

28 September 2018

Savannah Petroleum PLC
(“Savannah” or “the Company”)

Niger Early Production Scheme and Exploration Update

Savannah Petroleum PLC, the British independent oil and gas company focused around oil and gas activities in Niger and Nigeria, is pleased to provide an update on its forward plans for its Niger assets.

Highlights

- Amdigh-1 well test to be performed in December 2018;
- Confirmation of Early Production Scheme (“EPS”) plans anticipated to develop a recoverable resource base of 52 mmbbls, with a first phase expected to see production of c.1kbd from Q1 2019 and a second phase development planned to see production ramp up to c.5kbd during 2019;
- Net capital expenditure to first oil expected to be less than US\$5m, with external financing requirement 60% lower vs. the Company’s conceptual development solution announced in November 2016;
- Savannah’s Competent Person, CGG Robertson, has reviewed the EPS plans and associated cost structure and has assessed these to be reasonable;
- 120 mapped exploration targets identified on Savannah’s acreage for future drilling consideration;
- Confirmation from the Ministry of Energy and Petroleum of Niger that the pre-feasibility study for a second export pipeline from Niger to the Benin coast has been completed, with the feasibility study planned to be completed by end 2018 with a view to first oil exports in 2021.

Amdigh-1 Well Test Plans

Following the Company’s discovery at the Amdigh-1 well, announced on 6 June 2018, Savannah’s Niger subsidiary (“Savannah Niger”) has elected to perform its first test on this well. It is intended that an electric submersible pump (“ESP”) will be installed downhole using a workover rig during the month of December 2018. The workover rig is expected to be hired from Great Wall Drilling Company Niger SARL (“GWDC”). Savannah Niger expects to rent the associated surface equipment required for the test.

Niger Early Production Scheme

As announced on 8 August 2018, Savannah Niger entered into a legally binding Memorandum of Understanding with the Republic of Niger (the “Niger MOU”) in relation to the implementation of a proposed EPS. It is envisaged that the EPS will be domestically focused, utilising crude oil resources associated with the Company’s recent discoveries in the R3 portion of the R3/R4 Production Sharing Contract area in the Agadem Rift Basin (“ARB”) of South East Niger. Under the terms of the Niger MOU, Savannah is required to submit a pre-feasibility study in relation to the EPS to the Republic of Niger by 6 November 2018, work around which has significantly progressed.

The EPS is currently anticipated to develop a recoverable resource base of 52 mmbbls, and is expected to be centred around the Amdigh oil field, over which the surface facilities are planned to be located. The facilities are intended to be linked to a simple gathering system to enable the proximal fields (e.g. Bushiya, Kunama and Eridal, as well as other potential future discoveries) to be tied into the EPS. The evacuation route for the EPS will see the produced crude oil transported c.120km to the Jaouro Export Station (the “JES”) which connects the c.463km Agadem-Zinder crude oil pipeline to the Société de Raffinage de Zinder (“SORAZ”) refinery. The crude oil sales point is assumed as being the SORAZ refinery gate.

The EPS is anticipated to be developed in two phases (“Phase 1” and “Phase 2”). Phase 1 is expected to see crude oil trucked from Amdigh to the JES, and is anticipated to deliver plateau production of c.1kbd from Q1 2019. Phase 2 foresees a pipeline being laid from Amdigh to the JES (the “Amdigh-

Jaouro Pipeline”) during 2019. The Amdigh-Jaouro Pipeline is expected to be ten inches in diameter with throughput capacity of up to 10kbd. This second phase development has been planned to see production ramp up to c.5kbd, and later in the life of the field assumes the use of water injection to increase recovery rates. Savannah is also evaluating the possibility of increasing trucked production in Phase 1 above 1kbd, however no firm decision has been made in relation to this at this stage.

Savannah currently estimates net capex to first oil to be less than US\$5m (for Phase 1 EPS), with total life of field operating and transportation costs estimated at c.US\$9.8/bbl and capex (including abandonment) of c.US\$3.5/bbl (note all numbers are stated in 2018 real terms). The external financing requirement for the field facilities is estimated US\$1.1/bbl. These are pre-feasibility level costs which are expected to be refined over the coming months as the Company moves to project approval later this year and represent a significant improvement in the cost structure which Savannah has previously presented when publishing the results of the November 2016 and July 2015 Conceptual Development Studies (“CDS”). As with the prior CDS, Savannah’s Competent Person, CGG Robertson, has reviewed the Company’s proposed EPS plans and associated cost structure and has assessed these to be reasonable at this stage. Savannah plans to provide a further update on the EPS following submission of its pre-feasibility study to the Republic of Niger.

Pre-Feasibility EPS Estimated Costs vs. Previous Conceptual Development Studies

		November 2018 EPS	November 2016 CDS	EPS vs. CDS 2	July 2015 CDS 1	EPS vs. CDS 1
External Financing Requirement	US\$/bbl	1.1	2.7	(60%)	5.5	(80%)
Life of Field Capex	US\$/bbl	3.5	5.6	(38%)	8.0	(56%)
Life of Field Opex & Transportation	US\$/bbl	9.8	13.2	(25%)	23.1	(57%)

Note: External financing requirement is defined as amount of capital expenditure incurred prior to the project becoming self-financing.

Savannah expects the external financing requirement associated with the EPS to be financeable from a combination of the Enlarged Group’s anticipated liquidity resources and/or a partnership with a third-party infrastructure finance fund.

Niger Exploration Update

To date, over 4,000 man days of technical work have been completed by the Company’s technical team on its Niger Production Sharing Contracts (“PSCs”). This work has involved the interpretation of significant seismic, Full Tensor Gradiometry and magnetic datasets, as well as rock physics and reservoir geology analyses, well analyses, basin modelling, core descriptions and biostratigraphy, fault seal modelling and the identification and evaluation of additional play types in the basin.

Savannah’s database now comprises c.30,000km 2D seismic, c.12,000km² 3D seismic, c.250 well data suites, c.36,950km FTG data and various proprietary and third-party studies and reports. The Company’s Competent Person, CGG Robertson (“CGG”) has assessed the Company’s gross best estimate risked recoverable prospective resources at 2,821 mmbbls, utilising its proprietary “yet to find” methodology.

The ARB now has 6 proven play types, with confirmed discoveries having been made in the Sokor Alternances, Upper Sokor, Madama, Upper Yogou, Lower Yogou and Donga Formations. The core play, however, remains the Eocene age Sokor Alternances play type in which 102 discoveries have been made, contributing to an aggregate well success rate in the basin of more than 85%.

The Eocene age Sokor Alternances play comprises reservoir-seal pairs deposited in a fluvio-lacustrine environment. Subsequent rifting has created numerous fault-controlled structural highs, which have proved extremely successful at trapping hydrocarbons. Good quality reservoir sands have been encountered by all the wells drilled to Sokor Alternances targets in the ARB.

Across Savannah's Niger PSCs, 120 potential drilling targets have now been identified. The majority of these are primarily targeting the Sokor Alternances, with additional prospectivity in the Upper Sokor and the Yogou, however Savannah has also identified four Yogou-only targets on the Dinga Ridge part of the R2 portion of the R1/R2 PSC Area.

The Upper Sokor and Yogou plays are under-explored in the ARB and provide significant up-side to the traditional Sokor Alternances play. The Cretaceous age Yogou play lies beneath the Sokor Alternances and has only been penetrated by a small fraction of the exploration wells drilled to date in the ARB. The Upper Yogou contains multiple reservoir-seal couplets, and these benefit from their proximity to the mature marine source rocks that reside within the Yogou Formation itself. The Eocene-age Upper Sokor Formation has not previously been deliberately targeted in the ARB as a primary objective, hence most of the wells drilled to date are not optimally located to test this play. The Upper Sokor is characterised by good quality reservoir and seal pairs similar to those found in the Sokor Alternances and was also deposited in a fluvio-lacustrine environment.

	Total number of Savannah drilling targets	Sokor Alternances leads & prospects	Upper Sokor leads & prospect	Yogou leads & prospects
R1	53	48	22	39
R2	4	0	0	4
R3	31	22	22	13
R4	32	20	0	18

Note: Plays are stacked in many cases and so the total number of drilling targets in each PSC area is not a simple sum of each play.

Savannah's forward drilling plans in the near-term are expected to see Savannah continue to focus on the Sokor Alternances as a primary target, with secondary targets of interest at this time being the Upper Sokor and the Yogou. R3 East is expected to remain an area of focus, particularly as the Company looks to put in place productive capacity for its planned EPS, as well as the R3 Central area.

Testing of the discoveries is of great importance to the success of the immediate EPS (Early Production System) and to the broader understanding of the development characteristics of the R3 area. During the flowing portion of the well test, Savannah will establish the likely production rates that can be achieved by each well. Oil and gas samples will also be collected, which will enable better definition of the operating parameters for the production and export facilities. During the shut-in period, interpretive analysis of the pressure data will provide an insight into the near-well subsurface reservoir characteristics that help predict longer-term well performance.

Export Project Update

Following the signature of an MOU between the Governments of the Republic of Niger and the Federal Republic of Nigeria on 24 July 2018 in relation to the export of crude oil from the ARB to Nigeria (the "Export Project"), Savannah is pleased to confirm that the Company has been appointed to the Project's Technical Committee (the "Committee"). Savannah's presence on the Committee is expected to enable the Company to contribute to the delivery of the Export Project, which complements Savannah's plans regarding implementation of an EPS.

Separately, the Ministry of Energy and Petroleum of Niger has confirmed to Savannah that the pre-feasibility study for a second export pipeline from Niger to the Benin coast has been completed, and the feasibility study is expected to be completed by end 2018, with a view to first oil exports in 2021. Under the terms of the R1/R2 and R3/R4 PSCs, as well as the Petroleum Code of Niger and its Implementing Decree, Savannah will be entitled to access this third-party infrastructure.

Andrew Knott, CEO of Savannah Petroleum, said:

"The development of our Niger business over the course of 2018 has been rapid. We have made four oil discoveries from four exploration wells, establishing a 100% success rate on our acreage, and have established clear pathways for their monetisation through both domestic and export sales. We also continue to benefit from a prospects and leads inventory which comprises some 120 targets over our acreage, providing us with material and repeatable low technical risk/low cost upside potential as we continue our exploration activities. Further, the Niger business also benefits from a strong gearing to the rising oil price. I look forward to providing future updates as we further advance the business."

Unless otherwise defined, capitalised terms are as per the Company's Admission Document dated 22 December 2017.

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The information contained within this announcement is considered to be inside information prior to its release, as defined in Article 7 of the Market Abuse Regulation No.596/2014, and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

Notes to Editors:

About Savannah Petroleum

Savannah Petroleum PLC is an AIM listed oil and gas company with exploration and production assets in Niger and Nigeria. Savannah's flagship assets include the R1/R2 and R3/R4 PSCs, which cover c.50% of the highly prospective Agadem Rift Basin ("ARB") of South East Niger, acquired in 2014/15. The Company is also in the process of acquiring interests in the cash flow generative Uquo and Stubb Creek oil and gas fields and a 20% interest in the Accugas midstream business in South East Nigeria from Seven Energy.

Further information on Savannah Petroleum PLC can be found on the Company's website: <http://www.savannah-petroleum.com/en/index.php>

About the Agadem Rift Basin

The Agadem Rift Basin is located in South East Niger and covers an area of approximately 30,000 km² in size located in South East Niger. In the modern era, China National Petroleum Corporation (“CNPC”) has made 97 discoveries from the last 127 exploration wells with the principal discovered geological play being a relatively shallow Eocene Sokor Alternances tilted fault light oil block play. The basin has been in production since 2011 following a first phase of development of the Agadem PSC area (which is adjacent to Savannah permit areas) by a CNPC-led joint venture. Despite the high success rate seen in the ARB to date, Savannah believes the basin to have been relatively lightly explored, both in terms of overall activity levels and stratigraphic horizons which have been targeted. Further exploration activity in the basin is aided by the very large geological dataset managed by the Niger’s Ministry of Energy & Petroleum which comprises c.12,000 km² of modern 3D seismic, c.30,000 km of 2D seismic and over 250 well data suites.

About Savannah’s ARB Project

Savannah’s Niger project consists of two PSC areas (R1/R2 and R3/R4) which together cover an area of 13,655 km². Across these permit areas, Savannah has mapped 126 un-drilled exploration prospects and leads.

Following an extensive period of geological data acquisition and evaluation, Savannah commenced a 3 firm well and 6 optional well drilling program with the spud of the Bushiya-1 well in March 2018. The initial focus of this program has been the R3 East area, with all four wells drilled to date by the Company (Bushiya-1, Amdigh-1, Kunama-1 and Eridal-1) having resulted in oil discoveries.

Map of the R3 East Area



