

28 November, 2014

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

**MANAGEMENT LONG TERM INCENTIVE PLAN**

Savannah Petroleum plc (AIM: SAVP) announces that on 28 November 2014 the Company established a management long-term equity incentive plan (the "**Plan**") in the terms envisaged in paragraph 19 of Part 1 of the Company's AIM Admission Document, issued on 29 July 2014 (the "**Admission Document**").

Under the terms of the Plan as implemented, new shares will be issued in a direct wholly owned subsidiary of the Company, Savannah Petroleum 1 Limited ("**SP1L**") (the "**SP1L Shares**"), and these new SP1L Shares will be subscribed for by the participants in the Plan, which shall comprise employees of the Company and/or any of its subsidiaries (the "**Group**") and each of the Company's current directors as detailed below (collectively being the "**Plan Participants**"). SP1L may in due course issue further shares to employees and/or directors of the Group (also being "**Plan Participants**"), pursuant to the Plan.

The SP1L articles of association will entitle the Plan Participants to exchange their SP1L Shares for ordinary shares of £0.001 each in the Company (the "**Ordinary Shares**"), but only if the closing middle market quotation of the Company's shares on AIM on any day equals or exceeds 168p (the "**Hurdle Price**"). The Hurdle Price represents a 3x multiple of the Company's 56p price at which Ordinary Shares were issued in August and approximately a 4.5x multiple of the Company's share price as at close of dealing on 27 November 2014.

The number of Ordinary Shares that can be acquired by the Plan Participants following the Hurdle Price being achieved will be determined on the date of share exchange in accordance with the following formula:

$$X = A - \left( \frac{A \times B}{C} \right)$$

Where: X is the number of Ordinary Shares to be issued on exchange (rounded to the nearest whole number);

A is the number of SP1L Shares being exchanged;

B is £0.56 (being the price at which the Ordinary Shares were admitted to dealing on AIM at the time of the Company's IPO); and

C is the closing middle market quotation of the Ordinary Shares on the date of share exchange.

The number of Ordinary Shares that shall be issued pursuant to the Plan from time to time shall not, in aggregate, exceed 15 per cent of the Company's fully diluted ordinary share capital from time to time.

The awards issued pursuant to the Plan will be subject to a vesting date determined for each award. If the Hurdle Price is met after the vesting date, the award will vest when the Hurdle Price is met and the relevant Plan Participant can then elect to exchange his or her SP1L Shares for the relevant number of Ordinary Shares at any time thereafter. If the Hurdle Price is met prior to the vesting date, the award will not vest until the vesting date and the relevant Plan Participants will not be able to exchange their SP1L Shares for Ordinary Shares until after the vesting date unless there is a change of control of the Company, or the individual ceases to be an employee or director of a

member of the Group. Awards issued pursuant to the Plan will also be subject to full or partial forfeiture if the relevant Plan Participant ceases to be employed by a member of the Group or a director of a member of the Group prior to the vesting date (other than awards held by Andrew Knott, which are not subject to any forfeiture provisions).

### Application of the Takeover Code

As set out in the Admission Document, The UK Panel on Takeovers and Mergers (the "**Panel**") previously deemed all shareholders of the Company prior to the Company's admission to trading on the AIM market operated by the London Stock Exchange to be potentially acting in concert. The Panel has subsequently deemed that the concert party comprises Mr Andrew Knott and his family members, Aralia Capital SA (which also includes the holding of Peleng Holding Corporation, wholly owned by the same investor as Aralia Capital SA) and Ludivine Capital Limited (the "**Concert Party**"). The Concert Party is currently interested, in aggregate, in 47,321,457 Ordinary Shares, representing 36.03 per cent of the current issued share capital. For as long as the Panel deems them to be acting in concert for the purposes of the UK City Code on Takeovers and Mergers (the "**Takeover Code**"), any acquisition of any further interest in Ordinary Shares by a member of the Concert Party, or any member acting in concert with them, will normally give rise to a requirement to make a general offer in accordance with the provisions of Rule 9 of the Takeover Code. Accordingly, Mr Knott's ability to exchange his SP1L Shares for new Ordinary Shares (in the event his award under the Plan vests) is conditional upon the approval of a resolution of the Company's independent shareholders in the terms stipulated by Rule 9 of the Code (the "**Independent Shareholder Approval**"). The Company will put a resolution to shareholders seeking such Independent Shareholder Approval by the end of February 2015. In the event of such Independent Shareholder Approval not being obtained the Company may acquire all of the SP1L shares held by Mr Knott for nil consideration.

The details of shares awarded to directors of the Company ("Directors") and Applicable Employees (as defined in the AIM Rules) are set out below:

Name	Number of SP1L Shares	Hurdle Price	Subscription Price per SP1L Share (aggregate)	Vesting Date	Subject to forfeiture on cessation of employment/holding of office?
Andrew Allister Knott	11,588,574	168p	£0.01	1 August 2015	No
David Lawrence Jamison	273,883	168p	£0.01	1 August 2019	Yes
Mark Iannotti	547,765	168p	£0.01	1 August 2019	Yes
Stephen Ian Jenkins	1,785,714	168p	£0.01	1 August 2019	Yes
Phil Magor	273,883	168p	£0 *	1 August 2019	Yes
Yacine Wafy	547,765	168p	£0.01	1 August 2019	Yes

\* Mr Magor has agreed to become an employee shareholder under section 205A of the Employment Rights Act 1996 and has therefore been awarded his shares for no consideration other than the waiving of certain statutory employment rights.

Other employees of the Company have been awarded 720,312 SP1L Shares in aggregate. The total number of SP1L Shares awarded to Plan Participants as at the date of this announcement is therefore 15,737,896.

The Directors and Applicable Employees are currently interested in the following Ordinary Shares:

<b>Name</b>	<b>Number of Ordinary Shares</b>	<b>Percentage of current issued Ordinary Shares</b>
Andrew Allister Knott	23,225,247	17.68
David Lawrence Jamison	651009	0.50
Mark Iannotti	3,615,287	2.57
Stephen Ian Jenkins	500,000	0.38
Phil Magor	50,000	0.04
Yacine Wafy	523,056	0.40

Were the awards to Directors and Applicable Employees under the Plan to vest, the number of new Ordinary Shares that would be issued to them would depend on the price of Ordinary Shares on the day of exchange, but this number will never exceed the number of SP1L Shares awarded.

**For further information contact:**

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