23 March 2018

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

2017 Audited Annual Results

Savannah Petroleum PLC is pleased to announce its full year audited results for the period ending 31 December 2017.

Highlights

Seven Energy Transaction

- Successful placing of US$125m to fund, *inter alia*, the expected acquisition by Savannah of certain assets from Seven Energy International Limited ("Seven") ("the Transaction");
- As a result of the Transaction, Savannah is expected to hold working interests in two large, producing onshore oil and gas fields in Nigeria as well as a 20 per cent. interest in the Accugas midstream business (the "Seven Assets");
- The Transaction is expected give Savannah access to 2P reserves of c. 92 mmboe, 2C resources of c. 44 mmboe and 2018 net production is expected to be greater than 20 kboepd;
- Announcement of the Company's intention to commence payment of an annual dividend, initially expected to be US$12.5m, payable in 2019.

Niger

- Safe and successful completion of an 806km^2 3D seismic survey over a portion of the R3 PSC Area ("R3 East"), c. US$1.2m under budget and ahead of schedule;
- Signature of a rig and other ancillary drilling service contracts with Great Wall Drilling Company Niger SARL ("GWDC") for Rig GWDC 215, with a three well campaign confirmed and options included for a further six wells which can be exercised individually at Savannah's discretion;
- Bushiya, Amdigh and Kunama confirmed as prospects (the "Targets") to be targeted in Savannah's upcoming drilling campaign, each of which is expected to assess potential oil pay in the Eocene Sokor Alternances as a primary target, and in the Eocene Upper Sokor as a secondary target;
- Savannah's competent person, CGG Robertson ("CGG"), has assessed total unrisked mean recoverable resources across the Targets of 110 mmbbls;
- Logistics camp and pipe yard to be used throughout drilling operations constructed and operational.

Financial

- US$125m equity fundraise successfully conducted ("the Placing");
- US$15m year-end cash position which excludes proceeds from the second tranche of the Placing (2016: US$23m);
- Preparations for Niger drilling campaign largely completed.

Post-Period Highlights

- Rig GWDC 215 on location at the Company's Bushiya well site, which is fully manned and operational, with drilling preparations underway and spud expected by the end of March 2018;
- General Meeting held at which shareholder approval of, *inter alia*, the Transaction was granted;
- Completion of exchange offer with respect to Seven Energy's 10.25 per cent. Senior Secured Notes ("SSNs"). Savannah received valid instructions in respect of 96.04 per cent. of the outstanding SSNs,

and consequently the Second Tranche Placing Shares, the EBT Shares and the new Ordinary Shares to be issued to the holders of the SSNs (which form part of the Consideration Shares) were issued and allotted;
- Joint statements by the Niger and Nigeria Ministers of Petroleum, establishing plans for the formal establishment of a Niger-Nigeria crude oil export route;
- Good progress continues to be made on the Transaction, which is currently anticipated to complete in the second quarter of 2018, following the satisfaction of relevant conditions precedent which include, *inter alia*, the Implementation Agreement being entered into, the Accugas Transaction and the Accugas Waiver becoming effective, the Frontier Agreements being entered into and becoming effective, Ministerial Consent and NSEC Consent.

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

Andrew Knott, CEO of Savannah Petroleum, said:

"2017 was a transformational year for Savannah. The acquisition of assets from Seven Energy creates a full cycle exploration and production company, capable of paying a dividend from the cash flows generated by its upstream assets. The deal also enables us to enhance our operational capabilities and provide the business with a strong platform to deliver further value accretive organic and inorganic growth in the future. We are delighted with the strong performance we have seen from the Seven Assets since our announcement of the Transaction. In Niger, we are pleased to be on track to spud our first well, Bushiya, by the end of March 2018, and continue to make good progress on the ground as we prepare to start drilling operations. We look forward to providing further updates over the coming weeks."

Please refer to the Company's website for the 2017 Annual Report.

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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.

Chairman's Statement

I am pleased to report on Savannah Petroleum's operations and activities for the year ended 31 December 2017, our third full year of trading on the London Stock Exchange's AIM market.

From a macro-economic perspective, 2017 was a more encouraging year for the oil and gas industry. Oil prices stabilised in the $60 - $65 per barrel range, with a resulting increase in activity across the sector. This trend points to a more positive outlook for the industry than when I addressed you a year ago. However, the recent travails of the sector have presented opportunities for the fleet of foot. I am pleased to say that we were able to capitalise on one such opportunity with our ongoing Seven Energy transaction, more details of which you will read throughout this report.

2017 has been a truly transformational year for Savannah. In Niger, we made significant progress by completing our 3D seismic campaign over a portion of the R3 part of the R3/R4 PSC which confirmed our view of the significant prospectivity of the exploration targets in this area and of our assets in general. At the time of writing we are making final preparations for our forthcoming high-impact drilling campaign.

In July we confirmed that we had entered into a binding exclusivity agreement with Seven Energy International Limited, a Nigerian focused oil and gas company, in relation to the proposed acquisition of certain of its assets. 2017 ended for Savannah with the company raising US$125 million to fund this transaction, which is expected to give us access to net 2P reserves of 92 mmboe, net 2C resources of 44 mmboe and expected 2018 net production in excess of 20 kboepd. The Niger Delta is one of the most prolific oil and gas basins in the world, with an established oil and gas industry, and this transaction will give our shareholders access to the upside of Nigeria's rapid industrial growth. I believe the deal has been struck on very attractive terms and on completion is expected to add high quality, cash flow generative assets with material upside to our portfolio. We look forward to shareholders quickly benefitting from our increased scale as we expect to pay a maiden dividend of US$12.5 million from FY 2018 (i.e. expected to be payable in 2019).

We are pleased to have made such significant strides in the delivery of our clear growth strategy, which is designed not only to maximise value and generate returns for our shareholders, but also to afford us some diversity within the portfolio and to protect us from any future buffeting resulting from the cyclical nature of the oil and gas industry.

As we become a larger business, it is appropriate to broaden our corporate expertise. To that end, we were very pleased to have strengthened the Board at the end of last year. We welcomed the Rt. Hon. Sir Stephen O'Brien as Vice Chairman, and David Clarkson and Michael Wachtel as Non-executive Directors, who bring many years of highly relevant operational, commercial and political experience. Sir Stephen joins us after a distinguished career in business and then politics, having held various positions in the UK Government, including Parliamentary Under-Secretary of State for International Development and UK Special Representative for the Sahel. He also served as UN Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator. David has over 40 years experience in the oil and gas industry, mainly at BP where he was Senior Vice President for Projects and Engineering (Upstream) and a member of BP's leadership team, and he brings a wealth of operational and technical experience to the Board. Michael is currently a member of the Management Board of law firm Clyde & Co, where he provides a full range of services including corporate, mergers and acquisitions, financing, governance and regulatory compliance. We were also pleased to welcome our VP Finance, Isatou Semega-Janneh, to the Board as CFO on an interim basis.

Looking ahead, 2018 will be a key year for Savannah. In the near-term, the commencement of our high-impact drilling campaign in Niger is something we are very optimistic about. The completion of the Seven Energy transaction and the integration of the assets into our portfolio is expected to transform the company into a fully funded business that is capable of generating significant cash flow which can be reinvested in high return opportunities such as our operations in Niger. We remain open to other value accretive opportunities that may arise, with our immediate focus firmly centred around Nigeria.

Savannah will continue to place high priority on our corporate governance and corporate social responsibility ("CSR"). The Board fully recognises the importance of corporate governance, commensurate with the size and nature of the enlarged Company, and in the interests of its shareholders. We recognise how crucial it is to make a positive contribution through our operations, not only as part of our financial license commitments, but also by making a positive impact on the communities close to our areas of operation. We continue to work closely with, and build relationships with, our local stakeholders, in order to bring about sustainable development in these areas.

Exercising strict capital discipline on our expanded asset portfolio, supported by an improving macro-economic outlook, I believe Savannah is well positioned to continue growing and creating shareholder value. Our excellent team is focused and strongly aligned with shareholders, and I look forward to reporting on our progress throughout the year ahead.

Finally, I would like to thank our shareholders (both existing and new) for their support over the past year. I would also like to thank the governments of Niger and Nigeria for their support and trust. On behalf of everyone at Savannah, I look forward to welcoming our new colleagues from Seven Energy who have been active participants in progressing the transaction. I thank them, and all of our staff, for their hard work and dedication over what has been a hugely important year for our company.

Steve Jenkins
Chairman
22 March 2018

CEO's 2017 Review

Dear fellow shareholders,

I am pleased to report Savannah's 2017 progress to you. Last year, our busiest yet, was dominated by two major and potentially transformational events. The first was the finalisation of our preparations for the commencement of drilling activity on our R3/R4 PSC Area in South East Niger. The second was our planned US$280m acquisition of interests in two producing oil and gas fields, and associated infrastructure, from Seven Energy (the "Seven Transaction"). In this letter I will discuss each of these events in turn, before going on to describe how we intend to position the company to deliver future growth and share price performance over the course of the coming years.

In early 2017 we announced the successful completion of our 806km^2 3D seismic survey, acquired over a portion of the R3 part of the R3/R4 PSC Area ("R3 East"), which is located in the Agadem Rift Basin ("ARB"). The survey was completed safely with no lost-time incidents, ahead of schedule, with 25 fewer acquisition days than planned, and c. US$1.2m under budget. This strong performance was testament to the strong working relationship that developed between our operational team and our highly experienced seismic contractor, BGP Niger SARL.

We signed a contract with Great Wall Drilling Company Niger SARL ("GWDC") for use of the GWDC 215 rig ("Rig GW-215") for three firm wells, with the option to drill up to another six. Rig GW-215 has successfully drilled over 40 wells in the ARB. In total GWDC has drilled over 200 wells in the area, and has acquired a deep knowledge of the geological and technical aspects of drilling on the ARB. This underpinned the principal reasons for appointing GWDC as our drilling contractor. To support the drilling operations, we constructed a logistics camp and pipe yard on R3 using a local contractor, and completed the procurement of the necessary long-lead items (including casing and wellheads) for our initial three wells. At the time of writing, our first well site (Bushiya) has been fully constructed, is now manned and operational, and Rig GW-215 is on site and preparing to spud.

The three wells that we have selected to drill are known as Bushiya, Amdigh and Kunama. Each well is primarily targeting the Eocene Sokor Alternances (the formation in which the majority of discoveries have been made in the ARB to date). An additional "upside case" in the Eocene Upper Sokor Formation has also been recognised as the secondary target. Each well is expected to take c.30-35 days from spud to reach target depth. A Competent Person's Report by CGG Robertson ("CGG") has assessed these targets to carry a similar risk profile to those drilled elsewhere in the basin to date (which has seen a c.75% geological success rate) and has assessed total mean un-risked recoverable resources across the three wells at 110 mmbbls. CGG has also assessed as reasonable a Net Present Value per barrel of US$5.5/bbl. Importantly, these wells are testing only a fraction of the ultimate prospectivity which sits within our ARB permit areas. We have identified a large prospect inventory of at least 115 other potential targets to drill from our existing seismic dataset and we believe that this should be fully recognised when assessing the value creation potential of our ARB project.

I would also like to emphasise the focus our company has around seeking to ensure the timely commercialisation of any discoveries that we make in Niger. We have commenced various work-streams relating to this, including an early production concept, and expect to further advance these over the course of 2018. With respect to development options, I would highlight the statements by Minister Gado of Niger and Minister Kachikwu of Nigeria in February 2018, where they jointly announced their plans for the formal establishment of a Niger-Nigeria crude oil export route (the most profitable of the available potential export solutions in our view). We look forward to further progress on this front being announced.

We have provided significant levels of detail in relation to the Seven Transaction on our website, which I would urge shareholders who have not done so to review. In particular, I would highlight our most recent corporate presentation and the Seven Transaction video. Both of these are available on our website, at www.savannah-petroleum.com, and contain a wealth of information for shareholders to refer to. The valuation we have agreed to acquire the Seven assets for (US$3.1/boe upstream acquisition cost and 36% of capital invested to date) is highly attractive. The deal will enable us to become one of the larger oil & gas producing companies listed in London, capable of generating material cash flows going forward, and the assets to be acquired are expected to serve as a strong platform for future value accretive growth, especially in Nigeria. I believe this is a transformational deal for Savannah which establishes the foundation upon which we can continue to build shareholder value.

We announced a US$125m equity placing in December, the proceeds of which were designated for partial consideration and costs of the Seven Transaction, our Niger drilling campaign, ongoing working capital requirements and other corporate purposes. The placing was very well supported by both existing and new shareholders, who I would like to thank for their support. The placing served as a clear endorsement of our strategy to expand into Nigeria, and as a continued vote of confidence in our existing Nigerien assets.

The message I would like to leave shareholders with from this update is my excitement for Savannah's 2018 activities and plans, and how pleased we are to have taken major steps in transforming the company into a full-scale operating business. In the near-term, we are extremely close to delivering the first results from our drilling campaign in Niger, and over the course of the year we expect to continue to demonstrate the high-quality performance from the Seven Assets in Nigeria. I look forward to sharing updates on our progress, and again thank all of our shareholders for their ongoing support.

Finally, I would like to echo our Chairman's sentiment, and thank our governmental stakeholders in Niger for their support and trust, as well as the Nigerian authorities as we move forward to become a participant in the country's oil and gas sector. I would also like to thank all of the Savannah and Seven Energy staff, our Board members and advisers, for their indefatigable efforts over the course of the past year as we work towards making drilling in Niger and the Seven Transaction a reality.

Andrew Knott
Chief Executive Officer
22 March 2018

Financial Review

Overview

At year end, the Group had cash and cash equivalents of US$15m (2016: US$23m) and had successfully completed the acquisition of 806km^2 3D seismic over R3 East. The operation came in c. US$1.2m under budget and ahead of schedule. The Group recorded an operating loss of US$27m (2016: US$8m). Net of US$18.5m exceptional business development costs associated with the Seven Energy transaction, the year-on-year operating loss remained flat at US$8m, as the Group remained in the pre-revenue exploration and development phase of operations.

Analysis of Key Line items

Exploration expenditure

Over the course of the year, exploration and evaluation assets grew from US$97m at year end 2016 to US$112m at year end 2017. Much of this increase relates to the safe and successful completion of the R3 East 3D seismic survey. The Group also incurred expenditure associated with the signature of its rig contract with Great Wall Drilling Company Niger SARL, and procurement of the necessary long-lead tangible equipment in anticipation of its planned drilling program. A logistics base and pipe yard was constructed on Agadem for use in the campaign, with most of the drilling equipment mobilised on site.

General and administration expenses

The Group's year-on-year administration expenses, net of exceptional business development costs, remained flat at US$8m (2016: US$8m). The increase in overall general and administrative expenses during the year was as a result of exceptional business development costs of US$18.5m in relation to the Seven Energy transaction.

Cash and short-term investments

The Group had cash and cash equivalents at 31 December 2017 of US$15m (2016: US$23m). Cash of US$12.6m (2016: US$40m) was raised through the issue of equity shares in December 2017 (which comprised the first tranche of the US$125m placing).

Total comprehensive loss

Total comprehensive loss for 2017 was US$27m (2016: US$10m). The increase in this loss was primarily due to the exceptional transaction costs associated with the Seven Energy transaction.

Summary statement of financial position

The Group's non-current assets were US$115m at 31 December 2017 (2016: US$98m). The increase in non-current assets is attributable to additional exploration expenditure relating to seismic acquisition and drilling program expenditure incurred during the year. Current assets were US$19m at 31 December 2017 (2016: US$29m), including cash reserves of US$15m (2016: US$23m). The decrease in current assets is as a result of significant cash outflow to support the Seven Energy transaction. Current liabilities were US$31m (2016: US$9m). The increase in current liabilities is primarily due to additional payables associated with the Seven Energy transaction. The Group did not have any non-current liabilities in 2017 (2016: nil).

Dividend

No dividend has been recommended by the Directors for 2017 (2016: nil), although the Group has announced its intention to commence payment of an annual dividend assuming the successful completion of the Seven Energy transaction. This is initially expected to be US$12.5m, assuming appropriate business performance during 2018, and payable in 2019.

Accounting policies

The Group's significant accounting policies are disclosed within the notes to the consolidated financial statements.

Liquidity risk management and going concern

The Group manages liquidity by regularly reviewing cash requirements by reference to short term cash flow forecasts and medium-term projections prepared by management. At 31 December 2017, the Group had cash reserves of US$15m.

The Group has reviewed the cash flow forecasts and capital projections for the next twelve months and has a reasonable expectation that it can access adequate resources to continue operating for the foreseeable future. The Group continues to adopt the going concern basis in preparing its Financial Statements.

Isatou Semega-Janneh
Chief Financial Officer
22 March 2018

Consolidated Statement of Comprehensive Income	Note	**Year ended 31 December 2017** *US$'000*	Year ended 31 December 2016 *US$'000*
Operating expenses		**(27,091)**	(8,412)
Operating loss		**(27,091)**	(8,412)
Finance income		**283**	207
Finance costs		**(561)**	(126)
Loss before tax		**(27,369)**	(8,331)
Income tax		**(13)**	(1,502)
Net loss and total comprehensive loss		**(27,382)**	(9,833)
Total comprehensive loss attributable to:			
Owners of the group		**(27,350)**	(9,818)
Non-controlling interests		**(32)**	(15)
		(27,382)	(9,833)
Loss per share			
Basic (US$)	3	**(0.10)**	(0.04)
Diluted (US$)	3	**(0.10)**	(0.04)

All results in the current financial period derive from continuing operations

Consolidated Statement of Financial Position

As at 31 December	**2017**	2016

	Note	**US$'000**	*US$'000*
Assets			
Non-current assets			
Property, plant and equipment		**2,933**	954
Exploration and evaluation assets	4	**111,733**	96,913
Total non-current assets		**114,666**	97,867
Current assets			
Receivables and prepayments		**3,999**	6,074
Cash and cash equivalents		**14,904**	23,061
Total current assets		**18,903**	29,135
Total assets		**133,569**	127,002
Equity and liabilities			
Capital and reserves			
Share capital	5	**520**	483
Share premium	5	**157,188**	146,892
Capital contribution	6	**458**	458
Share based payment reserve	6	**4,551**	2,938
Accumulated deficit		**(59,317)**	(31,967)
Equity attributable to owners of the Group		**103,400**	118,804
Non-controlling interests		**(397)**	(365)
Total equity		**103,003**	118,439
Current liabilities			
Trade and other payables		**17,888**	7,777
Borrowings		**12,678**	-
Corporation tax liability		**-**	786
Total current liabilities		**30,566**	8,563
Total equity and liabilities		**133,569**	127,002

Consolidated Statement of Cash Flows

	Note	**Year ended 31 December 2017** *US$'000*	Year ended 31 December 2016 *US$'000*
Cash flows from operating activities:			
Net cash used in operating activities	7	(15,677)	(8,457)
Cash flows from investing activities:			
Payments for property, plant and equipment		(2,253)	(441)
Proceeds from disposal of property, plant and equipment		-	97
Exploration and evaluation costs paid		(17,313)	(9,315)
Net cash used in investing activities		(19,566)	(9,659)
Cash flows from financing activities:			
Finance costs		(221)	(126)
Proceeds from issues of equity shares, net of issue costs		14,966	33,454

Borrowings	12,341	-
Net cash provided by financing activities	27,086	33,328
Net (decrease)/increase in cash and cash equivalents	(8,157)	15,212
Cash and cash equivalents at beginning of year	23,061	7,849
Cash and cash equivalents at end of year	14,904	23,061

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Capital contribution	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*
Balance at 01 January 2016	**321**	**108,576**	**458**	**1,223**	**(22,149)**	**88,429**	**(350)**	**88,079**
Loss for the year	-	-	-	-	(9,818)	(9,818)	(15)	(9,833)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(9,818)	(9,818)	(15)	(9,833)
Transactions with shareholders:								
Equity settled share based payments	-	-	-	1,715	-	1,715	-	1,715
Issue of ordinary shares to shareholders, net of issue costs	162	38,316	-	-	-	38,478	-	38,478
Balance at 31 December 2016	**483**	**146,892**	**458**	**2,938**	**(31,967)**	**118,804**	**(365)**	**118,439**
Loss for the year	-	-	-	-	(27,350)	(27,350)	(32)	(27,382)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(27,350)	(27,350)	(32)	(27,382)
Transactions with shareholders:								
Equity settled share based payments	-	-	-	1,613	-	1,613	-	1,613
Issue of ordinary shares to shareholders, net of issue costs	37	10,296	-	-	-	10,333	-	10,333
Balance at 31 December 2017	**520**	**157,188**	**458**	**4,551**	**(59,317)**	**103,400**	**(397)**	**103,003**

1. Corporate information

The consolidated financial statements of Savannah Petroleum Plc ("Savannah" or the "Company") and its subsidiaries (together the "Group") for the year to 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 22 March 2018.

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.

The Company is domiciled in the UK for tax purposes and its shares were listed on the Alternative Investments Market ("AIM") of the London Stock Exchange on 1 August 2014.

The Company's registered address is 40 Bank Street, London, E14 5NR.

The Group's functional currency is US dollars ("US$").

No dividends have been declared or paid since incorporation.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs as adopted by the EU"), IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements of the Group incorporate the results for the year to 31 December 2017.

Publication of non-statutory accounts

The financial information set out in this announcement does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The consolidated statement of financial position, the consolidated statement of cash flows and the consolidated statement of changes in equity as at 31 December 2017 and the consolidated statement of comprehensive income for the period ended 31 December 2017, together with the associated notes, have been extracted from the Group's 2017 financial statements upon which the auditor's opinion is unqualified and does not include any statement under Section 498 of the Companies Act 2006.

Going concern

The Directors have reviewed the budgets and forecasts as well as the funding requirements of the business for the next 12 months. Having conducted this review, the Directors have a reasonable and strong expectation that the Group has adequate resources to continue operating for the foreseeable future. The planned acquisition of certain assets from Seven Energy is expected to see the Company acquire interests in two free cash flow generative oil and gas fields and receive incremental cash funds on close associated with the US$20m proceeds from the SSN equity issuance. This transaction is currently anticipated to complete in the second quarter of 2018, following the satisfaction of relevant conditions precedent which include, inter alia, the Implementation Agreement being entered into, the Accugas Transaction and the Accugas Waiver becoming effective, the Frontier Agreements being entered into and becoming effective, Ministerial Consent and NSEC Consent. Upon completion of the transaction the Group is therefore expected to benefit from a significant positive liquidity/working capital inflow. Were the transaction to be materially delayed from the currently anticipated second quarter completion schedule, which the Directors recognise as a potential risk, the Company would likely be required to access incremental debt facilities. The Directors have a reasonable and strong expectation that the Group would be able to achieve this. On this basis the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

The Group is in a positive net asset position at 31 December 2017, and had at that date US$14,904,000 (2016: US$23,061,000) of cash and cash equivalents to meet its operational requirements.

In December 2017, the Company announced a US$125,000,000 equity raise, of which US$12,970,000 (gross) was received by the Company prior to year-end. The remainder of the placing was successfully completed post-period end. The use of proceeds of this placing is to fund ongoing Niger operations, the Seven Energy transaction and ongoing corporate purposes.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Transactions eliminated upon consolidation

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3. Earnings per share

Basic loss per share amounts are calculated by dividing the loss for the period attributable to owners of the parent 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 owners of the parent 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 and warrants are therefore excluded from the calculation of diluted loss per share.

Year ended 31 December	**2017** ***US$'000***	2016 US$'000
Earnings		
Net loss attributable to owners of the parent	**(27,350)**	(9,818)
	Number of shares	Number of shares
Basic and diluted weighted average number of shares	**274,922,400**	229,221,183
Loss per share	***US$***	**US$**
Basic and diluted	(0.10)	(0.04)

In July 2016 the Company issued 81,280,000 new ordinary shares as part of an equity fund raising to the value of US$40 million (gross).

In December 2017 the Company issued 27,462,000 new ordinary shares as part of an equity fund raising to the value of US$13 million (gross).

Refer to the note 8 (Subsequent Events) for more detail on the placing of the second tranche of shares.

4. 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 and R3/R4 licence area in the Republic of Niger.

	Total *US$'000*
Balance at 01 January 2016	80,529
Additions	16,384
Balance at 31 December 2016	96,913
Additions	14,820
Balance at 31 December 2017	**111,733**

The amount for intangible exploration and evaluation assets represents 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 not yet completed and there are no indications of impairment having regard to the indicators in IFRS 6.

On the R3/R4 License area, the Group has committed to a 3 well drilling campaign in 2018. On the R1/R2 license area, the Group continues to progress technical work, and to make relevant preparations for potential operational programmes on the license while discussions are ongoing with relevant authorities in relation to the potential extension of the initial license term.

5. Share capital

As at 31 December	**2017**	2016
Fully paid ordinary Shares in issue (number)	**301,793,177**	264,489,510
Called up ordinary Shares in issue (number)	**290,270**	10,131,937
Par value per share in GBP	0.001	0.001

	Number of Shares	Share Capital *US$'000*	Share Premium *US$'000*	Total *US$'000*
At 01 January 2016	193,341,447	321	108,576	108,897
Shares issued	81,280,000	162	38,316	38,478
At 31 December 2016	274,621,447	483	146,892	147,375
Shares issued	27,462,000	37	10,296	10,333
At 31 December 2017	**302,083,447**	**520**	**157,188**	**157,708**

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 as part of a share for share exchange.

On 1 August 2014, 25,497,236 ordinary shares of £0.001 were issued as part of the loan note 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$35,158,000 (2014: US$73,668,000) after deducting US$1,634,000 (2014: 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.

In July 2016, 81,280,000 ordinary shares of £0.001 were issued as part of an equity fund raising to the value of US$40 million (gross).

In December 2017 the Company issued 27,462,000 new ordinary shares as part of an equity fund raising to the value of US$13 million (gross). Due to the timing of the equity placing, US$392,000 of new shares issued were unpaid as at the year-end and are included as part of other debtors. The second tranche placing of the equity fund raise was completed after year-end.

6. Other reserves

	Capital contribution *US$'000*	Share based payment reserve *US$'000*	Total *US$'000*
At 01 January 2016	458	1,223	1,681

Share based payments expense during the year	-	1,715	1,715
At 31 December 2016	458	2,938	3,396
Share based payments expense during the year	-	1,613	1,613
At 31 December 2017	**458**	**4,551**	**5,009**

Nature and purpose of reserves

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.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while seeking to maximise the return to shareholders through the optimisation of the debt and equity balance.

Details of the Group's capital structure can be found in the capital accounting policy.

The proceeds are used to finance the Group's ongoing development, appraisal of its exploration and evaluation assets, inorganic acquisitions and other business development in line with the Group's strategy.

7. Notes to the consolidated statement of cash flows

	Year ended 31 December 2017 US$'000	Year ended 31 December 2016 US$'000
Loss for the period before tax	**(27,369)**	(8,331)
Adjustments for:		
Depreciation and amortisation	**274**	122
Finance costs	**561**	126
Finance income	**(2)**	-
Share option charge	**1,613**	1,715
Operating cash flows before movements in working capital	**(24,923)**	(6,368)
(Increase)/decrease in other receivables and prepayments	**(2,560)**	(170)
Increase/(decrease) in trade and other payables	**12,604**	(638)
Income tax paid	**(798)**	(1,281)
Net cash outflow from operations	**(15,677)**	(8,457)

8. Subsequent Events (Post Balance Sheet)

On 8 January 2018, as part of the Company's proposal to acquire the Seven Assets (detailed on pages 2 to 17 in the 2017 Annual Report), the Company held a general meeting to approve, inter alia, the acquisition of the Seven Assets and the issue and allotment of the shares described below.

On 7 February 2018, the Group completed the Exchange Offer on Seven Energy's 10.25% Senior Secured Notes and Savannah had received valid instructions in respect of US$305,623,123 in principal amount of outstanding 10.25% Senior Secured Notes, representing 96.04% of the outstanding notes. Consequently, on 8 February 2018, a total of 514,885,980 new ordinary shares were issued, allotted and admitted to trading on AIM in connection with the Second Tranche Placing, the Consideration Shares and the EBT shares. This figure was comprised of 239,000,000 Second Tranche Placing Shares, 42,624,837 EBT Shares, 224,021,689 new Ordinary Shares to be issued to the holders of the 10.25% Senior Secured Notes (which formed part of the Consideration Shares) and 9,239,454 new Ordinary Shares that were deposited in trust in accordance with the terms of the Exchange Offer. Following the issue of these shares, the Company had 816,969,427 ordinary shares in issue and there were no shares held in treasury. In addition, 133,231,000 Warrants were issued to participants in the First Tranche Placing completed in 2017 and the Second Tranche Placing referred to above.

Gross proceeds raised from the Second Tranche Placing amounted to approximately US$112.1 million. These proceeds are expected to be used to fund the cash consideration for the proposed acquisition of the Seven Assets, further advance the Company’s Niger assets and for general corporate purposes.