:

- Organisational structures, delegations of authority and reporting lines;

- Group accounting and control procedures to manage the Group consolidation and reporting requirements, including;
 - Review of monthly management accounts with comparison of actual performance against budget; and consideration of the outturn for the year; and
 - Monthly reconciliation of all key control accounts;
- Budgetary process and monthly monitoring of the annual budget, business performance and deviations from the budget;
- Operational and strategic review processes for all aspects of the Group's business.

A number of policies and procedures are also in place as part of the Group's internal control framework, which include the Group Anti- Corruption and Money Laundering policy, the Delegation of Authority system, Travel and Entertainment and Petty Cash policies.

The Board regularly reviews the effectiveness of the Group's risk management and internal control systems, based on a report from the CFO which provides comfort regarding all material controls, including financial, operational and compliance controls. The Board believes that the risk management and internal control systems remain effective in terms of ensuring consistent achievement of their key objectives in the current context of the Group.

The Company's risk management and internal control systems will continue to be re-assessed in anticipation and following completion of the Seven Energy Transaction, in line with management's integration plans for the enlarged Group.

The key risks faced by the business and how they are mitigated are described in the Principal Risks section, on pages 16 and 17 of the 2017 Annual Report and Accounts.

Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair

The Board is collectively responsible to the shareholders for the effective oversight and long-term success of the Company. In addition to those matters required by the Companies Act 2006, the Board is also responsible for strategy, performance, capital structure, approval of key contracts and major capital investment plans, the framework for risk management and internal controls, governance matters, and engagement with shareholders and other key stakeholders. The Board's full responsibilities are set out in a formal schedule of matters reserved for its decision.

The Board delegates certain responsibilities to its Committees, so that it can operate efficiently and give an appropriate level of attention and consideration to relevant matters. The Company has an Audit and Risk Committee, a combined Remuneration and Nomination Committee, a Health, Safety, Security and Environment Committee and a Compliance Committee, all of which operate within a scope and remit defined by specific terms of reference determined by the Board. The Annual Report includes a report from each of the Committees mentioned above and describes the work each Committee has undertaken during the year. The composition and role of each committee is summarised on pages 22, 23, 24 and 30 of the Company's 2017 Annual Report and Accounts. The Terms of Reference of each committee are available on the Company's website <https://www.savannah-petroleum.com/en/AIM>

The Company has chosen not to establish a separate Nomination Committee or to appoint a Senior Independent Director as, at present, the Board considers that this would be unnecessarily burdensome in the context of the current size and complexity of the business. The Board intends to continue to keep these decisions under review as the business evolves.

The Board and its Committees are provided with high quality information on a timely basis in order to facilitate the proper assessment of the matters under consideration and the Non-executive directors are provided with access to all information they require and to external advice as necessary. The Board and its Committees are supported by the Company Secretary and a team at Link Company Matters in organising and circulating the papers for these meetings and with governance and statutory compliance matters.

The Board currently comprises eight Directors, being the Non-executive Chairman, the Non-executive Vice Chairman, three further Non-executive Directors and three executive Directors (the CEO, COO and CFO). The Board is of an appropriate size given the size of the business and balanced with the right skills and expertise ensuring that one or group of people does not dominate the board. The names and responsibilities of the current Directors, together with their biographies, are set out on pages 18 and 19 of the 2017 Annual Report and Accounts. The Directors' biographies illustrate the wide range and high calibre of skills and experience brought to bear on matters considered by the Board. These include appropriate industry, operational, risk management, financial, legal and regulatory experience and, in the case of the Non-executive Directors, the willingness and ability to provide robust and objective challenge to the views and assumptions of senior management and other Directors.

The Board has considered and reviewed the independence and effectiveness of each Non-executive Director, taking into account the guidance in the QCA Code and is of the view that all Non-executive Directors continue to be independent in character and judgement and free from relationships or circumstances that could affect their judgement. The Board considers that all Directors continue to be effective and committed to their roles and have sufficient time available to perform their duties.

A number of Board and committee meetings are held during the year and the attendance records of each director is disclosed in the 2017 Annual Report and Accounts.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board believes that its composition has the necessary balance of skills, knowledge, background and capabilities to lead the Company effectively. In December 2017, three Independent Non-Executive Directors were appointed to address gaps in operational and legal skill sets which were identified by the Remuneration and Nomination Committee. The Company supplemented its internal process by engaging Preng & Associates to provide advice on benchmarking and references for potential candidates. Further information on the process followed is described in the report of the Remuneration and Nomination Committee in the 2017 Annual Report and Accounts.

The Group has not adopted a formal policy on diversity. Appointments, including appointments to the Board and senior management positions are made on merit, taking account of the balance of skills and experience required.

The training needs of the Directors are periodically discussed at Board meetings and additional training is available on request, where appropriate, so that Directors can update their skills and knowledge as applicable. Regular briefings and updates from the Company's NOMAD and Link Company Matters including compliance with the Companies Act 2006, AIM Rules, the QCA Code and Market Abuse Regulation are reviewed by the Board.

Departures from the code:

Part of this Principle requires the Board to report on a number of matters in its annual report, some of which the Company reported on in its 2017 Annual Report. The disclosures in the 2018 Annual Report will be more fulsome and meet the requirements of Principle 6 including:

- A description of how each director keeps his/her skillset up-to-date; and
- A description of the relevant experience, skills and personal qualities and capabilities that each director brings to the Board

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The 2016 Annual Report included full disclosures on the internal board evaluation which was undertaken.

In light of the ongoing Seven Energy Transaction and the changes to the company's board composition, the Board did not consider it appropriate to undertake an evaluation of the board during 2017. Going

forward, the Board will continue to undertake its annual evaluation of the Board and its committees, including their balance of skills, experience, knowledge and independence. The Chairman will also continue to offer the Non-executive Directors the opportunity to meet regularly, as necessary, in the absence of the CEO, CFO and other members of management. The outcome of this evaluation will be published in the 2018 Annual Report.

As mentioned under principle 6, the Remuneration and Nomination Committee assessed the composition of the Board at the end of 2017 taking into consideration the size of the Company and as a result, recommended the appointment of four Non-Executive Directors.

Departures from the code:

Part of this Principle requires the Board to report on a number of matters in its annual report, some of which the Company reported on in its 2017 Annual Report. The disclosures in the 2018 Annual Report will be more fulsome and will meet the requirements of Principle 7. The following information will also be disclosed on the Company's website in due course:

- Progress against matters arising out of previous Board evaluations;
- Detailed description of the board performance evaluation process/cycle adopted by the company including a summary of:
 - The criteria against which board, committee, and individual effectiveness is considered;
 - How evaluation procedures have evolved from previous years, the results of the evaluation process and action taken or planned as a result; and
 - How often board evaluations take place.
- An explanation of the company's approach to succession planning and the processes by which it determines board and other senior management appointments, including any links to the board evaluation process; and
- The Board's approach to succession planning and the processes in which it uses to determine Board and other senior management appointments, including any links to the board evaluation process.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Group has policies and procedures in place through which it aims to ensure that:

- its employees and those who provide services to it act in accordance with the highest standards of ethical conduct; and
- it only does business with persons who are engaged in legitimate business activities and who use funds from legitimate sources."

Departures from the code:

This Principle requires the Company to make certain disclosures on its website and in its annual report regarding its culture. The 2018 Annual Report will contain the required disclosures and we are working towards having the following website disclosures available following the completion of the Seven Energy Transaction including:

- how the culture is consistent with the company's objectives, strategy and business model in the strategic report and with the description of principal risks and uncertainties;
- what the board does to monitor and promote a healthy corporate culture and how the board assesses the state of the culture at present; and
- Explain how the board ensures that the company has the means to determine that ethical values and behaviours are recognised and respected.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The role of the Chairman and Chief Executive Officer are separate, with a clear division of responsibilities. The separation of authority enhances independent oversight of the executive management by the Board and helps to ensure that no one individual on the Board has unfettered authority.

The Chairman is responsible for setting the Board's agenda, ensuring that adequate time is available for discussion of all agenda items and encouraging a particular focus on strategic issues. The Chairman promotes a culture of openness and debate within the Board, where the views of all Directors and the actions of the executive management are challenged. The Chairmen of the Board's Committees perform the same role for their Committees.

Andrew Knott is the Chief Executive Officer. Through delegation from the Board, he is responsible for managing the day to day operations and the implementation of the strategy of the Company.

Principle 5 above in addition to Savannah's Corporate Governance Statement contained in the 2017 Annual Report further details the company's governance structures and why they remain appropriate and suitable for the company.

Savannah continues to review its governance structures to ensure they remain fit for purpose for the newly combined entity. The 2018 Annual Report will contain the required disclosures and we are working towards having the following website disclosures available following the completion of the Seven Energy transaction.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company communicates with shareholders and potential investors through a variety of channels as mentioned above in principle 2.

An overview of the work undertaken by the Committees of the Board is contained is summarised on pages 22, 23, 24 and 30 of the Company's 2017 Annual Report and Accounts.

Copies of the historical annual reports and governance related material including notices of all general meetings over the last five years can be found on the Company's website:

<https://www.savannah-petroleum.com/en/reports>

<https://www.savannah-petroleum.com/en/key-documents>

Departures from the code:

As mentioned under principle 2, Savannah will consider disclosing the abstentions from votes and votes withheld when announcing the Company's next Annual General Meeting results and going forward.

These disclosures were last reviewed on 28 September 2018.