

27 September, 2016

**Savannah Petroleum PLC**  
(“Savannah” or the “Company”)  
**Half Year Results**

Savannah Petroleum PLC (“Savannah”), together with its subsidiaries (together the “Group”), today announces its unaudited interim results for the six month period ended 30 June 2016.

**First Half Summary**

- Framework contract signed with BGP Niger SARL for the provision of 2D and 3D land seismic acquisition services in respect of the R1/R2 and R3/R4 PSC Areas;
- H1 cash operating costs of US\$2.5m, in line with 2015 and reflecting the Company’s continued strong focus on financial discipline.

**Post Period Summary**

- US\$40m placing conducted in July 2016;
- c.800km<sup>2</sup> 3D seismic survey operations commenced over part of the Company’s R3 PSC Area, aimed at providing enhanced definition over 12 existing mapped exploration targets and the identification of new targets not currently mapped on existing 2D seismic dataset;
- Gross best estimate risked recoverable resources estimated by CGG Robertson (“CGG”) at 2,185 mmbbls, upgraded from their previous estimate of 1,191 mmbbls, principally driven by the addition of volumes from R3/R4 and from the Upper Sokor formation;
- 118 exploration targets now identified across the Savannah PSCs;
- Environmental authorisations received which enable Savannah to conduct seismic and drilling operations over the R3/R4 PSC Area for the duration of the license term.

**Outlook**

- R3 seismic acquisition expected to be complete early 2017, with processing to commence during acquisition to optimise timing;
- Exploration drilling anticipated to commence in H1 2017;
- Discussions with potential farm-in partners ongoing, any transaction expected to be announced prior to commencement of drilling activity;
- Capital markets event to be held in Niger in November 2016.

**Andrew Knott, CEO, said:**

*“Following our recent capital raise, Savannah is now funded for the next phase of seismic and drilling operations on our permit areas in Niger. We believe our forward work program is capable of delivering a material step change in value for our stakeholders, and ahead of this we look forward to welcoming our core stakeholders to Niger in November for our capital markets event, which we expect will provide a significant update on our business.”*

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## SAVANNAH PETROLEUM PLC

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016

	Note	6 months ended 30 June 2016 US\$'000 Unaudited	6 months ended 30 June 2015 US\$'000 Unaudited	Year ended 31 December 2015 US\$'000 Audited
Operating Expenses		(3,532)	(2,512)	(7,044)
<b>Operating loss</b>		<b>(3,532)</b>	<b>(2,512)</b>	<b>(7,044)</b>
Finance costs		(9)	(479)	(250)
Foreign exchange gain		8	-	-
<b>Loss before tax</b>		<b>(3,533)</b>	<b>(2,991)</b>	<b>(7,294)</b>
Income tax		(761)	-	(565)
<b>Net loss and total comprehensive loss</b>		<b>(4,294)</b>	<b>(2,991)</b>	<b>(7,859)</b>
<b>Total comprehensive loss attributable to:</b>				
Owners of the parent		(4,173)	(2,886)	(7,582)
Non-controlling interests		(121)	(105)	(277)
		<b>(4,294)</b>	<b>(2,991)</b>	<b>(7,859)</b>
Loss per share				
Basic and diluted (US\$)	4	(0.01)	(0.02)	(0.05)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 30 JUNE 2016**

		30 June 2016 US\$'000 Unaudited	30 June 2015 US\$'000 Unaudited	31 December 2015 US\$'000 Audited
	Note			
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment		681	780	734
Exploration and evaluation assets	3	82,148	47,633	80,529
<b>Total non-current assets</b>		<b>82,829</b>	<b>48,413</b>	<b>81,263</b>
<b>Current Assets</b>				
Other receivables and prepayments		3,411	794	410
Cash and cash equivalents		700	8,703	7,849
<b>Total current assets</b>		<b>4,111</b>	<b>9,497</b>	<b>8,259</b>
<b>Total Assets</b>		<b>86,940</b>	<b>57,910</b>	<b>89,522</b>
<b>Equity and Liabilities</b>				
<b>Capital and reserves</b>				
Share capital	5	321	224	321
Share premium	5	108,576	73,668	108,576
Capital contribution	5	458	458	458
Other reserve	5	-	(375)	-
Share based payment reserve	5	2,119	388	1,223
Accumulated deficit		(26,322)	(17,505)	(22,149)
Equity attributable to owners of the Group		85,152	56,858	88,429
Non-controlling interests		(471)	(178)	(350)
<b>Total equity</b>		<b>84,681</b>	<b>56,680</b>	<b>88,079</b>
<b>Current Liabilities</b>				
Trade and other payables		996	808	878
Corporation tax liability		1,263	422	565
<b>Total current liabilities</b>		<b>2,259</b>	<b>1,230</b>	<b>1,443</b>
<b>Total Equity and Liabilities</b>		<b>86,940</b>	<b>57,910</b>	<b>89,522</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016**

	6 months ended 30 June 2016 US\$'000 Unaudited	6 months ended 30 June 2015 US\$'000 Unaudited	Year ended 31 December 2015 US\$'000 Audited
<b>Cash flows from operating activities:</b>			
Loss for the period before tax	(3,533)	(2,991)	(7,294)
Depreciation and amortisation	54	42	97
Share option charge	896	327	1,162
Finance costs	9	-	84
Issue cost	-	-	(1,634)
Loss on disposal	-	-	6
Non-cash movement in provision	-	5	10
Operating cash flows before movements in working capital	(2,574)	(2,617)	(7,569)
(Increase) / decrease in other receivables and Prepayments	(3,001)	681	815
Increase / (decrease) in trade and other payables	55	(1,169)	(1,100)
<b>Net cash outflow from operations</b>	<b>(5,520)</b>	<b>(3,105)</b>	<b>(7,854)</b>
<b>Cash flows from investing activities:</b>			
Payments for property, plant and equipment	(1)	(319)	(344)
Proceeds from disposal of property, plant and equipment	-	-	11
Exploration and evaluation costs paid	(1,619)	(5,094)	(37,990)
<b>Net cash used in investing activities</b>	<b>(1,620)</b>	<b>(5,413)</b>	<b>(38,323)</b>
<b>Cash flows from financing activities:</b>			
Finance charges	(9)	-	(84)
Proceeds from issues of equity share, net of issue Cost	-	-	36,889
<b>Net cash provided by financing activities</b>	<b>(9)</b>	<b>-</b>	<b>36,805</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(7,149)</b>	<b>(8,518)</b>	<b>(9,372)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>7,849</b>	<b>17,221</b>	<b>17,221</b>
<b>Cash and cash equivalents at end of period</b>	<b>700</b>	<b>8,703</b>	<b>7,849</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
AS AT 30 JUNE 2016**

	Share Capital	Share Premium	Capital Contribution	Other Reserve	Share based Payment Reserve	Accumulated Deficit	Total	Non- Controlling Interest	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 31 December 2014 (Audited)</b>	<b>224</b>	<b>73,668</b>	<b>458</b>	<b>(375)</b>	<b>61</b>	<b>(14,619)</b>	<b>59,417</b>	<b>(73)</b>	<b>59,344</b>
Equity settled share based payment	-	-	-	-	327	-	327	-	327
Loss for the period and total comprehensive loss	-	-	-	-	-	(2,886)	(2,886)	(105)	(2,991)
<b>Balance at 30 June 2015 (Unaudited)</b>	<b>224</b>	<b>73,668</b>	<b>458</b>	<b>(375)</b>	<b>388</b>	<b>(17,505)</b>	<b>56,858</b>	<b>(178)</b>	<b>56,680</b>
Issue of ordinary shares to shareholders, net of issue costs	97	35,158	-	-	-	-	35,255	-	35,255
Equity settled share based payment	-	-	-	-	835	-	835	-	835
Loss for the period and total comprehensive loss	-	-	-	-	-	(4,696)	(4,696)	(172)	(4,868)
Reversal of provision and unpaid share capital	-	(250)	-	375	-	52	177	-	177
<b>Balance at 31 December 2015 (Audited)</b>	<b>321</b>	<b>108,576</b>	<b>458</b>	<b>-</b>	<b>1,223</b>	<b>(22,149)</b>	<b>88,429</b>	<b>(350)</b>	<b>88,079</b>
Equity settled share based payments	-	-	-	-	896	-	896	-	896
Loss for the period and total comprehensive loss	-	-	-	-	-	(4,173)	(4,173)	(121)	(4,294)
<b>Balance at 30 June 2016 (Unaudited)</b>	<b>321</b>	<b>108,576</b>	<b>458</b>	<b>-</b>	<b>2,119</b>	<b>(26,322)</b>	<b>85,152</b>	<b>(471)</b>	<b>84,681</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. General information

Savannah was incorporated in the United Kingdom on 3 July 2014. Savannah's principal activity is the management of its investment in Savannah Petroleum 1 Limited ("SP1"). SP1 was incorporated in Scotland on 3 July 2013. SP1's principal activity is the management of its investment in Savannah Petroleum 2 Limited ("SP2"), and the provision of services to other companies within the Group. SP2 has a 95% interest in Savannah Petroleum Niger R1/R2 S.A. ("Savannah Niger") whose principal activity is the exploration of hydrocarbons in the Republic of Niger.

## 2. Accounting policies

### *Basis of Preparation*

The condensed consolidated financial statements have been prepared using the same accounting policies that applied to the Group's latest annual audited financial statements. The provisions of IAS 34 'Interim Financial Reporting' have not been applied.

The condensed consolidated financial statements do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2015 Annual Report. The financial information for the six months ended 30 June 2016 does not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act 2006 and is unaudited.

The annual financial statements of Savannah Petroleum PLC are prepared in accordance with IFRSs as adopted by the European Union. The Independent Auditors' Report on that Annual Report and financial statements for 2015 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The Group's statutory financial statements for the period ended 31 December 2015 have been filed with the Registrar of Companies.

All amounts have been prepared in US dollars, this being the Group's functional currency and its presentational currency.

### *Going concern*

The Group closely monitors and manages its capital position and liquidity risk to ensure that it has sufficient funds to meet forecast cash requirements and satisfy the planned capital programme.

The majority of the Group's liabilities are trade and other payables. The Group has sufficient funds to meet its obligations in the short to medium term. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they adopt the going concern basis in preparing the condensed interim financial statements.

In July 2016 the Company raised US\$40 million (gross) from issuing new ordinary shares.

# UNAUDITED NOTES FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## Accounting policies (continued)

### *Intangible exploration and evaluation assets*

Intangible assets relate to Exploration, evaluation and development expenditure and are accounted for under the 'successful efforts' method of accounting per IFRS 6 'Exploration for an Evaluation of Mineral Resources'. The successful efforts method means that only costs which relate directly to the discovery and development of specific oil and gas reserves are capitalised. Exploration and evaluation costs are valued at cost less accumulated impairment losses and capitalised within intangible assets. Development expenditure on producing assets is accounted for in accordance with IAS 16, 'Property, plant and equipment'. Costs incurred prior to obtaining legal rights to explore are expensed immediately to the income statement.

### Segmental analysis

In the opinion of the directors, the Group is primarily organised into a single operating segment. This is consistent with the Group's internal reporting to the chief operating decision maker. Separate segmental disclosures have therefore not been included.

## 3. Exploration and evaluation assets

Exploration and Evaluation assets consist of acquisition costs relating to the acquisition of exploration licenses and other costs associated directly with the discovery and development of specific oil and gas reserves in the R1/R2 license area.

	<b>30 June 2016 Unaudited <i>US\$'000</i></b>	<b>30 June 2015 Unaudited <i>US\$'000</i></b>	<b>31 December 2015 Audited <i>US\$'000</i></b>
Exploration and evaluation assets	82,148	47,633	80,529

The amounts for Exploration and Evaluation assets represent active exploration projects. These will ultimately be written off to the statement of comprehensive income as exploration costs if commercial reserves are not established, but are carried forward in the statement of financial position whilst the determination process is ongoing. There are no indications of impairment having regard to the indicators in IFRS 6.

Exploration and evaluation costs of US\$1,619,000 incurred in the period to 30 June 2016 relate mainly to geological and geophysical studies as well as other data analysis in relation to the R1/R2 and R3/R4 licences.



# UNAUDITED NOTES FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4. Loss per share

Basic loss per share amounts are calculated by dividing the loss for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per share amounts are calculated by dividing the loss for the periods attributable to ordinary holders by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of shares that would be issued on the conversion of dilutive potential ordinary shares into ordinary shares. The effect of share options is anti-dilutive, and is therefore excluded from the calculation of diluted loss per share.

Details of share capital movements are given in note 5.

	<b>30 June 2016 Unaudited US\$'000</b>	<b>30 June 2015 Unaudited US\$'000</b>	<b>31 December 2015 Audited US\$'000</b>
Net loss attributable to owners of the parent	4,173	2,886	7,582
	<b>Number of shares</b>	<b>Number of shares</b>	<b>Number of shares</b>
Basic and diluted weighted average number of shares	274,621,447	131,337,172	160,878,154
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Basic and diluted loss per share	0.01	0.02	0.05

# UNAUDITED NOTES FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 5. Share capital

	30 June 2016 Unaudited	30 June 2015 Unaudited	31 December 2015 Audited
Fully paid ordinary Shares in issue (number)	193,341,447	131,337,172	193,341,447
Par value per share in GBP	0.001	0.001	0.001

	Number of Shares	Share Capital <i>US\$'000</i>	Share Premium <i>US\$'000</i>	Total <i>US\$'000</i>
At 30 June 2015 (Unaudited)	131,337,172	224	73,668	73,892
Share issued	62,004,275	97	34,908	35,005
At 31 December 2015 (Audited) and 30 June 2016 (Unaudited)	193,341,447	321	108,576	108,897

On 3 July 2014, 10 ordinary shares of £0.01 were issued.

On 22 July 2014, 49,999,991 ordinary shares of £0.001 were issued.

On 1 August 2014, 25,497,236 ordinary shares of £0.001 were issued as part of a debt to equity conversion.

On 1 August 2014, 55,839,935 ordinary shares of £0.001 were issued as part of the AIM listing.

The total aggregate increase in the share premium reserve regarding the share issues was US\$73,668,000 after deducting US\$3,770,000 in expenses.

In July 2015, 61,690,000 ordinary shares of £0.001 were issued as part of an equity fund raising.

In July 2015, 314,275 ordinary shares of £0.001 were issued as part of an employee remuneration award.

# UNAUDITED NOTES FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## Share capital (continued)

### *Other capital reserves*

	Capital contribution	Other reserve	Share based payment reserve	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
At 30 June 2015 (Unaudited)	458	(375)	388	471
Group structuring	-	375	-	375
Share based payments expense during the year	-	-	835	835
At 31 December 2015 (Audited)	458	-	1,223	1,681
Share based payments expense during the period	-	-	896	896
At 30 June 2016 (Unaudited)	458	-	2,119	2,577

### *Nature and purpose of reserves*

#### *Capital contribution reserve*

On 1 August 2014 a capital contribution of US\$458,000 was made by shareholders of the Group as part of the loan note conversion.

#### *Share based payment reserve*

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

## 6. Capital commitments

At the reporting date the Group had capital commitments of US\$2.5 million at signing of the seismic acquisition contract which was paid as at balance sheet date. (30 June 2015: US\$ nil, 31 December 2015: US\$ nil)

# UNAUDITED NOTES FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 7. Related parties

The related party transactions for the interim and prior period are as follows:

	Outstanding US\$'000	Management services US\$'000
<hr/>		
Lothian Oil & Gas Partners LLP:		
At 30 June 2016	24	180
At 30 June 2015	31	182
At 31 December 2015	-	441

Andrew Knott is a member of Lothian Oil & Gas Partners LLP ("LOGP") and the Chief Executive Officer of Savannah Petroleum PLC. As discussed on Page 57 of the Company's AIM Admission Document of 1 August 2014, LOGP incurred costs of US\$2,002,000 relating to the Group's activities prior to Admission to AIM. US\$500,000 of these costs was recharged to the Company on Admission. In addition, post-Admission, LOGP has continued to provide services to Savannah pursuant to a contract entered into on 28 July 2014, to enable Savannah to continue to benefit from the professional services of individuals affiliated to LOGP on an as required basis. Since the Company entered into this agreement with LOGP, Andrew Knott has not received remuneration from LOGP and is not expected to going forward.

## 8. Subsequent events

In July 2016 the Company raised US\$40 million (gross) from issuing 81,280,000 new ordinary shares.

## **INDEPENDENT REVIEW REPORT TO SAVANNAH PETROLEUM PLC**

### **Introduction**

We have been engaged by the company to review the financial information in the half-yearly financial report for the six months ended 30 June 2016 which comprises the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Cash Flows and the Condensed Consolidated Statement of Changes in Equity. We have read the other information contained in the half yearly financial report which comprises only the Notes to the Condensed Consolidated Interim Financial Statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusion we have formed.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the financial information in the half-yearly financial report are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 2 the annual financial statements of the Savannah Petroleum PLC are prepared in accordance with IFRSs as adopted by the European Union. The financial information in the half-yearly financial report has been prepared in accordance with the basis of preparation in Note 2.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the financial information in the half-yearly financial report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

GRANT THORNTON UK LLP  
AUDITOR

Glasgow

26 September 2016