



12 March 2015

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

Posting of Circular

Savannah Petroleum, the Niger focused oil and gas company, announces that it has yesterday posted a circular to Shareholders, which contains details on the independent shareholder approval required to permit Andrew Knott to exchange his SP1L Shares for new Ordinary Shares under the LTIP, as announced on 01 December 2014 (the "Circular").

The Circular also contains notice of general meeting, which will be held at 10:00 a.m. on 27 March 2015 at the offices of Strand Hanson Limited, 26 Mount Row, London W1K 3SQ, at which the Independent Shareholders will be asked to consider and vote on the Waiver Resolution, as described in the Circular and below.

A copy of the Circular will be available on the Company's website, for your information, at <http://www.savannah-petroleum.com/investors.html>

For further information contact:

Savannah Petroleum PLC

Andrew Knott, CEO

Jessica Hostage, Head of Investor Relations

+44 (0) 20 3817 9844

Strand Hanson (Nominated & Financial Adviser)

+44 (0) 20 7409 3494

Rory Murphy

James Spinney

Ritchie Balmer

Mirabaud (Broker)

Peter Krens

Rory Scott

+44 (0) 20 7878 3362

Celicourt (Financial PR)

Mark Antelme

+44 (0) 20 7520 9266

Capitalised terms used in this announcement have the same meaning as defined in the Circular, and as set out at the end of this announcement.

1. Introduction and Background

On 01 December 2014, the Company announced that it had established a new management long-term equity incentive plan along the terms broadly envisaged in paragraph 19 of Part 1 of the Admission Document. The LTIP is designed to incentivise and retain key personnel within the Company.

Under the terms of the LTIP as implemented, 15,737,896 new SP1L Shares were issued to and subscribed for by the participants in the LTIP, who comprise employees of the Group and each of the Directors. A breakdown of the SP1L Shares issued is provided in paragraph 2 of this announcement. SP1L may in due course, subject to a separate waiver of obligations under Rule 9 of the Takeover Code and a vote by the Independent Shareholders at that time, if required, issue further shares to employees and/or directors of the Group pursuant to the LTIP.

The SP1L articles of association entitle the LTIP Participants to exchange their SP1L Shares for new Ordinary Shares, but only if the closing middle market quotation of the Ordinary Shares on AIM on any day equals or exceeds the Hurdle Price. The Hurdle Price represents a three times multiple of the Company's 56p IPO price, at which the Ordinary Shares were first admitted to trading on AIM on 1 August 2014 and approximately a 6.3 times multiple of the Company's share price as at the Disclosure Date. The formula used to calculate the number of new Ordinary Shares that can be acquired by the Plan Participants following the Hurdle Price being achieved, as well as further details on the LTIP, is provided in paragraph 2 of this announcement.

The Panel has deemed that a concert party is in existence between 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 Luzon Investments S.A. (which also includes the personal holding of Turab Musayev, the beneficial owner of Luzon Investments S.A.). The Concert Party is therefore currently interested, in aggregate, in 35,877,135 Ordinary Shares, representing 27.32 per cent. of the currently issued share capital of the Company. Further details on the Concert Party are disclosed in paragraph 3 below and in Part 3 of the Circular.

Any acquisition of a further interest in the Ordinary Shares of the Company by a member of the Concert Party, or any member acting in concert with them, whether by a series of transactions over a period of time or not, which result in that individual member or the Concert Party, in aggregate, holding 30 per cent. or more of the voting rights of the Company, will normally give rise to a requirement to make a general offer to Shareholders in accordance with the provisions of Rule 9 of the Takeover Code (further details on which are disclosed in paragraph 4 below).

Accordingly, Andrew Knott's ability to exchange, whether by way of a series of transactions over a period of time or not, his total holding of SP1L Shares for new Ordinary Shares (in the event the Hurdle Price is met and his award under the LTIP vests) is conditional upon approval of the Waiver Resolution by the Independent Shareholders in the terms stipulated by Rule 9 of the Takeover Code. The Independent Directors have therefore convened the General Meeting to be held at the offices of Strand Hanson Limited, 26 Mount Row, London W1K 3SQ at 10.00 a.m. on 27 March 2015 for the purpose of approving the Waiver Resolution which is to be taken on a poll of the Independent Shareholders, notice of which is set out at the end of the Circular.

The intention of the Circular to provide you with information on the Rule 9 Waiver, and further background on the Concert Party, and to explain why the Independent Directors consider the Waiver Resolution to be in the best interests of the Independent Shareholders and the Company as a whole.

2. Further details on the LTIP

As disclosed in the announcement released on 01 December 2014, the following SP1L Shares have been awarded to the Directors, senior management and certain other employees of the Company.

LTIP Participants as at the date hereof	Number of SP1L Shares as at the Disclosure Date	Hurdle price	Vesting Date
Directors			
Andrew Knott	11,588,574	168p	01-Aug-15
David Jamison	273,883	168p	01-Aug-19
Mark Iannotti	547,765	168p	01-Aug-19
Stephen Jenkins	1,785,714	168p	01-Aug-19
Senior management			
Phil Magor	273,883	168p	01-Aug-19
Yacine Wafy	547,765	168p	01-Aug-19
Isatou Semega-Janneh ⁽¹⁾	446,429	168p	01-Aug-19
Jessica Hostage ⁽¹⁾	273,883	168p	01-Aug-19
Total	15,737,896		

(1) Individual holdings not disclosed in the 01 December 2014 announcement

The number of new Ordinary Shares that can be acquired by the LTIP Participants subsequent to the appropriate vesting date and following the Hurdle Price being achieved will be determined on the date of the share exchange in accordance with the following formula:

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

Where: X is the number of new 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 awards issued pursuant to the LTIP 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 LTIP Participant can then elect to exchange his or her SP1L Shares for the relevant number of new 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 LTIP 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 LTIP (other than the awards issued to Andrew Knott, which are not subject to any forfeiture provisions) will also be subject to full or partial forfeiture if the relevant LTIP participant ceases to be either: (i) employed by a member of the Group; or (ii) a director or member of the Group, prior to the vesting date (a "Leaver").

Under the terms of the forfeiture provisions, the relevant LTIP Participant will be required to transfer the following proportion of his or her awards for nil consideration to the Company or a person nominated by the Company:

- 100 per cent. if the LTIP Participant becomes a Leaver within 2.5 years of being issued the awards;
- 0 per cent. if the LTIP Participant becomes a Leaver on or after the 5th anniversary of being issued the awards; and
- if the LTIP Participant becomes a Leaver at or after 2.5 years of being issued the awards, but before the 5th anniversary of the awards being issued, the proportion will be determined by the following formula: $50 - 50((Y-2.5)/2.5)$, where Y is the number of years that have elapsed between the awards being issued and the LTIP Participant becoming a Leaver.

Were the awards to Directors, senior management and certain other employees under the LTIP 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 to the relevant LTIP Participant.

3. The Concert Party

Set out below is a breakdown of the various individuals (and entities), along with their respective shareholdings in the Company as at the Disclosure Date, that comprise the Concert Party:

Concert Party individual	Shareholding	% Interest
Andrew Knott and his family members		
Andrew Knott ⁽¹⁾	23,225,247	17.68%
Steven Knott	25,000	0.02%
Michael Knott	25,000	0.02%
Andrew Collin	25,000	0.02%
Taleh Musayev ⁽²⁾	11,819,730	9.00%
Turab Musayev ⁽³⁾⁽⁴⁾	757,158	0.58%
Total	35,877,135	27.32%

(1) Held through LCP1 and LIP, both of which are 100 per cent. beneficially and legally owned by Andrew Knott

(2) Held through Aralia Capital S.A. and Peleng Holding Corporation, both of which are wholly owned by Taleh Musayev

(3) Held through Luzon Investments S.A., which is wholly owned by Turab Musayev

(4) Holding previously aggregated with that of Aralia Capital S.A.

Further details on each of the above individuals (and entities) are disclosed in Part 3 of the Circular.

4. The Takeover Code

Under Rule 9 of the Takeover Code, where any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required to make a general offer to all the shareholders of that company to acquire their shares.

Similarly, when any person, together with persons acting concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, a general offer will normally be required in accordance with Rule 9.

An offer under Rule 9 must be made in cash and at the highest price paid for any interest in shares by that person or by any person acting in concert with him within the 12 months prior to the announcement of the offer.

The Concert Party is interested in shares which, in aggregate, carry 27.32 per cent. of the voting rights of the Company. Accordingly, if Andrew Knott were to exchange, whether by way of a series of transactions over a period of time or not, his total holding of SP1L Shares for new Ordinary Shares (in the event the Hurdle Price is met and his award under the LTIP vests), the Concert Party would be interested in up 33.21 per cent. of the Company's then enlarged share capital and therefore the Concert Party would normally be required to make a general offer to all of the Shareholders to acquire their Ordinary Shares. The exchange is therefore conditional upon approval of the Waiver Resolution by the Independent Shareholders in the terms stipulated by Rule 9 of the Takeover Code.

5. The Waiver Resolution

The Board has consulted with the Panel, which has agreed to waive the requirement on Andrew Knott or the Concert Party to make a general offer that might otherwise arise as a result of the exchange of Andrew Knott's total holding of SP1L Shares into a maximum of 11,588,574 new Ordinary Shares, subject to the approval on a poll of the Waiver Resolution by the Independent Shareholders.

The Waiver Resolution is proposed in the notice of General Meeting as set out at the back of the Circular. It is to be proposed as an ordinary resolution and will be taken on a poll of the Independent Shareholders, which for the avoidance of doubt excludes the Concert Party.

Assuming the Waiver Resolution is passed, and as set out in paragraph 2 of this announcement, the maximum number of new Ordinary Shares that may be issued under the LTIP will never exceed the number of SP1L Shares awarded. Accordingly, the Waiver Resolution proposes that the Rule 9 Waiver is granted in respect of Andrew Knott's total holding of 11,588,574 SP1L Shares. Assuming that no LTIP Participant other than Andrew Knott has exchanged any of his or her SP1L Shares, and that no further issue of Ordinary Shares has occurred between the Disclosure Date and the date of share exchange, the maximum number of Ordinary Shares in which Andrew Knott could be interested in should his total holding of SP1L Shares be exchanged for 11,588,574 new Ordinary Shares is therefore 34,813,821 Ordinary Shares, representing a maximum 24.36 per cent. of the Company's then enlarged share capital. Under the same assumptions, the maximum number of Ordinary Shares in which the Concert Party could be interested in should Andrew Knott's total holding of SP1L Shares convert into 11,588,574 new Ordinary Shares is therefore 47,465,709 Ordinary Shares, representing 33.21 per cent. of the Company's then enlarged share capital.

For the avoidance of doubt, the Independent Directors do not view it at all likely that on Andrew Knott exchanging his total holding of SP1L Shares for new Ordinary Shares, the maximum number of 11,588,574 new Ordinary Shares will be issued due to the extreme quantum of share price appreciation that would be required for this situation to occur.

For purely illustrative purposes, should Andrew Knott decide to exchange his total holding of SP1L Shares for new Ordinary Shares at the point at which the Hurdle Price is met or exceeded (and subsequent to the vesting period), the below table sets out the holdings of Andrew Knott and the Concert Party in the then enlarged issued share capital under a range of closing middle market quotations of the Ordinary Shares on the date of share exchange (the "Illustrative Share Exchange Price"). The below calculations assume that Andrew Knott chooses to exchange his total holding of SP1L Shares into new Ordinary Shares but that no other LTIP Participant has exchanged any of his or

her SP1L Shares, and that no further issue of Ordinary Shares occurs between the Disclosure Date and the date of share exchange.

Illustrative Share Exchange Price	New Ordinary Shares issued to Andrew Knott	Pro Forma Andrew Knott		Pro Forma Concert Party	
		Shareholding ⁽¹⁾	% Interest ⁽²⁾	Shareholding	% Interest ⁽³⁾
168 (the "Hurdle Price")	7,725,716	30,950,963	22.26%	43,602,851	31.35%
175	7,880,230	31,105,477	22.34%	43,757,365	31.43%
200	8,343,773	31,569,020	22.60%	44,220,908	31.66%
225	8,704,306	31,929,553	22.80%	44,581,441	31.83%
250	8,992,733	32,217,980	22.96%	44,869,868	31.97%
275	9,228,718	32,453,965	23.09%	45,105,853	32.09%
300	9,425,373	32,650,620	23.20%	45,302,508	32.18%
325	9,591,773	32,817,020	23.29%	45,468,908	32.26%
350	9,734,402	32,959,649	23.36%	45,611,537	32.33%
375	9,858,013	33,083,260	23.43%	45,735,148	32.39%
400	9,966,173	33,191,420	23.49%	45,843,308	32.44%

(1) Assumed to be held through LCP1 and LIP, both of which are 100 per cent. beneficially and legally owned by Andrew Knott

(2) Calculated as Andrew Knott's current shareholding of 23,225,247 Ordinary Shares plus the respective number of new Ordinary Shares issued at the Illustrative Share Exchange Price, divided by the current number of total Ordinary Shares outstanding (131,337,172) plus the respective number of new Ordinary Shares issued at the Illustrative Share Exchange Price

(3) Calculated as the Concert Party's current shareholding of 35,877,135 Ordinary Shares plus the respective number of new Ordinary Shares issued at the Illustrative Share Exchange Price, divided by the current number of total Ordinary Shares outstanding (131,337,172) plus the respective number of new Ordinary Shares issued at the Illustrative Share Exchange Price

Shareholders should note that any further increase in the interests of the Concert Party in the Ordinary Shares of the Company, which increases the percentage of the voting rights in which they are interested, either collectively or individually, other than as a result of the exchange of Andrew Knott's SP1L Shares into new Ordinary Shares, will be subject to the various provisions of Rule 9.

6. Intentions of the Company and the Concert Party

The Concert Party has confirmed that it is not proposing, following any increase in its proportionate shareholding as a result of the issue of new Ordinary Shares to Andrew Knott, to seek any change in the general nature of the Company's business, and has confirmed that each individual member of the Concert Party does not intend to take any action (whether acting in its capacity as a Director or a Shareholder) to alter the management of the Company, the continued employment of its employees (including any material change in conditions of employment), the location of the Company's places of

business, and the deployment of the Company's fixed assets. The Company does not currently offer a defined benefit or defined contribution pension scheme to employees.

The Directors intend to continue to conduct the business of the Company in the same manner as it is currently conducted and there are no plans to introduce any material change to the business of the Company.

The members of the Concert Party have no intention to cause the Company to cease to maintain any of the trading facilities in respect of the Ordinary Shares.

7. General Meeting

A notice convening the General Meeting to be held at the offices of Strand Hanson Limited, 26 Mount Row, London W1K 3SQ at 10.00 a.m. on 27 March 2015 is set out at the end of the Circular.

As mentioned above, due to their interest in the Waiver Resolution, the Concert Party will not be voting on the Waiver Resolution in respect of their aggregate interest of 35,877,135 Ordinary Shares representing 27.32 per cent. of the Company's issued ordinary share capital as at the Disclosure Date.

8. Action to be taken

You will find enclosed with the Circular a reply-paid envelope for use by Independent Shareholders at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete this form in accordance with the instructions printed on it as soon as possible. To be valid, completed forms of proxy must be received by Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by no later than 10.00 a.m. on 25 March 2015.

Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the General Meeting if you so wish.

New Shareholders should note that, in order to have the right to attend and vote at the meeting, their holding must be entered on the Company's share register by 6 pm on 25 March 2015.

9. Recommendation

The Independent Directors, who have been so advised by Strand Hanson, consider that the Rule 9 Waiver is fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. In providing its advice to the Independent Directors, Strand Hanson has taken into account the commercial assessments of the Independent Directors.

Accordingly, the Independent Directors recommend that all Independent Shareholders vote in favour of the Waiver Resolution at the General Meeting, as they intend to do in respect of their own shareholdings of 4,766,296 Ordinary Shares, representing approximately 3.63 per cent. of the issued ordinary share capital of the Company.

DEFINITIONS

The following definitions apply in this announcement, unless the context otherwise requires:

"Admission Document"	the Company's AIM Admission Document, issued on 29 July 2014
"AIM"	the market of that name operated by London Stock Exchange plc
"Company" or "Savannah Petroleum"	Savannah Petroleum PLC, registered in England and Wales with company number 9115262
"Concert Party"	as deemed by the Panel for the purposes of the Rule 9 Waiver, 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 Luzon Investments S.A. (which also includes the personal holding of Turab Musayev, the beneficial owner of Luzon Investments S.A.) (further details of each member are disclosed in Part 3 of the Circular).
"Directors" or "Board"	all of the directors of Savannah Petroleum, whose names are set out on page 6 of Part 1 of the Circular
"Disclosure Date"	close of business (5.00 p.m. London time) on 10 March 2015, being the latest practicable date prior to the publication of the Circular
"Form of Proxy"	the form of proxy accompanying the Circular for use by Shareholders in connection with the General Meeting
"General Meeting"	the general meeting of the Shareholders of the Company called pursuant to the notice of General Meeting set out at the end of the Circular at which the Waiver Resolution will be proposed
"Group"	the Company and its subsidiaries
"Hurdle Price"	168p
"Independent Directors"	the Directors, excluding Andrew Knott who is a member of the Concert Party and therefore the subject of the Rule 9 Waiver
"Independent Shareholders"	all of the Shareholders other than the Concert Party and their nominees
"IPO"	initial public offering

"LCP1"	Lothian Capital Partners 1 Limited, a company incorporated in Scotland with registered number SC433066 whose registered address is 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ
"LIP"	Lothian Investment Partners Limited, a company incorporated in Scotland with registered number SC466102 whose registered address is at 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ
"LTIP"	the Company's new management long-term equity incentive plan which was established on 28 November 2014 (and announced via RNS on 01 December 2014)
"LTIP Participants"	certain employees of the Group and each of the Directors who have received and may receive, from time to time, SP1L Shares under the LTIP (further details on which are available in paragraph 2 of this announcement)
"Ordinary Shares"	the ordinary shares of £0.001 each in the capital of the Company
"Panel"	the Panel on Takeovers and Mergers
"RNS"	regulatory news service
"Rule 9 Waiver"	the proposed waiver of the obligation on the Concert Party to make a general offer to the Shareholders of the Company under Rule 9 of the Takeover Code as a result of the potential issue of new Ordinary Shares to Andrew Knott (who is a member of the Concert Party) in exchange for his SP1L Shares, which has been granted by the Panel conditional on the approval of the Independent Shareholders by the passing of the Waiver Resolution
"Savannah Niger"	Savannah Petroleum Niger R1/R2 S.A. a société anonyme unipersonnelle incorporated under the laws of Niger with registered number RCCM: NI-NIA-2014-B1940, whose registered office is at 61 rue NB-44, BP 07 Quartier Terminus, Niamey, Niger;
"Shareholders"	the holders of Ordinary Shares from time to time
"SP1L"	Savannah Petroleum 1 Limited, a company incorporated in Scotland with registered number SC453751 whose registered address is at 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ and which is a direct wholly owned subsidiary of the Company
"SP1L Group"	SP1L together with its subsidiaries, SP2L and Savannah Niger

"SP1L Shares"	the new A ordinary shares of \$0.000000001 each in the capital of SP1L that were issued to and subscribed for by the participants in the LTIP (further details on which are available in paragraph 2 of this announcement)
"SP2L"	Savannah Petroleum 2 Limited, a company incorporated in Scotland with registered number SC467099 whose registered address is at 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ
"Strand Hanson"	Strand Hanson Limited, the nominated adviser to the Company
"Takeover Code"	the City Code on Takeovers and Mergers
"Waiver Resolution"	the Resolution set out in the notice of General Meeting and which is to be proposed as an ordinary resolution and taken on a poll of the Independent Shareholders

References to "£", "pence" and "p" are to British pounds and pence sterling, the currency of the United Kingdom.

References to "\$" and "dollars" are to American dollars, the currency of the United States of America.

References to times are, unless specified otherwise, references to London time.