

8 July, 2015

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

**Resource, Development Planning and Operational Update**

Savannah Petroleum, the Niger focused oil and gas company, is pleased to report on work which has been conducted by independent expert CGG Robertson ("CGG") on resource volumes on the R1/R2 license area, updating their views versus the Competent Persons Report published in the Company's AIM Admission Document of 29 July 2014. CGG has also reviewed Savannah's conceptual development solution and associated economics for potential Agadem Rift Basin ("ARB") economics. Savannah is also pleased to provide an update in relation to the expected cost of crude export via the planned Agadem-Kribi pipeline route and the progress made by the Company towards ensuring operational readiness to recommence exploration activities on the permit area in 2H 2015.

**Highlights:**

- CGG has increased R1/R2 best estimate gross risked prospective oil resources from 573 mmbbls to 1,191 mmbbls;
- CGG has assessed the size and risk profile of Savannah's previously announced 14 3D seismic backed drill ready exploration prospects. They have indicated a gross mean unrisked recoverable resource volume on these prospects of 259 mmbbls versus Savannah's estimate of 215 mmbbls. Savannah's previously announced risk assessment of these prospects has been assessed as reasonable;
- CGG has reviewed the preliminary engineering studies and associated economic modelling conducted by Savannah in relation to a development plan for potential ARB discoveries; a break-even oil price of US\$43/bbl and NPV10 of US\$4.5/bbl at \$70/bbl have been assessed as reasonable;
- Update from the Niger Ministry of Energy and Petroleum ("MEP") received indicating central case expected cost of crude export reduced from c.US\$18/bbl to c.US\$16/bbl;
- Environmental authorisations now received to conduct drilling and seismic surveys on the license area;
- Well design and seismic acquisition planning contracts signed with intention of ensuring operational readiness for recommencement of exploration activities in 2H 2015.

**Andrew Knott, CEO of Savannah Petroleum, said:**

*"It is highly encouraging for our stakeholders that CGG's assessment of the size of the R1/R2 prize continues to increase and that they have validated our assessment of the potential size and risk profile of our previously announced drill ready prospect inventory. Equally as important is the progress we have made in better delineating ARB development economics. Overall, CGG's work supports our view that R1/R2 is potentially a large, relatively low risk and low cost asset."*

*"As a Company we remain focused around accelerating the exploration, appraisal and anticipated future development of R1/R2. We continue to anticipate the introduction of a partner in the second half of the year, with all other required workstreams expected to have been substantially completed in 2H to ensure operational readiness for recommencement of exploration activities on the permit by the end of the year. Today's update is further cause for confidence in Savannah's future and we thank our stakeholders for the support we have been shown to date."*

**R1/R2 Resource Update**

CGG has provided to Savannah an update of its assessment of R1/R2 gross best estimate risked prospective oil resources, increasing their estimate from 573 mmbbls in their Competent Persons Report published in the Company's AIM Admission Document of 29 July 2014 to 1,191 mmbbls today due to the inclusion of resource potential in the deeper Yogou formation. This update has been conducted using a statistical approach which has seen CGG identify various structural domains within

the license area and estimate prospect densities and risk factors associated with each domain. CGG's analysis has drawn on the findings of the recently completed structural interpretation of the ARB Full Tensor Gradiometry survey as well as Savannah's wider ARB technical data set consisting of 2D and 3D seismic data, well logs and final reports, and geological evaluation studies (including stratigraphy, reservoirs, source rocks, basin modelling, structural geology and basin evolution reports). CGG selected this methodology as it believes it enables a yet-to-find calculation in the license area to be conducted which adjusts for the varying quality of data available (NB. c.8% of the license benefits from modern 3D seismic coverage, c.52% of the license benefits from 2D seismic coverage of varying vintages, with 100% of the license benefitting from FTG survey coverage). CGG's review encompasses structural prospectivity in both the Sokor Alternances and Yogou formations.

### **R1/R2 Gross Prospective Resource Estimates**

	Unrisked Gross Prospective Resources (mmbbls)			Risky Gross Prospective Resources (mmbbls)		
	Low	Best	High	Low	Best	High
Sokor Alternances	431	1,136	1,695	211	556	830
Yogou	512	1,350	2,014	241	635	948
<b>Total</b>	<b>943</b>	<b>2,486</b>	<b>3,709</b>	<b>452</b>	<b>1,191</b>	<b>1,778</b>

Source: CGG Robertson.

NB. Savannah holds a 95% interest in the R1/R2 PSC.

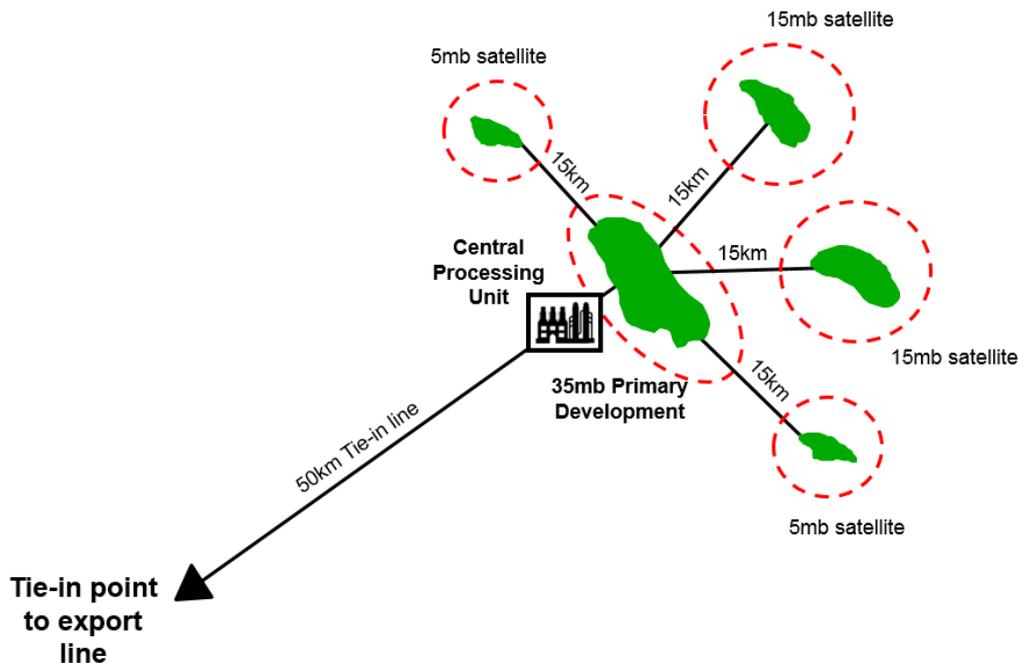
In addition, CGG has further conducted a review of the 14 drill ready structural exploration prospects contained within the Dinga 3D area of R1/R2. CGG has assessed the methodology used to estimate the gross mean unrisked prospective STOIIIP volumes on these prospects as reasonable. However, while Savannah has calculated gross mean unrisked prospective recoverable resources on these prospects assuming a 25% recovery factor, CGG believes a 30% recovery factor to be more appropriate, which would imply recoverable resources of 259 mmbbls. CGG believes that the statement made in Savannah's recent Update on R1/R2 Resource Potential press release of 14 May 2015 that the "mapped exploration prospects in this area carry a similar exploration risk profile to those drilled elsewhere in the basin that benefit from 3D seismic coverage" is reasonable.

### **Conceptual Development Solution Studies**

Savannah has recently completed work on a conceptual development solution for potential ARB discoveries. This solution envisages Savannah utilising a "hub and spoke" development concept, similar to that which is being employed by China National Petroleum Corporation ("CNPC") to develop discoveries in the adjoining acreage. Savannah has chosen this approach as it would enable the installation of cost effective production infrastructure, in a manner that has already been proven to work elsewhere in the basin and which is expected to be capable of expansion or replication to incorporate additional potential discoveries as and when required.

Under this plan, a new central processing facility ("CPF") would be built around the largest discovery in the proposed development area and then tied into the planned ARB export pipeline. Nearby satellites would be tied back to the CPF. The principal assumptions of this development concept are: (1) a five field development commercialises an aggregate resource of 75 mmbbls; (2) production assumed to commence four years from discovery of the principal field at a peak plateau rate of 25kb/d; (3) estimated capital costs (including abandonment) of US\$8/bbl (2015 real), operating costs of US\$7/bbl (2015 real) and an expected export pipeline tariff of US\$16/bbl (2015 real, see below).

## **Agadem Conceptual Development Solution**



CGG has reviewed Savannah's conceptual development plan and its assumed cost structure and assessed this to be reasonable. They have also verified the economic modelling of this development plan against the R1/R2 PSC terms. The principal conclusion of their work is that:

*"the Net Present Value ("NPV") to Savannah of each generic five field development with a total of 75 million barrels is estimated at US\$320 million assuming a 10% discount rate and US\$70 per barrel real Brent oil price and the economic breakeven oil price of such a development is estimated at US\$42.5 per barrel for the Brent oil marker in real 2015 terms."*

### **Agadem Rift Basin Export Pipeline Tariff**

Savannah has recently received an update from representatives of the Ministry of Energy and Petroleum in relation to the progress which has been made on the installation of ARB export infrastructure and potential economics. Following this update, a reasonable central case cost of export via the proposed Agadem-Ronier-Doba-Kribi route (of which the Agadem-Ronier section is still required to be built) is now seen by the MEP and Savannah as being c.US\$16/bbl (real 2015). This cost includes individual pipeline tariffs and national transit fees payable to the Republics of Chad and Cameroon to enable crude to be exported from Agadem to the Cameroon port of Kribi.

The c.US\$16/bbl assumption compares to the average c.US\$18/bbl assumption made at the time of CGG's initial economic evaluation contained within the July 2014 Competent Persons Report. The reduction in cost assumption has been reviewed and assessed as reasonable by CGG.

The principal assumption of this estimated cost is that there is spare pipeline capacity throughout the proposed route. In this case, under the terms of the R1/R2 PSC, the Petroleum Code of Niger and its Implementing Decree, Savannah would be entitled to access third party infrastructure.

### **Receipt of Environmental Authorisations**

Following the completion of the R1/R2 Environmental Impact Assessment, Savannah can confirm that its "PGES" (Environmental and Social Management Plan) has now received approvals from the

Ministry of Environment and all other stakeholders (local communities, regional administrations and the Ministry of Energy and Petroleum). The certificate of environmental conformity is currently being processed. There are no further authorisations required to enable Savannah to acquire seismic and drill wells over the entire R1/R2 area for the extent of its Exclusive Exploration Authorisation.

### **Well Design and Seismic Acquisition Planning Contracts**

Savannah has now signed contracts to initiate the well engineering and seismic survey planning work required to enable the Company to ensure operational readiness to recommence exploration activity on the R1/R2 permit later in the year.

#### **For further information contact:**

**Savannah Petroleum** +44 (0) 20 3817 9844  
Andrew Knott, CEO  
Jessica Hostage, Head of Investor Relations

**Strand Hanson (Nominated Adviser)** +44 (0) 20 7409 3494  
Rory Murphy  
James Spinney  
Ritchie Balmer

**Mirabaud (Broker)** +44 (0) 20 7878 3362  
Peter Krens  
Rory Scott

**Celicourt Communications** +44 (0) 20 7520 9266  
Mark Antelme  
Jimmy Lea

Steve Jenkins, Chairman, and Phil Magor, Chief Geologist, have read and approved the technical disclosure in this regulatory announcement in their capacity as qualified persons under the AIM Rules. Mr. Jenkins is a qualified Geologist, with 32 years' experience in the oil and gas industry, and is a Fellow of the Geological Society. Mr. Magor is a qualified Geologist, with 35 years' experience in the oil and gas industry, and is a member of the Society of Petroleum Engineers.

The above preliminary resource estimates have been estimates in accordance with the Petroleum Resource Management System guidelines endorsed by the Society of Petroleum Engineers.