21 December 2018

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

Update on Seven Energy Transaction and Niger Operations
Acquisition of controlling interest in Accugas, sale of 25% of SUGL for US$70m, agreement with Accugas Lenders and other creditors

Savannah Petroleum PLC, the British independent oil and gas company focused around oil and gas activities in Niger and Nigeria, is pleased to announce an update on the Seven Energy Transaction (the "Transaction") alongside an update on the Company's operations in Niger.

Highlights

- Acquisition of additional 55% interest in Accugas Limited ("Accugas"), resulting in the Enlarged Group owning a 75% interest and further consolidating control over the gas value chain in South East Nigeria;
- Signature of MOU with a vehicle managed by African Infrastructure Investment Managers Limited for the sale of a 25% interest in each of Seven Uquo Gas Limited ("SUGL") and Accugas for consideration of US$70m, broadening the existing partnership with AIIM and providing significant additional liquidity to the Enlarged Group;
- Enhancement of acquired assets' NPV10 by 35%, and of the associated forecast cash flows by an average of 58% over the 2019 – 2022 period, as reviewed by Savannah's Competent Person;
- Term sheets agreed with lenders to Accugas (the "Accugas Lenders") and the holder of the 10.50% Notes in relation to the revised Transaction structure;
- Proposed acquisition of the Creek Town to Calabar pipeline, expected to grant control of gas delivery from Uquo until transfer point at the Calabar power station;
- Addition of significant new customer, the Alaoji power station, to Accugas; and
- Implementation Agreement incorporating changes announced in this RNS expected to be signed by the end of January 2019, with the wider Transaction expected to complete during Q1 2019.

Following (i) this morning's announcement; (ii) the Company's RNS of 11 October 2018 in relation to the Nigerian Department of Petroleum Resources' completion of due diligence (and satisfaction with) the Transaction; and (iii), the Company's RNS of 20 September 2018 in relation to the Frontier MOU and the UERL Minorities Buy-Out, all commercial terms in relation to Transaction conditions precedent have now been agreed. Remaining workstreams are now mainly legal and procedural in nature.

A selection of slides summarising this morning's announcement, along with a voiceover from Savannah Petroleum's CEO, Andrew Knott, is available for review on the Company's website at https://www.savannah-petroleum.com/en/videos.

Andrew Knott, CEO of Savannah Petroleum, said:

"We are delighted to announce the amendments to our Seven Energy Transaction this morning. In aggregate, they grant control of Accugas to Savannah, are demonstrably NPV and cashflow accretive, release significant cash to the Company and significantly increase the upside exposure of our South East Nigerian gas business to rising gas volumes and prices.

The planned addition of the Alaoji power station as a new customer to the Accugas business (alongside other new customer discussions which are ongoing) diversifies our near-term customer mix while also serving as the start of the roadmap we are seeking to establish to enable a third train to be built at the Accugas Central Processing Facility.

I would like to take the time to thank the Seven Energy creditor group, AIIM, and our shareholders for their continued support which has enabled us to progress this transformational acquisition. I would also like to thank both the Savannah and Seven Energy teams for their tireless work this year. We look *forward with excitement to 2019 as we seek to consolidate and grow the South East Nigerian gas business and further develop and explore our high-value acreage in Niger."*

Sola Lawson, Investment Director West Africa, African Infrastructure Investment Managers, said:

"AIIM is pleased to partner with Savannah in this new Transaction structure which aligns our two companies' interests in the acquisition. We see great potential in the growth of the domestic natural gas market in Nigeria, and believe this Transaction is a unique and exciting opportunity."

Further Information on the Transaction

Acquisition of Additional 55% Interest in Accugas Limited ("Accugas") and Sale of a 25% Interest in Seven Uquo Gas Limited ("Uquo")

Savannah is pleased to announce the signature of a Memorandum of Understanding ("MOU") with African Infrastructure Investment Fund 3 GP Proprietary Limited, a vehicle managed by African Infrastructure Investment Managers Limited (together, "AIIM") in relation to the acquisition by AIIM of a 25% shareholding interest in each of SUGL and Accugas (the "Investments") for an aggregate cash consideration of US$70m. The Investments are intended to complete immediately following completion of the wider Seven Energy Transaction.

Alongside this, Savannah announces its intention to acquire an additional 55% shareholding interest in Accugas under the terms of the Implementation Agreement, meaning post-completion of the wider Seven Energy Transaction and Investments by AIIM, the Enlarged Group shall be expected to have a 75% shareholding interest in Accugas. This marks a revision from the previously announced Transaction terms, where AIIM was intending to acquire 80% of the Accugas business with Savannah owning the remaining 20%.

The key terms of the MOU with AIIM are as follows:

- Initial acquisition by AIIM of a 20% shareholding interest in each of the Uquo gas field and Accugas (the "Businesses"), through a subscription for shares in the Savannah group companies that will hold the Businesses, in return for cash consideration of US$54m (without any adjustments) payable by AIIM to Savannah group companies;
- Further acquisition by AIIM of an additional 5% (less one share) shareholding interest in the Businesses in return for additional cash consideration of US$16m, subject to AIIM's requisite corporate approvals; and
- The Investments are conditional upon: (i) completion of the wider Seven Energy Transaction; and (ii) completion of the previously announced proposed transaction with Frontier Oil Limited.

The Investments, along with the previously announced Frontier MOU and UERL Minorities Buy-Out (as per the Company's RNS of 20 September 2018), are expected to be materially accretive to the NPV10 of the acquired assets as well as to Savannah's share of free cash flows generated by the acquired assets.

Summary of Interests Being Acquired by Savannah Following Transaction Amendments[1]

	December 2017	**December 2018**	**Comment**
Uquo Gas & Condensate	87.7%	75.0%	Amended per Frontier MOU and subsequent acquisition by AIIM
Uquo Oil	85.0%	-	Amended per Frontier MOU
UERL (Stubb Creek)	62.5%	100.0%	Buy-out of UERL minorities
Accugas	20.0%	75.0%	Acquisition of further 55%

[1] Note that December 2017 Uquo interests reflect revenue interests, vs. December 2018 Uquo interests which reflect expected working interests. UERL and Accugas are shareholding interests.

Acquired Assets 2P NPV10 Net to Savannah[2]

US$m	December 2017 CPR (DCQ)	December 2018 (DCQ)	*% Change (DCQ, 2018 vs. 2017)*	December 2018 (ToP)
NPV10	757	1,023	*+35%*	920

Summary of Expected Net Asset Free Cash Flows from Acquired Assets[2,3]

US$m	December 2017 CPR (DCQ)	December 2018 (DCQ)	*% Change (DCQ, 2018 vs. 2017)*	December 2018 (ToP)
2019	78.5	115.3	*+47%*	103.7
2020	97.7	153.5	*+57%*	120.0
2021	102.7	164.2	*+60%*	131.3
2022	102.7	172.6	*+68%*	138.3
Average	***95.4***	***151.4***	***+58%***	***123.3***

Key assumptions used in the analysis above include an oil price of US$60/bbl (inflated at 2% p.a. from 2019), contracted gas prices and a discount date of 1 January 2019. The December 2017 numbers are sourced from the Nigeria CPR prepared by Lloyd's Register which was contained in the Company's Admission Document dated 22 December 2017. It should be noted that the numbers are asset level and do not reflect the impact of any tax shield from interest payments.

The Company's Competent Person, CGG Services (UK) Ltd ("CGG"), has performed a high-level review of Savannah's free cash flow and NPV10 estimates and has assessed these to be reasonable. CGG deems these estimates to be reasonable, assuming (i) the quoted gas sales cases; and (ii) delivery of the Company's planned work programs and efficiency savings.

Agreement of Restructuring Terms with Accugas Lenders

Savannah is pleased to announce the signature of term sheets between Accugas (the "Borrower") and the Accugas Lenders under the existing US$370,755,000 Accugas IV Term Facility (the "Accugas Term Sheet") and the lender under the US$11,300,000 DSA Facility. The Accugas Term Sheet has received credit committee approval from the Accugas Lenders and remains subject to the finalisation of long-form finance and security documentation, expected to be completed by the end of January 2019.

The amended terms of the Accugas facility (the "Facility") see a six-year tenor extension and a cost of debt in line with the Facility prior to the restructuring. The key terms of the anticipated restructured Facility as envisaged in the Accugas Term Sheet are as follows:

- Interest rate of USD LIBOR plus 10% up to 31 December 2019 and USD LIBOR plus 10.43% thereafter, payable quarterly;
- Final maturity date 31 December 2025;
- Amortisation payments due semi-annually under the Facility (on 30 June and 31 December each year) through to final maturity as per a pre-agreed schedule, with the first payment due on 31 December 2019;
- Annual cash sweep to be applied against principal, commencing 30 June 2019, which would reduce Accugas' cash on balance sheet to not less than the higher of (i) US$15m, and (ii) such amount as is necessary to maintain at least US$15m forecast cash on the balance sheet for working capital purposes over the 12 months following such cash sweep;

[2] Note that DCQ represents "Daily Contract Quantity", e.g. the contracted gas volumes which can be nominated under Accugas' Gas Sales Agreements ("GSAs"). ToP represents "Take or Pay", e.g. the amount of gas that the buyer is obliged to purchase, take and pay for (or pay for if not taken).

[3] Net asset free cash flows are defined as Savannah's economic share of post-tax operating cash flows less capital expenditures.

- Upstream gas price (for gas supplied by SUGL to Accugas) of US$1.25/mcf in 2019, US$1.31/mcf in 2020, US$1.37/mcf in 2021, all escalating in line with downstream contracts;
- Facility secured over Accugas assets and shares, non-recourse to Savannah Petroleum PLC;
- Two-year effective financial covenant moratorium.

Agreement of Restructuring Terms in relation to the 10.50% Notes

Savannah has amended its agreement with the holder of the existing 10.50% Notes in relation to the restructuring thereof. The 10.50% Notes are now anticipated to be reinstated at the SUGL level with a principal amount of US$105m (the "SUGL Notes"), vs. the previously proposed reinstatement of US$85m debt at the SUGL level and of US$15m debt at the Accugas HoldCo level.

The SUGL Notes are intended to have a final maturity date of 31 December 2026 and to amortise US$9m p.a. All other material terms are expected to be as per the disclosure in relation to the SUGL Notes included in the Company's 22 December 2017 Admission Document.

Addition of New Accugas Customer and Acquisition of Creek Town – Calabar Pipeline

Savannah is pleased to announce that Accugas has entered into an agreement with Calabar Generation Company Limited and Niger Delta Power Holding Company Limited ("NDPHC") in relation to the supply of gas to the Alaoji power station and the proposed acquisition of the Creek Town to Calabar pipeline and associated facilities.

The Alaoji power station ("Alaoji"), like the Calabar power station, is owned and operated by NDPHC. Alaoji is a 450MW gas fired power station which is connected to the Accugas pipeline network via the Ukanafun Manifold and NGC/Shell gas pipelines. Potential gas demand from these two NDPHC power stations at full dispatch is currently estimated to be 225 – 270 mmscfd (vs. current Calabar DCQ volumes of 131 mmscfd), presenting Accugas with significant long-term gas sales growth potential. In recompense for the addition of Alaoji, Accugas has agreed to reduce the 2019 take-or-pay quantity under the Calabar GSA to 70% (from 80%) of contracted volumes, reverting to 80% in 2020. This change is not expected to impact 2019 production volumes, but will enable NDPHC to access its make-up gas[4] position in an accelerated manner.

The agreement envisages Alaoji initially receiving up to 25 mmscfd gas, with deliveries expected to increase to up to 50 mmscfd by 31 March 2019 subject to the completion of certain operational tests. It should be noted that, under a previous gas sales agreement, Accugas supplied Alaoji with gas during 2015 and 2016 at average rates of approximately 30 mmscfd.

Accugas has also agreed to acquire the Creek Town – Calabar pipeline (subject to the approval by the Nigerian Electricity Regulatory Commission of an appropriate gas transportation tariff) for a net consideration of US$20m, to be paid in 20 equal quarterly instalments with the first being due on 30 September 2019. The proposed acquisition is expected to grant the Enlarged Group control over the delivery of gas to Calabar, Accugas' anchor customer, and ensure that any operational issues are identifiable and within the Enlarged Group's control.

Next Steps and Wider Transaction Timing

Following (i) this morning's announcement; (ii) the Company's RNS of 11 October 2018 in relation to the Nigerian Department of Petroleum Resources' completion of due diligence (and satisfaction with) the Transaction; and (iii) the Company's RNS of 20 September 2018 in relation to the Frontier MOU and the UERL Minorities Buy-Out, all commercial terms in relation to Transaction conditions precedent have now been agreed. Remaining workstreams are now mainly legal and procedural in nature.

[4] Make-up gas is gas that has been paid for but not taken by a buyer under a GSA, and which may be drawn down by the buyer in a later month (subject to certain minimum volumes having been delivered).

The Implementation Agreement is being updated to incorporate the changes to the Transaction structure announced this morning, and is expected to be signed by the end of January 2019. The wider Transaction, including Ministerial Consent, is expected to complete in the first quarter of 2019. This will be followed in due course by the publication of a supplemental admission document.

Niger Operational Update

The Company's planned Amdigh-1 well test is now expected to be performed in mid-H1 2019, with production from Savannah's planned Early Production System ("EPS") and a renewed exploration and development drilling campaign commencing thereafter.

The previously announced Pre-Stack Depth Migration ("PSDM") R3 East seismic processing project is ongoing, with encouraging early results. The PSDM is expected to be completed during Q1 2019, and is anticipated to assist in planning development wells for the planned EPS. Further updates on the Company's planned 2019 Niger operations will be given in due course.

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 in the process of acquiring interests in the cash flow generative Uquo and Stubb Creek oil and gas fields and an 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 Seven Assets

The Seven Assets comprise Seven Energy's interests in the producing Uquo and Stubb Creek oil and gas fields, the Accugas midstream business. Both the Uquo and Stubb Creek fields are located onshore South East Nigeria in the prolific Niger Delta petroleum system.

About Accugas

Accugas focuses on the marketing, processing, distribution and sale of gas to the Nigerian market. The business comprises the 200 mmscfd Uquo central processing facility ("Uquo CPF"), a c.260km pipeline network and long-term gas sales agreements with downstream customers. Accugas provides the route to market for the gas produced at Uquo and currently supplies gas to power station customers that comprise around 10 per cent. of Nigeria's available power generation capacity.

The Uquo CPF consists of two gas processing trains, each designed to process up to 100 mmscfd. One train has been tested at 120 mmscfd, and it is expected that, with limited optimisation, that the Uquo CPF could operate at up to 240 mmscfd on a continuous basis. There also exists at least 300 mmscfd spare capacity in Accugas' pipeline network. As the principal gas processing and transportation network in the region, and given the material additional spare capacity available in the Uquo CPF and the pipeline network, Accugas is well placed to benefit from increased future demand for gas in South East Nigeria.

Summary of Accugas Gas Sales Agreements ("GSAs")

	Calabar	**Unicem**	**Ibom Power**
Description	Nigerian Federal Power Plant	Lafarge Cement Plant	Akwa Ibom State Power Plant
Term (Remaining)	20 years (18)	20 years (13)	10 years (5)
Start Date	September 2017	January 2012	January 2014
Daily Contract Quantity	131 mmscfd	38.7 mmscfd	19.7 mmscfd
Take-or-Pay	80%	80%	80%
Gas Price	US$3.29/mcf for the first year (price escalation applies)	US$5.00/mcf	US$2.15/mcf (price escalation applies)

Note: DCQ and gas price defined in energy terms and have been converted to volume in this table.

About AIIM

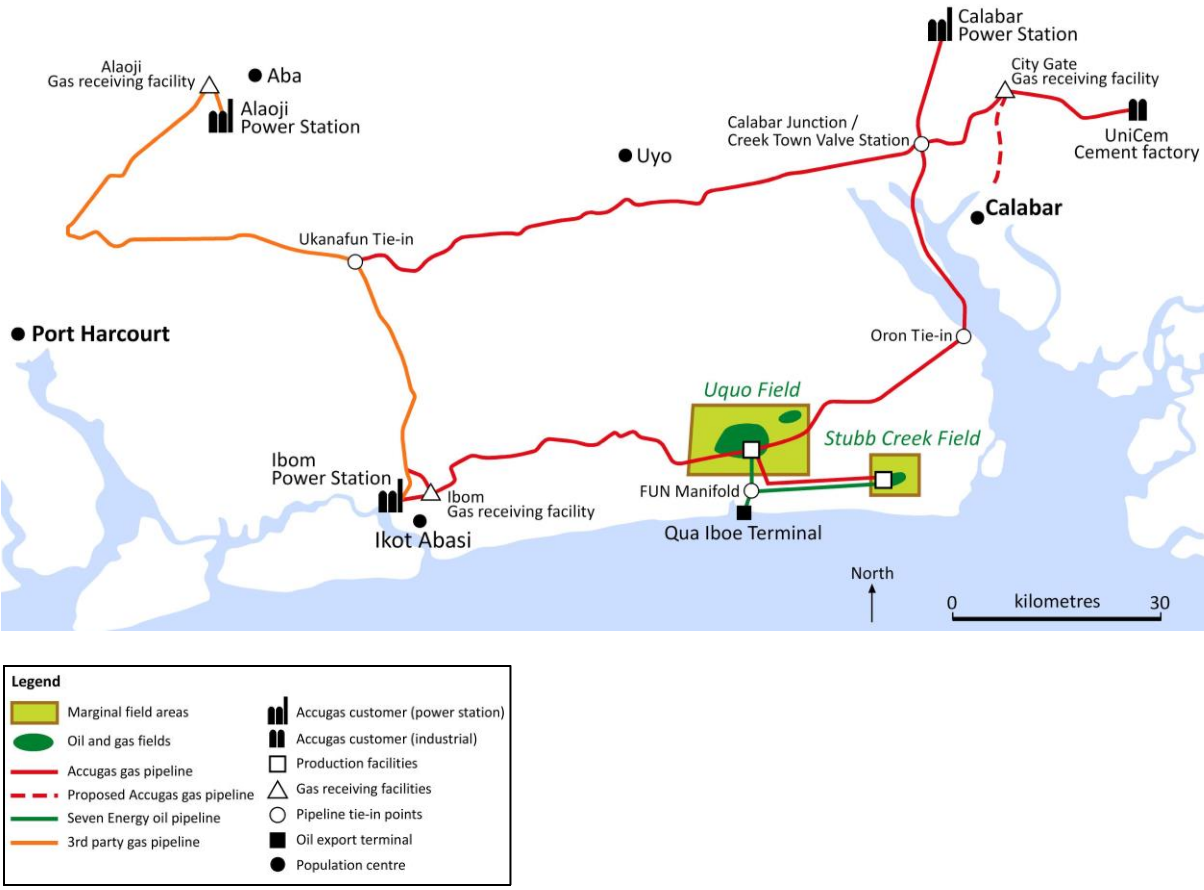
AIIM, a member of Old Mutual Alternative Investments, has been investing in the African infrastructure sector since 2000 with a track record extending across seven African infrastructure funds. AIIM currently manages US$2.1 billion in assets across the power, telecommunications and transport sectors with operations in 15 countries across East, West and Southern Africa. AIIM's power portfolio extends across renewable energy and thermal power assets with a combined generation capacity of over 3,300MW.

As a leading infrastructure manager across Africa, central to AIIM's investment objectives and processes is its commitment to responsible investment. AIIM is committed to fulfilling fiduciary duties as the custodian of shareholders' and beneficiaries' long-term interests. In this regard, the environmental, social and governance (ESG) factors are fully integrated within AIIM's investment process to support the pursuit of creation of positive futures and obtaining sustainable, superior risk-adjusted returns for its clients.

About the Alaoji Power Station

The Alaoji power station ("Alaoji") is a combined cycle gas turbine power station located in Abia State, South East Nigeria. Alaoji has a design capacity of 1,074 MW with 450MW currently available. Alaoji is also linked to Accugas' pipeline network via the Ukanafun Manifold and NGC/Shell gas pipelines. Accugas supplied Alaoji with gas during 2015 and 2016 at average rates of approximately 30 mmscfd, and up to maximum rates of 45 mmscfd.

<u>South East Nigerian Asset Map</u>



About CGG

CGG Services (UK) Limited is an international upstream oil and gas consulting company, providing innovative and integrated products and services for new ventures, exploration, appraisal, development and production. The present company owes its origins to Robertson which was founded in 1961 and was until 2001 a privately-owned British company. Effective January 2013, the company was acquired by CGG, a fully integrated geoscience company providing leading geological, geophysical and reservoir capabilities to the oil and gas industry. The company has approximately 5,300 employees working globally in 35 locations. CGG was founded in 1931, and is listed on the Euronext and New York stock exchanges.

Definitions:

2P reserves	proven and probable reserves
2C resources	denotes best estimate scenario of Contingent Resources
bcf	billion standard cubic feet; 1 bscf is approximately equal to 166,667 boe or 23,618 tonnes of oil equivalent
CPF	Central Processing Facility

Enlarged Group	the Company and its subsidiaries immediately following Completion
FUN	the facilities for storing, handling and exporting crude oil from the Uquo, Stubb Creek and Qua Ibo fields to the QIT
GSA	Gas Sales Agreement
mcf	thousand cubic feet of natural gas
mmscfd	millions of standard cubic feet per day