

30 July, 2015

**Savannah Petroleum PLC**  
(“Savannah” or the “Company”)

**Further issue of options and new ordinary shares**

Following the granting of shareholder approval at the general meeting of the Company held earlier today to issue the second tranche of shares pursuant to the Company’s £23.4m placing (which was announced on 10 July 2015) (the “Placing”), Savannah announces that its Remuneration Committee has today approved amendments to the Company’s incentivisation provisions to mechanically adjust for the dilutive impact of the Placing as well as to further incentivise certain directors and employees of the Company and its subsidiaries (the “Group”). The amendments follow the broad intentions outlined in the Company’s AIM admission document published on 29 July 2014, which are as follows:

- The aggregate number of any issued or unissued ordinary shares in the capital of Savannah (“Ordinary Shares”) being the subject of any such schemes from time to time shall not in any circumstances exceed 15 per cent. of the Company’s fully diluted share capital;
- One half of the equity available under such scheme(s) shall be awarded to Andrew Knott; and
- The share price hurdle rate (before the share options vest, save for under certain conditions) is three times that of the share option exercise price, which at the time of the IPO was set at 56 pence, and for the purposes of this new issue of share options has been set at 38 pence, which was the price at which the Placing was completed.

To implement these changes, a supplementary share option plan (the “Supplementary Plan”) has been implemented and structured principally, as noted above, on the same terms as the Company’s existing long term incentive plan (the “LTIP”) which was established on 28 November 2014 (and announced via RNS on 1 December 2014). Like the LTIP, the terms of the Supplementary Plan allow for share options over up to 15 per cent. of the Company’s fully diluted share capital, from time to time, when aggregated with those share options potentially issuable under the LTIP, to be issued to directors and employees of the Group. The principal founder and Chief Executive Officer, Andrew Knott, is entitled to receive 50 per cent. of the total number of share options issuable under the LTIP and the Supplementary Plan. The “leaver” terms applicable to the new share options, which provide for full or partial forfeiture of unvested options, differ from those applicable to the LTIP in that they apply to the new share options in the event of an option holder ceasing to hold office with, or be employed by, the Group prior to 28 November 2017, as opposed to 28 November 2019 in the case of the existing awards made under the LTIP. The LTIP terms, which the Supplementary Plan principally follows (other than as disclosed in this announcement), are more fully explained in the Company’s 1 December 2014 announcement and were implicitly approved by Shareholders at the 29 June 2015 annual general meeting of the Company when approval was given to issue new Ordinary Shares pursuant to the terms of the LTIP.

In line with the pricing structure of the LTIP, the terms of the Supplementary Plan provide for an exercise price set equal to that at which capital has been most recently raised, which is 38 pence per share (as per the Placing) and has a hurdle rate of 114 pence which is three times the option exercise price. For reference, the LTIP’s hurdle rate was set at 168 pence, which was three times the Company’s IPO price of 56 pence. The new share options shall vest and become exercisable on the earliest to occur of: (i) the Savannah share price on any day equalling or exceeding 114 pence per share; (ii) any person or group of persons acting in concert obtaining control of 30 per cent. or more of the Company’s ordinary share capital from time to time (other than the existing concert party); (iii) the sale of a substantial proportion of the Group’s assets (as shall be determined by the

Company's Remuneration Committee in its sole discretion) to a single buyer or one or more buyers as part of a single transaction or a series of connected transactions; and (iv) the passing of a resolution for a voluntary winding-up of the Company.

In order to simplify the structure of the Company's incentivisation plans under the Supplementary Plan, the share options will be granted by Savannah over unissued Ordinary Shares in the Company rather than through the issue of shares in Savannah Petroleum 1 Limited which can then be converted, subject to various conditions, into shares in Savannah (the "SP1L Shares"). The LTIP has now been closed and is not expected to be reopened again due to fiscal inefficiencies in further implementation.

The current holdings of SP1L Shares granted under the LTIP, the new share options granted under the Supplementary Plan and the implied theoretical maximum holding of share options in the Company are as set out in the below table:

	Current Ordinary Share holding in the Company	Current SP1L Shareholding	Share options issued pursuant to Supplementary Plan		Implied theoretical maximum holding of share options in the Company <sup>(1)</sup>
			To account for dilutive impact of the Placing	As part of further incentivisation	
<b>Directors</b>					
Andrew Knott	23,225,247	11,588,574	5,446,630	-	17,035,204
David Jamison	651,009	273,883	128,725	-	402,608
Mark Iannotti	3,615,287	547,765	257,450	2,000,000	2,805,215
Stephen Jenkins	500,000	1,785,714	839,286	180,215	2,805,215
<b>Senior management</b>					
Phil Magor	50,000	273,883	128,725	-	402,608
Yacine Wafy	762,555 <sup>(2)</sup>	547,765	257,450	-	805,215
Isatou Semega-Janneh	-	446,429	209,822	148,964	805,215
Jessica Hostage	74,776 <sup>(2)</sup>	273,883	128,725	402,607	805,215
<b>Total</b>	<b>28,878,874</b>	<b>15,737,896</b>	<b>7,396,813</b>	<b>2,731,786</b>	

(1) This is based on the highly unlikely scenario of a conversion ratio of one SP1L Share converting into one Ordinary Share pursuant to the terms of the LTIP

(2) Post the issue of the Award Shares as referred to below

In aggregate, an additional 10,128,599 share options are being awarded to directors and senior employees of the Group.

### Issue of new Ordinary Shares

Savannah's Remuneration Committee has today also approved the issue of, in aggregate, 314,275 new Ordinary Shares to certain of the Group's employees by way of a bonus award (the "Award Shares"). 239,499 new Ordinary Shares have been awarded to Yacine Wafy, the Group's Country Manager in Niger, such shares to be issued to Primo & Geb Consulting Limited, a company which is 100 per cent. beneficially and legally owned by Mr Wafy, and 74,776 new Ordinary Shares have been issued to Jessica Hostage, one of the Group's senior employees. All such shares were issued at an

effective subscription price of 40.12 pence per share, being the closing mid-market price of Savannah's shares on AIM on 29 July 2015. Each of Primo & Geb Consulting Limited and Miss Hostage has agreed to enter into lock-in agreements with the Company pursuant to which they will undertake not to, except in certain limited circumstances, dispose of any interest in their respective Award Shares for a period of 12 months from today's date other than with the Company's prior consent.

### **Admission to Trading and Total Voting Rights**

Application will be made to the London Stock Exchange for admission of the Award Shares to trading on AIM ("Admission") and it is expected that Admission will take place and that trading will commence on AIM on or around 6 August 2015. Following Admission, the Company will have 193,341,447 Ordinary Shares in issue with each share carrying the right to one vote.

The Company has no Ordinary Shares held in treasury. The total number of voting rights in the Company following Admission will therefore be 193,341,447. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

### **Concert Party Considerations**

Assuming that no participant in the LTIP other than Andrew Knott exchanges any of his or her SP1L Shares, or exercises any share options granted under the Supplementary Plan, and that no further issue of Ordinary Shares occurs between the date of today's announcement (which, for the avoidance of doubt, is post the issue and admission of the second tranche of Ordinary Shares pursuant to the Placing which is expected on 3 August 2015 and the issue and admission of the Award Shares) and the date of share exchange (of SP1L Shares into new Ordinary Shares), 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, and he exercises all his share options granted under the Supplementary Plan, is therefore 40,260,451 Ordinary Shares, representing a maximum 19.1 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 (as defined in the Company's 1 December 2014 announcement and circular posted to Shareholders on 12 March 2015) could be interested in should Andrew Knott's total holding of SP1L Shares convert into 11,588,574 new Ordinary Shares, and he exercises all his share options granted under the Supplementary Plan, is therefore 52,912,339 Ordinary Shares, representing 25.2 per cent. of the Company's then enlarged share capital.

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

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