

11 December 2019

**Savannah Petroleum PLC**  
("Savannah" or "the Company")

**Publication of Nigerian CPR and Nigeria Operational and Trading Update**

Savannah Petroleum PLC, the British independent oil & gas company focused around activities in Nigeria and Niger, is pleased to announce the publication of a Competent Person's Report ("CPR") covering the Uquo and Stubb Creek fields as well as the Accugas midstream business (together the "Nigerian Assets") recently acquired from Seven Energy, along with an operational and trading update covering the Nigerian Assets.

**Key Highlights**

- Confirmation by CGG Services (UK) Ltd ("CGG"), the author of the CPR, of previously announced Nigerian Assets' 2P reserves and 2C resources (subject to an adjustment for produced volumes), with gross and net 2P reserves of 99.6 mmbob and 71.0 mmbob respectively, and gross and net 2C resources position of 98.0 mmbob and 58.6 mmbob respectively;
- Nigerian Assets gross NPV10, on a maintenance adjusted take-or-pay basis, of US\$1.2bn assessed by CGG (NPV10 net to Savannah of US\$957m);
- Net asset-level free cash flow generation, on a maintenance adjusted take-or-pay basis, by the Nigerian Assets assessed by CGG as an average of c.US\$130m p.a. (2020 – 2023);
- Gross 2019 year-to-date production from the Nigerian Assets of 17.3 kboepd (+33% year-on-year);
- 2019 guidance for cash collections from the Nigerian Assets of c. US\$190m, leading to a US\$40m reduction (2019 vs. 2018) in total third-party debt outstanding at the Nigerian Assets and a forecast YE'19 cash position within the Nigerian Assets of a minimum of US\$15m; and
- Forecast 2020 capital expenditure at the Nigerian Assets of c.\$41.5m.

**Andrew Knott, CEO of Savannah Petroleum, said:**

*"I am pleased to provide this morning's update, which demonstrates the high quality and robust performance of our Nigerian Assets. I am also happy to report that we have seen a reduction in production costs at the Nigerian Assets of c.18% over the 2016-19 period. We continue to view these assets as a strong platform from which we will deliver further growth. In this regard, we continue to make good progress in relation to the supply of gas to potential new customers, and are investing in additional well stock to ensure anticipated future production levels are capable of being met. I look forward to providing further updates on this in the near-term."*

**CPR Summary<sup>1</sup>**

The Nigerian CPR has been issued by CGG and is available to download on the Company's website (<https://www.savannah-petroleum.com/en/key-documents>).

A summary of the gross reserves and contingent resources associated with the Uquo and Stubb Creek fields in South East Nigeria, in accordance with the 2018 Petroleum Resource Management System ("PRMS") is set out in the table below, along with a comparison vs. the Company's 21 December 2017 CPR.

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<sup>1</sup> Net interests in the CPR represent Savannah's net interests in the Nigerian Assets following completion of the Seven Energy Transaction and associated Frontier Transaction, as defined in previous announcements.

Summary of Nigeria Gross Reserves and Contingent Resources

|                                   | Gross 2P Reserves |               |             | Gross 2C Resources |             |
|-----------------------------------|-------------------|---------------|-------------|--------------------|-------------|
|                                   | Dec 2017          | Production*   | Dec 2019    | Dec 2017           | Dec 2019    |
| <b>Oil &amp; Liquids (mmbbls)</b> |                   |               |             |                    |             |
| Stubb Creek                       | 17.1              | (1.7)         | 15.4        | -                  | -           |
| Uquo Condensate                   | 0.7               | (0.1)         | 0.7         | -                  | -           |
| <b>Gas (bscf)</b>                 |                   |               |             |                    |             |
| Uquo                              | 565.0             | (56)          | 500.9**     | 72.5               | 72.5        |
| Stubb Creek                       | -                 | -             | -           | 515.3              | 515.3       |
| <b>Total (mmboe)</b>              | <b>112.0</b>      | <b>(11.1)</b> | <b>99.6</b> | <b>98.0</b>        | <b>98.0</b> |

\* Production numbers are for the period between 1 November 2017 and 31 October 2019.

\*\* Includes an economic cut-off which was not applied in the Company's December 2017 CPR.

A summary of the net present values ("NPVs") of future cash flows derived from the exploitation of the certified reserves, as well as from the Accugas midstream business, is set out in the table below. Key assumptions used in the analysis below include Brent futures oil price (inflated at 2% p.a. from 2027)<sup>2</sup>, contracted gas prices and a discount date of 1<sup>st</sup> November 2019. The NPVs are shown on a "take or pay" basis, i.e. based on the amount of gas that Accugas' customers are obliged to purchase, take and pay for (or pay for if not taken).

A summary of the expected gross asset-level free cash flows from the Uquo and Stubb Creek fields as well as from Accugas is also presented in the table below, based on the same assumptions as the NPV analysis discussed above.

<sup>2</sup> Futures price of US\$59.3/bbl 2020, US\$57.4/bbl 2021, US\$56.9/bbl 2022, US\$57.1/bbl 2023, US\$57.7/bbl 2024, US\$58.2/bbl 2025, US\$58.9/bbl 2026.

Nigerian Assets Gross 2P NPV10<sup>2</sup>

| <b>Asset</b> | <b>December 2018<br/>US\$m</b> | <b>December 2019<br/>US\$m</b> | <b>Change (Dec. '19 vs.<br/>Dec. 18) US\$m</b> |
|--------------|--------------------------------|--------------------------------|--|
| Accugas      | 818.5                          | 840.9                          | 22.4   |
| Uquo         | 315.9                          | 284.6                          | (31.3)   |
| Stubb Creek* | 69.1                           | 56.7                           | (12.4)   |
| <b>Total</b> | <b>1,203.5</b>                 | <b>1,182.2</b>                 | <b>(21.3)</b>                                  |

\* Note that Stubb Creek NPV10 does not include value for contingent gas resources at the field.

Key differences in the December 2019 CPR NPV10 values vs. those set out in the Company's 21 December 2018 RNS include, *inter alia*, the change in oil price assumptions and the deferral of Stubb Creek debottlenecking plans from 2020 to 2021.

Summary of Expected Net Asset Free Cash Flows from Nigerian Assets<sup>2</sup>

| <b>Year</b>    | <b>US\$m</b> |
|----------------|--------------|
| 2020           | 104.2        |
| 2021           | 128.1        |
| 2022           | 141.3        |
| 2023           | 141.3        |
| <b>Average</b> | <b>128.7</b> |

**Production Update**

Average gross daily production from the Nigerian Assets for the 2019 year to date period is shown in the table below. Gas from the Uquo field is sold via Accugas to three principal customers through gas sales agreements ("GSAs"), with maintenance adjusted gross take-or-pay volumes under the GSAs set at 141 mmscfd (23.5 kboepd) in 2019.

Oil and condensate production from the Uquo and Stubb Creek fields is transported to ExxonMobil's Qua Iboe oil export terminal and is sold under a crude offtake agreement with MPN (a subsidiary of ExxonMobil).

<sup>2</sup> NPVs shown on "take or pay" basis, i.e. based on the amount of gas that Accugas' customers are obliged to purchase, take and pay for (or pay for if not taken).

### 2018 & 2019 YTD Nigeria Gross Production

|                                   | <b>Stubb Creek Oil<br/>(kbopd)</b> | <b>Uquo<br/>Condensate<br/>(blpd)</b> | <b>Uquo Gas<br/>(mmscfd)</b> | <b>Total (kboepd)</b> |
|-----------------------------------|------------------------------------|---------------------------------------|------------------------------|-----------------------|
| <b>2018</b>                       | 2.3                                | 105                                   | 63.8                         | 13.0                  |
| <b>January –<br/>October 2019</b> | 2.5                                | 135                                   | 87.8                         | 17.3                  |
| <b>% Increase</b>                 | <b>7%</b>                          | <b>22%</b>                            | <b>38%</b>                   | <b>33%</b>            |

Nigeria production levels are largely driven by customer nomination levels, while cash collections are largely driven by contractual maintenance adjusted take-or-pay provisions which in 2019 amount to 129 mmscfd. Production is anticipated to increase significantly in 1H 2020 after the addition of the Alaoji power station as a new Accugas customer (following completion of the relevant technical and commercial workstreams). Accugas also expects to be able to announce additional new customers over the course of the coming months.

#### **2020 Forward Plans**

As part of the ongoing gas field development plan at Uquo, in 2020 Savannah plans to drill and complete a gas production well, recompleat an oil well as a gas producer and to work over one of the current gas production wells at an estimated cost of US\$34.5m. The well operations are expected to commence in H1 2020 and in addition c. US\$7m is intended to be invested by Accugas for continued facility upgrades.

#### **Financial Update**

Cash collections at the Nigerian Assets in 2019 are expected to be c.US\$190m<sup>3</sup>, with cash generated by these assets having been directed to funding operating and maintenance costs and debt service.

Production costs over the 2016-2019 period have decreased by a total of c.18%. An asset integrity investment programme was also undertaken at the Nigerian Assets in 2019, focusing on the Uquo and Accugas facilities, in order to ensure that high-level operational delivery can continue. This investment programme is expected to continue into 2020.

At year-end 2019, the Company expects a reduction in total leverage at the Nigerian Assets of US\$40m with cash within Savannah's Nigerian Asset holding subsidiaries of US\$15m.

Total expected third-party debt outstanding at the Nigerian Assets as at year end 2019 is summarised in the table below.

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<sup>3</sup> In accordance with applicable accounting standards, Savannah will report revenues on both the income statement (in relation to delivered gas volumes) and on the balance sheet (as deferred revenue, in relation to the difference between delivered gas volumes and take-or-pay volumes).

| <b>Debt Outstanding, US\$m</b> | <b>Gross</b> | <b>Net Savannah Interest</b> |
|--------------------------------|--------------|------------------------------|
| SUGL (Uquo) <sup>4</sup>       | 109.3        | 87.4                         |
| UERL (Stubb Creek)             | -            | -                            |
| Accugas <sup>5</sup>           | 402.1        | 321.7                        |
| <b>Total</b>                   | <b>511.4</b> | <b>409.1</b>                 |

Christophe Ribeiro, Savannah's VP Technical, has approved the technical disclosure in this regulatory announcement in his capacity as a qualified person under the AIM Rules.

Mr Ribeiro is a qualified geoscientist with 20 years' experience in the oil and gas industry. He holds a MSc in Geophysics from the Institut de Physique du Globe de Paris and a PhD in Reservoir Geophysics from Heriot-Watt University. Mr Ribeiro is a member of the European Association of Geoscientists and Engineers (EAGE) and Petroleum Exploration Society of Great Britain (PESGB).

**For further information contact:**

**Savannah Petroleum** +44 (0) 20 3817 9844  
Andrew Knott, CEO  
Isatou Semega-Janneh, CFO  
Jessica Ross, VP Corporate Affairs

**Strand Hanson (Nominated Adviser)** +44 (0) 20 7409 3494  
Rory Murphy  
James Spinney  
Ritchie Balmer

**Mirabaud (Joint Broker)** +44 (0) 20 7878 3362  
Peter Krens  
Ed Haig-Thomas

**Numis Securities (Joint Broker)** +44 (0) 20 7260 1000  
John Prior  
Emily Morris  
Alamgir Ahmed

**Jefferies International Limited (Joint Broker)** +44 (0) 20 7029 8000  
Tony White  
Will Soutar

**Celicourt Communications** +44 (0) 20 8434 2754  
Mark Antelme  
Jimmy Lea  
Ollie Mills

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.

<sup>4</sup> Includes the SUGL 10.50% Notes and the Working Capital Facility which was previously at the Accugas level.

<sup>5</sup> Includes the Accugas IV Term Facility, the DSA Facility, the Promissory Note and the SSN Notes.

**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) and acquired interests in the cash flow generative Uquo and Stubb Creek oil and gas fields and the Accugas midstream gas business in South East Nigeria.

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