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

Update on R1/R2 Resource Potential

Savannah Petroleum, the Niger focused oil and gas company, is pleased to provide an update on its technical assessment of the resource potential of the R1/R2 licence area.

Highlights

- Detailed 3D seismic mapping over an approximate 680 km^2 area of the permit (8 per cent. of the total R1/R2 area) has resulted in the generation of 14 drill-ready exploration prospects with management estimated total gross unrisked mean prospective oil resources of c.215 mmbbls at the regionally proven Eocene and Upper Cretaceous reservoir horizons.
- An additional 37 exploration leads along the north-west and north-east flanks of the permit have been identified in this Eocene and Upper Cretaceous play fairway, with mapped closures of similar size to the fields discovered to date in the basin.
- Seismic mapping has identified a series of potentially large exploration leads along a regional high at the Upper Cretaceous horizon, with potential closures of up to 40 km^2.
- Evidence for extensive stratigraphic plays at multiple horizons.

Andrew Knott, CEO of Savannah Petroleum, said:
"This update reflects the culmination of over nine months of technical work, with Savannah having had the equivalent of a team of six senior geologists and geophysicists working full time on this project. I look forward with confidence to the next phase of our analysis of the subsurface, as we move towards further seismic acquisition and the commencement of our drilling campaign on R1/R2."

Background

The R1/R2 permit is situated in the oil prolific Agadem Rift Basin ("ARB") of South East Niger and covers an area of approximately 8,406 km^2. A dataset consisting of 11,583 km^2 of modern 3D seismic, 18,610 km of modern 2D seismic, around 30,000 km of vintage 2D seismic and over 250 wells with logs and final reports is held by the Ministry of Energy and Petroleum. A substantial subset of this data has been utilised by Savannah as the basis for an extensive evaluation of the exploration prospectivity of the region; this has involved seismic interpretation (3D and 2D data) supported by geological evaluations (stratigraphy, reservoirs, source rocks, basin modeling, structural geology, basin evolution). This has enabled Savannah to define an initial inventory of prospects and leads across R1 and R2. The Company is integrating this with the initial interpretations of the 36,949km Full Tensor Gravity Gradiometry ("FTG") data acquired by Savannah as announced on 24 February 2015. It is expected that this initial inventory will develop further with the availability of proprietary 3D and 2D seismic that Savannah plans to acquire on the acreage.

Eocene and Upper Cretaceous Structural Prospectivity

To date two proven exploration plays have been shown to exist in the ARB, with 100 fields having been discovered in structural settings within the Eocene and Upper Cretaceous reservoir sections. These play types are considered to be well understood with 93 discoveries from 124 exploration

wells having been made in the period 2008 - 2014. Central to the high exploration success rate of this period has been the application of 3D seismic technology, with pre-2008 2D based exploration having yielded a materially lower exploration success rate (5 discoveries from 25 exploration wells), principally due to the inability of 2D seismic to accurately image trap integrity.

In the south western part of R1, the Company has interpreted 680 km^2 of modern 3D seismic data (covering approximately 8 per cent. of the whole permit area). This work has resulted in 14 drill-ready oil exploration prospects being mapped with total gross unrisked mean prospective resources of 215 mmbbls. These prospects have been assessed to have a similar size and risk profile to the 3D seismic backed exploration prospects drilled to date elsewhere in the basin. The prospect density which has been mapped within this area is greater than the average prospect density assumed by CGG Robertson in its Competent Person's Report of 1 July 2014, which is disclosed in the Company's AIM admission document.

Outside of the 3D seismic area, an additional 37 leads have been mapped by Savannah along the north-west and north-east flanks of the license using a combination of vintage and modern 2D seismic data. The range of mapped closure sizes in these leads is similar to the discoveries elsewhere in the ARB. Additional 3D seismic data is required to identify prospects from the leads and it is believed such data will also likely generate new Eocene/Upper Cretaceous structural prospects in these play fairways, not currently identified on the 2D data-set due to sparse coverage in places.

It should be noted that approximately 40 per cent. of the R1/R2 permit lacks the density of seismic coverage required for reliable lead and prospect inventory mapping. The FTG survey recently acquired by Savannah is expected to be instrumental in identifying additional structural leads and assisting in the choice of areas for seismic in-fill.

Dry hole analysis on this play has indicated that the primary reason for exploration failure to date has been related to trap integrity (hence the need for 3D), with good quality reservoir and oil shows having been found in all analysed wells. These findings are confirmed by geochemical and petrophysical studies, which have shown: (1) that mature Upper Cretaceous oil prone source rocks underlie the majority of the R1/R2 permit and that mature shallower Eocene source rocks are present within the majority of R2 and significant areas of R1; and (2) that reservoir porosity and permeability characteristics are not adversely affected by increased burial, down to the depths of the mapped leads and prospects.

Proprietary reservoir engineering studies investigating regional reservoir behavior have assessed that a primary recovery factor of around 25 per cent. is applicable to these types of reservoirs in the principal Eocene/Upper Cretaceous plays.

Other Prospectivity

Using the available 2D seismic data, and supported by preliminary FTG data, a prominent regional high has been identified extending throughout the western section of R2 at the Upper Cretaceous and deeper horizons. Savannah has mapped four structures along this trend, the largest of which has a potential closure of up to 40 km^2. This trend is currently untested in the basin and is located in an optimally mature area for oil generation. The acquisition of additional seismic along this new play area is uppermost in Savannah's plans.

Seismic mapping at several levels has suggested the potential for the existence of a number of stratigraphic exploration play types. Additional 3D seismic is required over the areas of interest to properly identify the amplitude anomalies that will assist in the formulation of these plays. This is expected to be particularly relevant within the R2 area.

Qualified Person's Statement

Steve Jenkins, Chairman, has reviewed and approved the technical information contained within this announcement in his capacity as a qualified person under the AIM Rules. Mr. Jenkins is a qualified Geologist, with 32 years' experience in the oil and gas industry, having gained a BSc Hons from Queens University (Belfast) and an MSc in Petroleum Geology from Imperial College (London) and is a Fellow of the Geological Society.

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