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5 July 2016

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

Proposed placing of new ordinary shares to raise approximately US\$40 million

Resumption of trading on AIM

Savannah Petroleum, the Niger focused oil and gas company, announces today its intention to raise up to US\$40 million through an issue of new ordinary shares of £0.001 each ("**Ordinary Shares**"), at a placing price of 38 pence per Ordinary Share (the "**Placing Price**") with certain existing and new institutional and other investors via an accelerated book-build. The proceeds are intended to be used to recommence ground operations on the Company's assets in H2 2016 and for general corporate purposes.

The Placing, has been conducted by Mirabaud, acting as Sole Bookrunner and Joint Lead Manager, Panmure Gordon, acting as Joint Lead Manager, and Merriman Capital Inc. and Auerbach Grayson & Company LLC acting as US Selling Agents (the "**US Selling Agents**"), pursuant to the terms and conditions of the Placing Agreement, is conditional, *inter alia*, upon Admission.

Details of the Placing

The Company intends to place approximately 18,875,000 new Ordinary Shares (the "**First Placing Shares**") at the Placing Price conditional only on Admission, which is expected to occur at 8.00 a.m. on 8 July 2016. The First Placing Shares have been issued pursuant to the existing pre-emption disapplication authority granted to the Directors by Shareholders at the annual general meeting of the Company held on 28 June 2016. The placing of the First Placing Shares raised, in aggregate, gross proceeds of approximately £7.2 million (approximately US\$9.3 million). Following their Admission, the First Placing Shares will represent approximately 9 per cent. of the Company's then enlarged issued ordinary share capital (which includes the Subscription Shares, as defined below) and the holders of the First Placing Shares will be eligible to vote on the Resolutions.

In addition, the Company has conditionally placed a further approximate 60,240,000 new Ordinary Shares (the "**Second Placing Shares**"). As the Company will have utilised all of the Directors' existing authority to allot shares for cash on a non pre-emptive basis following Admission of the First Placing Shares, the Proposed Placing of the Second Placing Shares to raise, in aggregate, approximately a further £22.9 million (approximately US\$29.7 million) gross, is conditional upon, *inter alia*, the passing of Resolution 1 at the a general meeting of the Company shortly to be convened and which is expected to be held on 22 July 2016 (the "**General Meeting**") and admission of the Second Placing Shares occurring on or before 25 July 2016 (or such later date as Mirabaud and Panmure Gordon may agree, not being later than 8 August 2016). Following their Admission, the Second Placing Shares will represent approximately 22 per cent of the Company's then enlarged issued ordinary share capital (which includes the Subscription Shares).

Further, it is the intention of certain of the directors and senior management of the Company to subscribe for an aggregate amount of approximately 726,000 new Ordinary Shares (the "**Subscription Shares**") on the same terms governing the wider Placing within one trading day of announcing the result of the Placing. It is intended that the Subscription Shares are admitted to trading at the same time as the First Placing Shares.

Together, the First Placing Shares, the Second Placing Shares and the Subscription Shares constitute the Placing Shares, which, in aggregate, total approximately 79,840,000 new Ordinary Shares.

The Placing Shares, when issued, will rank *pari passu* in all respects with the Existing Issued Ordinary Share Capital with regard to dividend entitlements, interests and all other rights and obligations attaching to the Ordinary Shares.

The Placing Shares have been placed by Mirabaud and Panmure Gordon as agents of the Company, with certain existing and new institutional and other investors pursuant to the Placing Agreement. The US Selling Agents have been engaged for the purpose of effecting sales of the Placing Shares to US Persons or in the United States, pursuant to the exemption from registration under Rule 144A or Section 4(a)(2) of the Securities Act, . Under the terms of the Placing Agreement, Mirabaud and Panmure Gordon will receive commission from the Company conditional on the relevant Admission and the Company will give customary warranties and undertakings to Mirabaud and Panmure Gordon in relation, *inter alia*, to its business and the performance of its duties. The fees of the US Selling Agents will be settled by Mirabaud and/or Panmure Gordon out of the foregoing commissions payable to them by the Company. There is no other investment banker, broker, finder or other intermediary that has been retained by or is authorised to act on behalf of the Company who might be entitled to any fee or commission in connection with the Placing. In addition, the Company has agreed to indemnify Mirabaud and Panmure Gordon in relation to certain liabilities that they may incur in undertaking the Placing. Mirabaud and Panmure Gordon each has the right to terminate the Placing Agreement in respect of its obligations in certain circumstances prior to Admission, in particular, in the event that there has been, *inter alia*, a material breach of any of the warranties given by the Company to Mirabaud and Panmure Gordon.

Background to and reasons for the Placing

Savannah is seeking to recommence ground operations on its assets in 2H 2016, with the acquisition of 3D seismic in the R3 PSC Area. This is expected to provide further definition on existing mapped exploration targets, as well as the likely identification of new potential structures. These targets are analogous to and located along trend with existing producing fields and discoveries. Savannah expects to follow this program with a multi-well 3D seismic backed exploration drilling campaign, planned to commence in Q1 2017.

Savannah continues to consider the introduction of a partner to its assets. The Company is currently in discussions with a number of large and well capitalised counterparties, who have indicated their capabilities to meet Savannah's financial and technical objectives in the current industrial environment, with a view to potentially announcing a transaction prior to the commencement of drilling activity. It should be noted that Savannah remains focused around the generation of stakeholder value and only intends to conduct a transaction on terms that it believes will enable the R1/R2 PSC Area and R3/R4 PSC Area to be explored and appraised in a value accretive manner.

Resource and Technical Work Update¹

Savannah has now completed over 2,200 man days of technical work on the Savannah PSCs. This work has involved the interpretation of substantial seismic, Full Tensor Gradiometry and magnetic datasets and has been supported by continuing geological evaluations (including stratigraphy, reservoirs, oil-typing, source rocks, basin modeling, structural geology, basin evolution and fault seal analysis).

Since the time of our last published resource update in July 2015, the database available to Savannah has expanded significantly in size (2D seismic +c.60 per cent., 3D seismic +c.300 per cent., well data

¹ *The interpretations, assessments and estimates contained in this paragraph are based upon inferences from measurements, empirical relationships, assumptions, and industry practice, which are not infallible*

suites +c.80 per cent.). Overall, the increased dataset and associated work programs have significantly enhanced the Company's understanding of the geology of the Savannah PSCs, enabling the confirmation of a new proven play type in the basin and a significant increase in the Company's lead and prospect inventory.

The new proven play is located in the Upper Sokor (Oligocene) sandstone reservoirs, which lie above the previously recognised Eocene and Upper Cretaceous reservoir sections. The Upper Sokor play has now been proven across several discoveries in the Agadem Rift Basin (outside of Savannah's acreage) with commercial flow rates having been demonstrated. Savannah's review of its acreage has shown that significant play potential exists in this formation, and this usually sits directly above Eocene leads and therefore offers attractive "stacked" targets to evaluate exploration prospectivity across multiple horizons.

Savannah has now identified 118 exploration leads and prospects ("**Targets**") across the Savannah PSCs (vs. 51 at the time we last reported on this in May 2015). CGG Geoconsulting has conducted a review of 12 example Targets which they view as representative of the prospectivity contained within the Savannah PSCs. A total of 10 of these Targets are similar to existing, proven play discoveries in the basin and are located in the R1 PSC Area and the R3/R4 PSC Area. CGG Geoconsulting has assessed these 10 Targets to carry a low risk profile (i.e. similar to those drilled elsewhere in the basin to date). The other 2 Targets aim to test unproven plays, and are located in the R2 PSC Area. CGG Geoconsulting anticipates one of these Targets will carry a low risk profile (Jimna, a deeper structural Target) and one will carry a high technical risk profile (Koro, a stratigraphic Target). CGG Geoconsulting has assessed that the methodology used by Savannah to assign unrisks to mean recoverable resources to these Targets is reasonable. The 10 Targets on proven plays are estimated to contain an aggregate c.494 mmbbls of unrisks to mean recoverable resources. The 2 Targets on unproven plays are estimated to contain an aggregate c.407 mmbbls of unrisks to mean recoverable resources.

Separately, CGG Geoconsulting has upgraded its overall estimate of the Company's gross best estimate unrisks to mean recoverable prospective resources to 2,185 mmbbls, from their previous estimate of 1,191 mmbbls provided in July 2015. The principal drivers of the upgrade are the addition of volumes associated with the R3/R4 PSC Area and volumes associated with the Upper Sokor formation across both the R1/R2 and R3/R4 PSC Areas. In conducting this estimate CGG Geoconsulting has continued to utilise its proprietary "yet-to-find" methodology, previously employed for the July 2014 and July 2015 resource updates.

Amendments to PSC Terms and Petroleum Code and Agadem Region Infrastructure Agreement

The Company has received notification from the Ministry of Energy and Petroleum ("**MEP**") in Niger that certain amendments to the Savannah PSCs will be submitted to Niger's Council of Ministers for approval. These changes, if approved, are expected to see Savannah's required minimum work commitments under the Savannah PSCs be amended.

The MEP has further informed Savannah that a new Petroleum Code is anticipated to be adopted prior to the end of 2016. Under the proposed new terms, it is anticipated that the potential extension period for the Savannah PSCs will be two years (as opposed to a current one year extension permitted under the terms of the existing Petroleum Code). As per the current Petroleum Code, any such extension is intended to be granted in return for Savannah committing to finalise a commerciality study following the discovery of hydrocarbons.

The MEP has also advised Savannah that it is intended that the proposed terms of the new Petroleum Code will, in a prevailing lower oil price environment, result in the cost recovery ceiling in the Savannah PSCs being increased to 80 per cent. from the current 70 per cent.

Finally, the Company has been notified by the MEP that it is anticipated that Savannah will enter into an agreement with the Republic of Niger (being the Agadem Region Infrastructure Agreement), which is expected to provide for Savannah to have the right to be an equity holder in any potential oil export infrastructure. In the event the Agadem Region Infrastructure Agreement is signed, Savannah would intend to establish an externally funded vehicle for the purposes of financing its share of any costs.

Use of Proceeds

Savannah believes that it is in Shareholders' best interests to commence this planned operational activity. The net proceeds of the Placing are therefore intended to be used to fund the Group's planned seismic programme as well as its initial drilling campaign and for general corporate purposes.

Risk Factors

The risk factors affecting the Company are set out below in Appendix I of this announcement.

Update on Trading Suspension

As noted above, and as announced on 11 January 2016, the Ordinary Shares were suspended from trading on AIM on 11 January 2016. The trading suspension was at the request of the Company following it entering into a non-binding heads of terms regarding a potential transaction which, had it been completed on the proposed terms as set out in the agreement, would be classified as a reverse takeover under the AIM Rules.

On completion of the Placing, and following consultation with certain major Shareholders, the Board intends to immediately terminate discussions on the potential transaction and, in the near term, focus on developing and maximising the value of its existing assets. Trading in the Ordinary Shares therefore would be expected to resume as soon as practicable following the announcement of the results of the Placing.

In the event that the Placing does not complete, it is highly likely that the Board will terminate discussions on the potential transaction in order to avoid the Ordinary Shares being cancelled from admission to trading on AIM, which is currently scheduled to take place on 12 July 2016, pursuant to AIM Rule 41, however a definitive decision has not yet been taken by the Board on this.

Andrew Knott, CEO of Savannah Petroleum, said:

"Following significant technical and commercial progress across our assets, today's fundraise enables us to recommence ground activities at Agadem. We plan to acquire 3D seismic over the R3 PSC Area, starting over the coming months, and expect to follow this with the drilling of our first exploration wells in Q1 2017.

I would like to again thank the Government of Niger, as well as our existing and new shareholders for their support as we start to explore our asset base and further demonstrate its value. I look forward to providing updates on our progress in the weeks and months ahead."

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The Market Abuse Regulation (MAR) became effective from 3 July 2016. Market soundings, as defined in MAR, were taken in respect of the Placing with the result that certain persons became aware of inside information, as permitted by MAR. That inside information is set out in this announcement and in the Circular and has been disclosed as soon as possible in accordance with paragraph 7 of article 17 of MAR. Therefore, those persons that received inside information in a market sounding are no longer in possession of inside information relating to the Company and its securities.

Appendix I - Risk Factors

Ordinary Shares are subject to a number of risks. Accordingly, Shareholders should consider carefully all of the information set out in this circular including, in particular, the risks described below, prior to making any decision relating to the Ordinary Shares.

An investment in the Company may not be suitable for all investors and involves a high degree of risk. Before making an investment decision, prospective investors are advised to consult a professional adviser authorised under FSMA who specialises in advising on investments of the kind described in this circular. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

The exploration for and development of natural resources is a highly speculative activity which involves a high degree of risk. Accordingly, the Ordinary Shares should be regarded as a highly speculative investment and an investment in the Company should only be made by those with the necessary expertise to evaluate the investment fully.

There can be no certainty that the Group will be able to implement successfully the strategy set out in this circular. No representation is or can be made as to the future performance of the Group and there can be no assurance that the Group will achieve its objectives.

THE FOLLOWING RISK FACTORS DO NOT PURPORT TO BE AN EXHAUSTIVE LIST OR EXPLANATION OF ALL THE RISK FACTORS INVOLVED IN INVESTING IN THE COMPANY. IN PARTICULAR, THE COMPANY'S PERFORMANCE MIGHT BE AFFECTED BY CHANGES IN MARKET AND/OR ECONOMIC CONDITIONS AND IN LEGAL, REGULATORY AND TAX REQUIREMENTS. ADDITIONALLY, THERE MAY BE RISKS OF WHICH THE BOARD IS NOT AWARE OR BELIEVES TO BE IMMATERIAL WHICH MAY, IN THE FUTURE, ADVERSELY AFFECT THE OPERATING RESULTS, FINANCIAL CONDITION AND PROSPECTS AND THE MARKET PRICE OF THE ORDINARY SHARES. IN SUCH CASES, THE MARKET PRICE OF THE ORDINARY SHARES MAY DECLINE AND HOLDERS OF ORDINARY SHARES MAY LOSE ALL OR PART OF THEIR INVESTMENT. ANY ONE OR MORE OF THESE RISK FACTORS COULD HAVE A MATERIALLY ADVERSE IMPACT ON THE VALUE OF THE GROUP AND SHOULD BE TAKEN INTO CONSIDERATION WHEN ASSESSING THE COMPANY AND WHETHER TO ACQUIRE ORDINARY SHARES.

Risks relating to the business

Risks relating to the Group's activities in the oil and gas industry

There are numerous factors which may affect the success of the Group's business which are beyond its control including local, national and international economic, legal and political conditions. The Group's business involves a high degree of risk which a combination of experience, knowledge and careful evaluation may not overcome. The operations of the Group in West Africa may expose it to potential civil unrest and political or currency risks.

Oil prices

The marketability and price of oil and natural gas that may directly or indirectly be acquired or discovered by the Group will be affected by numerous factors beyond the control of the Group, but which include: global and regional supply and demand, expectations regarding future supply and demand, for oil and gas; global and regional economic conditions; political, economic and military developments in oil and gas producing regions; prices and availability of alternative sources of energy; geopolitical uncertainty; speculative activities and trends in the financial community; and the ability and desire of members of OPEC, and other oil producing nations, to set and maintain specified levels of production and prices. Low oil prices will reduce the projected economic value of the Group's assets, make it harder for the Company to attract partners and/or capital and reduce the cashflows of the Group's assets once developed.

Title matters and payment obligations

Although the Savannah PSCs and various international treaties to which Niger is signatory offer a strong protection to the Group, an unforeseen defect in title, changes in law (or interpretations thereof), regulatory consents or political events may arise or occur to defeat or impair the claim of the Group to some or all of the rights in properties which it currently owns or is interested or may acquire which could result in a material adverse effect on the Group, including a reduction in any revenues generated. Similarly, there is a risk that the proposed amendments to the Savannah PSCs, the Petroleum Code and/or the terms of the proposed Agadem Region Infrastructure Agreement may not be approved by the Nigerien Government.

Early stage of operations

The Group's operations are at an early stage of development and future success will depend, *inter alia*, on the Directors' ability successfully to manage and exploit the current asset portfolio and to take advantage of further opportunities which may arise. There can be no guarantee that the Group can or will be able to, or that it will be commercially advantageous for the Group to, develop its assets.

An investment in the Company is subject to certain risks related to the nature of the Group's business in the acquisition, appraisal, exploitation, development and production of oil and natural gas assets and their early stage of development. The Group has a limited operating history and no history of positive earnings, and there can be no assurance that the Group's business will be successful or profitable.

Further, the Group has no assets producing positive cash flow and its ultimate success will depend on, *inter alia*, the Group's success in discovering oil and/or natural gas, the Directors' ability to implement their strategy, generate cash flow from economically viable projects and access appropriate sources of future funding, including, but not limited to, equity markets, bank debt and proceeds from potential asset sales. Whilst the Directors are optimistic about the Group's prospects, there is no certainty that sustainable revenue streams and sustainable profitability will be achieved.

The Group will not generate any material income until production has successfully commenced, an asset sale is completed or producing assets have been acquired and in the meantime the Group will continue to expend its cash reserves.

The Group's business plan to exploit and commercialise its assets will require significant capital expenditure for the identification, acquisition, appraisal, exploration, development and production of oil and gas resources and/or reserves in the future.

In the opinion of the Directors, the net proceeds of the Placing receivable by the Company will be sufficient to finance the activities described in this circular, and beyond this, the Group will enter into arrangements to raise finance from asset sales, debt or equity financing for its operations or exploration, appraisal, development or production plans. However, there is no assurance that the Group will be able to generate sufficient internal cash flow, or that sufficient additional sources of financing will be available to meet the Group's funding requirements in the medium and longer term to pursue its future strategic decisions. Furthermore, if additional sources of finance are available, they may not be on terms acceptable to the Group given the limited amount of cash reserves the Group may have at that time. The Group's inability to access sufficient capital for its operations may have a material adverse effect on its business, financial condition, results of operations and prospects.

Use of proceeds of the Placing

At present, the Company intends to use the net proceeds of the Placing to finance the activities described in this circular and to fund general corporate purposes. The very nature of the oil and gas industry in which the Group operates means that it will need to manage certain events which are outside of its control. For example, access to drilling rigs and/or seismic equipment and certain other associated long-lead items in the timeframes currently envisaged. Furthermore, the success or otherwise of the Group's seismic and drilling campaigns, or changes to the Group's future business

needs, could lead to amendments to its future work programme and therefore to the use of net proceeds of the Placing.

Governmental relations may change and retention of key business relationships

To protect the Group's licences and permits to operate and its ability to secure new resources it is important that the Group should maintain strong positive relationships with the governments of, and communities in, the countries where its business is conducted. Failure – real or perceived – to maintain these relationships, or any of the risk factors described in this circular materialising, could harm the Group's reputation, which could, in turn, impact the Group's licences, financing and access to new opportunities.

Although the Company believes it has good relations with the Nigerien Government, there can be no assurance that the actions of present or future governments in Niger and governments of other countries in which the Group may operate, directly or indirectly, in the future, will not materially adversely affect the business or financial condition of the Group.

The Group will rely significantly on strategic relationships with other entities, on good relationships with regulatory and governmental departments and upon third parties to provide essential contracting services. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed, and the Group could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance which causes the early termination or non-renewal of one or more of these key business alliances or contracts could adversely impact the Group, its business, operating results and prospects.

Prospective investments and growth strategy execution risks

Whilst the Group has been focused on the development of the Savannah PSCs, it may seek to further expand its operation and therefore may expend significant costs on, *inter alia*, conducting due diligence into potential investment opportunities in further businesses, assets or prospects/projects that may not be successfully completed or result in any acquisition being made, which failure to complete or acquire, could have a material adverse effect on its business, operating results and financial condition.

Farm down of the Group's assets

In due course the Group may, subject to receipt of any necessary consents, farm down part of its licence interests to third parties, some of which may act as operator. Operating agreements with third party operators typically provide for a right of consultation or consent in relation to significant matters and generally impose standards and requirements in relation to the operator's activities. However, in the event that the Group does not act as operator in respect of certain of its licence interests, the Group will generally have limited control over the day-to-day management or operations of those assets and will therefore be dependent upon the third party operator. A third party operator's mismanagement of an asset may result in significant delays or materially increased costs to the Group. The Group's return on assets operated by others will therefore depend upon a number of factors that may be outside the Group's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Generally, a failure by any licence partner (whether the operator or otherwise) to fulfil its financial obligations may increase the Group's exposure related to the licence in question. Any significant increase in costs as a consequence of joint and several liabilities may materially adversely affect the financial condition of the Group.

There can be no certainty that a farm out transaction will be successfully concluded due to, without limitation, an inability to secure suitable terms, failure of a potential farminee to achieve appropriate management or regulatory approvals, or a change in the Group's strategy.

Dependence on key executives and personnel

The future performance of the Group will to a significant extent be dependent on its ability to retain the services and personal connections or contacts of key executives and to attract, recruit, motivate and retain other suitably skilled, qualified and industry experienced personnel to form a high calibre management team. Such key executives are expected to play an important role in the development and growth of the Group, in particular by maintaining good business relationships with regulatory and governmental departments and essential partners, contractors and suppliers.

Further, the Group may struggle to recruit key personnel required to run an exploration and appraisal programme and other important members of the workforce required to run a full exploration or appraisal programme. Shortages of labour, or of skilled workers, may cause delays or other stoppages during exploration and appraisal activities. Many of the Group's competitors are larger, have greater financial and technical resources, as well as staff and facilities, and have been operating in a market-based competitive economic environment for much longer than the Group.

There can be no assurance that the Group will retain the services of any key executives, advisers or personnel who have entered into service agreements or letters of appointment with the Group. The loss of the services of any of the key executives, advisers or personnel may have a material adverse effect on the business, operations, relationships and/or prospects of the Group. In particular, given the importance of the direction and leadership of its existing Chief Executive Officer as founder of the Group, his local knowledge and relationships in the oil and gas industry in Niger and his industry expertise, the future success of the Group is, to an extent, dependent upon the continued service of the Chief Executive Officer. The Group currently has no key-man insurance policy in place and, therefore, there is a risk that the unexpected departure or loss of this individual could have a material adverse effect on the business, financial condition and results of operations of the Group, and there can be no assurance that the Group will be able to attract or retain a suitable replacement.

Labour and health & safety

Developing oil and gas resources and reserves into commercial production involves a high degree of risk. The Group's exploration operations are subject to all the risks common in its industry. These hazards and risks include encountering unusual or unexpected rock formations or geological pressures, geological uncertainties, seismic shifts, blowouts, oil spills, uncontrollable flows of oil, natural gas or well fluids, explosions, fires, improper installation or operation of equipment and equipment damage or failure, including failure to comply with regulatory requirements expected of a Western country (such as comprehensive health and safety processes). Personal injuries suffered as a result of the foregoing are likely to be exacerbated as a result of a lack of access to medical care facilities and healthcare professionals.

If any of these types of events were to occur, they could result in loss of production, environmental damage, injury to persons and loss of life.

They could also result in significant delays to drilling programmes, a partial or total shutdown of operations, significant damage to equipment owned or used by the Group and personal injury, wrongful death or other claims related to loss being brought against the Group. These events could result in the Group being required to take corrective measures, incurring significant civil liability claims, significant fines or penalties as well as criminal sanctions potentially being enforced against the Group and/or its officers. The Group may also be required to curtail or cease operations on the occurrence of such events. Any of the above could have a material adverse effect on the Group's business, prospects, financial condition or results of operations.

While the Group has implemented certain policies and procedures to identify and mitigate such hazards, develop appropriate work plans and approvals for high-risk activities and prevent accidents from occurring, these procedures may not be sufficiently robust or appropriately followed by the Group's staff or third-party contractors to prevent accidents.

Risks associated with the need to maintain an effective system of internal controls

The Group faces risks frequently encountered by developing companies such as under-capitalisation, under-capacity, cash shortages and limited resources. In particular, its future growth and prospects

will depend on its ability to manage growth and to continue to maintain, expand and improve operational, financial and management information systems on a timely basis, whilst at the same time maintaining effective cost controls. Any damage to, failure of or inability to maintain, expand and upgrade effective operational, financial and management information systems and internal controls in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

Project development risks

There can be no assurance that the Group will be able to manage effectively the expansion of its operations or that the Group's current personnel, systems, procedures and controls will be adequate to support the Group's operations. Any failure of the Board to manage effectively the Group's growth and development could have a material adverse effect on the Group's business, financial condition and results of operations. There is no certainty that all or, indeed, any of the elements of the Group's current strategy will develop as anticipated and that the Group will be profitable.

Foreign subsidiaries

The Group conducts most of its operations through its subsidiary, Savannah Niger, which is located outside of the United Kingdom. Therefore, the success of the Group in the near term will be dependent on distributions from the Company and its subsidiaries to Savannah Niger in order that it may meet its obligations. At the point of production commencement, the ability of Savannah Niger to make payments to the Company may be constrained by, among other things, the level of taxation, particularly in relation to corporate profits and withholding taxes, in the jurisdiction in which it or any other Group company operates, and the introduction of exchange controls or repatriation restrictions or the availability of hard currency to be repatriated.

Tax risks

The Group is subject to taxation including, but not limited to, that as outlined in the Savannah PSCs. The Group has subsidiaries located in multiple jurisdictions and has relied on external professional advice in relation to the applicable taxation regime in each jurisdiction. The Group cannot be certain that this advice will ultimately prove to be correct. The application of such taxes together with taxes levied in other applicable jurisdictions, may change over time due to changes in laws, regulations or interpretations by the relevant tax authorities. Any such changes, or the application of taxes where not anticipated by the Group, may have a material adverse effect on the Group's financial condition and results of operations.

Exchange rate fluctuations

Currency fluctuations may affect the Group's operating cash flow since certain of its costs and revenues are likely to be denominated in currencies other than Pounds Sterling such as US Dollars, Euros and Communauté Financière Africaine francs (XOF). Fluctuations in exchange rates between currencies in which the Group operates may cause fluctuations in its financial results (which are reported in US Dollars) which are not necessarily related to its underlying operations. The Group does not currently have a foreign currency hedging policy in place. If and when appropriate, the adoption of such a policy will be considered by the Board.

The Company's share price is quoted on the London Stock Exchange in Pounds Sterling. As a consequence, shareholders may experience fluctuation in the market price of the Ordinary Shares as a result of, amongst other factors, movements in the exchange rate between Pounds Sterling, US Dollars, Euros and XOF.

Exchange controls

Savannah Niger is subject to the special foreign exchange regime provided for under the Savannah PSCs as well as the common law foreign exchange regime for issues with respect to which the Savannah PSCs do not provide for a preferential treatment.

In accordance with the combined provisions of the WAEMU Foreign Exchange Regulation and of the Savannah PSCs, there are no restrictions on transfers of funds into Niger though Savannah Niger

must send a quarterly report to the Nigerien Government with all information concerning the movement of capital and payments made by it that are required for declaration purposes.

Any resident company intending to transfer foreign currency out of the country must provide supporting documentation. Residents are required to transfer any income in foreign currency via an approved intermediary. In this case as well, Savannah Niger must, each quarter, send to the Nigerien Government all information concerning the movement of capital and payments out of Niger effected by it.

Notwithstanding the stabilisation of the foreign exchange regime granted to Savannah Niger as per the Savannah PSCs, if restrictions on exchange controls are changed in a manner detrimental to the Group, its business, prospects, results of operations or financial conditions could be materially adversely affected, as would its ability to pay dividends on the Ordinary Shares, should any be declared.

Market perception

Market perception of junior exploration and production companies, as well as all oil and gas companies in general, and/or companies operating in the Niger and West Africa generally, may change which could impact on the value of investors' holdings and the ability of the Group to raise further funds through the issue of further Ordinary Shares or otherwise.

Insurance coverage and uninsured risks

While the Board will determine appropriate insurance coverage from time to time, it may elect not to have insurance for certain risks due to the high premium costs associated with insuring those risks or for other reasons, including an assessment in some cases that the risks are remote.

No assurance can be given that the Group will be able to obtain insurance coverage at reasonable rates (or at all), or that any coverage it or the relevant operator obtains and proceeds of insurance will be adequate and available to cover any claims arising. The Group may become subject to liability for pollution, blow-outs or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible. The Group will exercise due care in the conduct of its business and obtain insurance prior to commencing operations in accordance with industry standards to cover certain of these risks and hazards. However, insurance is subject to limitations on liability and, as a result, may not be sufficient to cover all of the Group's losses. The occurrence of a significant event against which the Group is not fully insured, or the insolvency of the insurer of such event, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Any indemnities the Group may receive from such parties may be difficult to enforce if such sub-contractors, operators or joint venture partners lack adequate resources. In the event that insurance coverage is not available or the Group's insurance is insufficient to fully cover any losses, claims and/or liabilities incurred, or indemnities are difficult to enforce, the Group's business and operations, financial results or financial position may be disrupted and adversely affected. Further, even where the Group is insured, its contractors may themselves be insufficiently insured, or uninsured, in respect of damage they may cause to the Group's property or operations. In such cases, the Group may be required to incur additional costs to extend its cover to its contractors, from whom it may be unsuccessful in recovering such costs in full or at all.

The payment by the Group's insurers of any insurance claims may result in increases in the premiums payable by the Group for its insurance cover and adversely affect the Group's financial performance. In the future, some or all of the Group's insurance coverage may become unavailable or prohibitively expensive.

Operational insurance policies are usually placed in one year contracts and the insurance market can withdraw cover for certain risks which can greatly increase the costs of risk transfer. Such increases are often driven by factors unrelated to the Group such as well control elsewhere in the world and wind storm damage.

Professional advisers

The Directors and the Group have relied upon advice from various professional advisers engaged by the Group in relation to the preparation of this circular and the Placing. Such professional advisers' liability is subject to limitations. Accordingly, in the event any such advice proves to be have been incorrect, any amounts recoverable from the relevant adviser(s) may not be sufficient to cover all of the Group's resulting losses. This could have a material adverse effect on the Group's business and operations, financial condition and prospects.

Future litigation

From time to time, the Group may be subject, directly or indirectly, to litigation arising out of its proposed operations. Damages claimed under such litigation may be material or may be indeterminate, and the outcome of such litigation may materially impact the Group's business, results of operations or financial condition. While the Group assesses the merits of each lawsuit and defends itself accordingly, it may be required to incur significant expenses or devote significant resources to defending itself against such litigation. In addition, the adverse publicity surrounding such claims may have a material adverse effect on the Group's business.

General exploration, development and production risks

Exploration, development and production risks

There can be no guarantee that hydrocarbons will be discovered in commercial quantities, or that those potentially discovered will be developed into profitable production. Developing a hydrocarbon production field requires significant investment, generally over several years, to build the requisite operating facilities, drilling of production wells along with implementation of advanced technologies for the extraction and exploitation of hydrocarbons with complex properties. Making these investments and implementing these technologies, normally under difficult conditions, can result in uncertainties about the amount of investment necessary, operating costs and additional expenses incurred as compared with the initial budget, thereby negatively affecting the business, prospects, financial condition and results of operations of the Group. In addition, hydrocarbon deposits assessed by the Group may not ultimately contain economically recoverable volumes of resources and even if they do, delays in the construction and commissioning of production projects or other technical difficulties may result in any projected target dates for production being delayed or further capital expenditure being required. There is also the risk that the Group may not be awarded exclusive exploitation rights in respect of resources which are ultimately identified.

The operations and planned drilling activities of the Group and its partners may be disrupted, curtailed, delayed or cancelled by a variety of risks and hazards which are beyond the control of the Group, including unusual or unexpected geological formations, formation pressures, geotechnical and seismic factors, environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharge of toxic gases, industrial accidents, occupational and health hazards, technical failures, mechanical difficulties, equipment shortages, labour disputes, fires, power outages, compliance with governmental requirements and extended interruptions due to inclement or hazardous weather and ocean conditions, explosions, blow-outs, pipe failure and other acts of God.

Any one of these risks and hazards could result in work stoppages, damage to, or destruction of, the Group's or its partners' facilities, personal injury or loss of life, severe damage to or destruction of property, environmental damage or pollution, clean-up responsibilities, regulatory investigation and penalties, business interruption, monetary losses and possible legal liability which could have a material adverse impact on the business, operations and financial performance of the Group. Although precautions to minimise risk are taken, even a combination of careful evaluation, experience and knowledge may not eliminate all of the hazards and risks. In addition, not all of these risks are insurable.

Hydrocarbon resource and reserve estimates

No assurance can be given that hydrocarbon resources and reserves reported by the Group previously, now or in the future are or will be present as estimated, will be recovered at the rates estimated or that they can be brought into profitable production. Hydrocarbon resource and reserve estimates may require revisions (either up or down) based on actual production experience and in

light of the prevailing market price of oil and gas. Hydrocarbon resource and reserve estimates are highly subjective, and there is a risk that there are discrepancies between those estimates and the resources and reserves which are ultimately identified, both in terms of volume of resources and reserves identified, and in terms of the potential for recovery of such resources to be economically recoverable. A decline in the market price for oil and gas could render reserves uneconomic to recover and may ultimately result in a reclassification of reserves as resources.

The resources data contained in this circular has been reviewed by CGG unless stated otherwise. There are uncertainties inherent in estimating the quantity of resources and reserves and in projecting future rates of production, including factors beyond the Group's control. Estimating the amount of hydrocarbon resources and reserves is an interpretive process and, in addition, results of drilling, testing and production subsequent to the date of an estimate may result in material revisions to original estimates.

The hydrocarbon resources data contained in this circular are estimates only and should not be construed as representing exact quantities. The nature of resource quantification studies means that there can be no guarantee that estimates of quantities and quality of the resources disclosed will be available for extraction. Any resource estimates contained in this circular are based on production data, prices, costs, ownership, geophysical, geological and engineering data, and other information assembled by the Group (which it may not necessarily have produced). The estimates may prove to be incorrect and potential investors should not place reliance on the forward looking statements contained in this circular (including data from CGG and whether expressed to have been reviewed by CGG or otherwise) concerning the Group's resources and reserves or production levels.

If the assumptions upon which the estimates of the Group's hydrocarbon resources have been based prove to be incorrect, the Group (or the operator of an asset in which the Group has an interest) may be unable to recover and produce the estimated levels or quality of hydrocarbons set out in this circular and the Group's business, prospects, financial condition or results of operations could be materially and adversely affected.

Capital and operating expenditure estimates may not be accurate

Estimated capital and operating expenditure requirements are estimates based on anticipated costs and are made on certain assumptions. Given the nascent stage of Savannah Petroleum's operation in Niger, the inherent uncertainties as to Savannah Petroleum's future work program, the uncertain time frame during which the capital expenditures will be made and sources of finance will be made available to the Group, the lack of clarity around the ultimate amount of oil resources which Savannah Petroleum may or may not discover in Niger, the lack of clarity around the precise method under which any oil or gas which is discovered would ultimately be developed, and the general correlation between oil and gas capital expenditures and global commodity markets there is a very high risk that currently assessed capital and operating expenditure costs may prove to be inaccurate. In addition, given the pragmatic approach of Savannah Petroleum's board and executive management team, nearer term capital and operating expenditure may be subject to change if Savannah Petroleum's board and management believe such a change is in the best interests of the Group.

Should the Group's capital and operating expenditure requirements turn out to be higher than currently anticipated the Group or its partners may need to seek additional funds which it may not be able to secure on reasonable commercial terms to satisfy the increased capital expenditure requirements. If this happens, the Group's business, cash flow, financial condition and operations may be materially adversely affected.

Exploration activities are capital intensive and there is no guarantee of success

Exploration activities are capital intensive and their successful outcome cannot be assured. The Group intends to undertake exploration activities and incur significant costs with no guarantee that such expenditures will result in the discovery of commercially deliverable oil or gas. The Group intends to explore in geographic areas, where environmental conditions are challenging and costs can be high. The costs of drilling, completing and operating wells are often uncertain. As a result, there may be cost overruns or requirements to curtail, delay or cancel drilling operations because of many factors,

including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with environmental regulations, governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment. Capital expenditure commitments may vary (or be increased) as a result of actual exploration performance. The risk of incurring such costs and the failure of such exploration may adversely affect the Company's profitability.

Appraisal and development results may be unpredictable

Appraisal results for discoveries are also uncertain. Appraisal and development activities involving the drilling of wells across a field may be unpredictable and not result in the outcome planned, targeted or predicted, as only by extensive testing can the properties of the entire field be fully understood.

Production operations may produce unforeseen issues and drilling activities may not be successful

Any production operations at the Savannah PSCs would involve risks common to the industry, including blowouts, oil spills, explosions, fires, equipment damage or failure, natural disasters, geological uncertainties, unusual or unexpected rock formations and abnormal geological pressures. In the event that any of these occur, environmental damage, injury to persons and loss of life, failure to produce oil or gas in commercial quantities or an inability to fully produce discovered reserves could result. Drilling activities may be unsuccessful and the actual costs incurred in drilling, operating wells and completing well workovers may exceed budget. There may be a requirement to curtail, delay or cancel any drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment. The occurrence of any of these events could have a material adverse effect on the Group's business, prospects, financial condition and operations.

Increase in drilling costs and the availability of drilling equipment

The oil and gas industry historically has experienced periods of rapid cost increases. Increases in the cost of exploration and development would affect the Group's ability to invest directly or indirectly in prospects and to purchase or hire equipment, supplies and oil and gas specific services. In addition, the availability and cost of drilling rigs and other equipment and services, including access to seismic survey equipment and related professionals, is affected by the level and location of drilling activity around the world.

An increase in drilling operations outside or in the Group's intended area of operations may reduce the availability, and increase the cost, of such equipment and services to the Group and to the companies with which it operates. The reduced availability of such equipment and services may delay the Group's ability, directly or indirectly, to exploit reserves and adversely affect the Group's operations and profitability.

Delays in production, marketing and transportation

Various production, marketing and transportation conditions may cause delays in oil production and adversely affect the Group's business. Drilling wells in areas remote from distribution and production facilities may delay production from those wells until sufficient reserves are established to justify expenditure on construction of the necessary transportation and production facilities. The Group's inability directly or indirectly to complete wells in a timely manner would result in production delays.

The Group is also subject to market fluctuations in the prices of oil and natural gas, deliverability uncertainties related to the proximity of reserves to adequate pipeline and processing facilities, and extensive government regulations relating to price, taxes, royalties, licences, land tenure, allowable production, the export of oil and natural gas, and many other aspects of the oil and natural gas business. Moreover, weather conditions may impede the transportation and delivery of oil by sea. Any or all of these factors may result in an adverse impact on the financial returns anticipated by the Group.

Oil exploration and production and the sale of such production depends on adequate infrastructure.

Reliable roads, bridges, power sources and water supplies are important determinants which affect capital and operating costs. Generally speaking, Niger suffers from underdeveloped infrastructure, communication problems (particularly internet access), energy shortages and high energy costs.

The Group will require access to a pipeline(s) or other infrastructure in order to export and monetise its production from any potential discoveries. Whilst the Directors are aware that certain companies operating in Niger are planning a large scale pipeline development in the country and through certain neighbouring countries, at present there is no existing export pipeline infrastructure. Further, even if this infrastructure is constructed, there can be no guarantee that there will be sufficient spare capacity to enable Savannah Petroleum to access such infrastructure. At this stage, there is no certainty as to the exact cost of access to this infrastructure even if such access is granted. In addition, although the Petroleum Code and the Savannah PSCs prescribe the key requirements and conditions under which Savannah Niger can expect to be granted access to this infrastructure, and although the Group expects to sign the proposed Agadem Region Infrastructure Agreement which is expected to provide for the Group to have a right to be an equity holder in any potential export infrastructure, there is no guarantee that this will ultimately prove to be the case, or that the Infrastructure Agreement will ultimately be signed.

Interruptions in availability of exploration, production or supply infrastructure

The Group may suffer, indirectly, from delays or interruptions due to lack of availability of drilling rigs or construction of infrastructure, including pipelines, storage tanks and other facilities, which may adversely impact the operations and could lead to fines, penalties, criminal sanctions against the Group and/or its officers or its current or future licences or interests being terminated. Despite assurances given by the Nigerien Government in the Savannah PSCs, there is the risk of delays in obtaining licences, permissions and approvals required by the Group or its partners in the pursuance of its business objectives could likewise have a material adverse impact on the Group's business and the results of its operations.

Failure to meet contractual work commitments may lead to penalties

The Group is subject to contractual work commitments, including those specified within the Savannah PSCs, which include minimum work programmes to be fulfilled within certain time restraints. Specifically these commitments may cover certain depths of wells to be drilled, seismic surveys to be performed and other data acquisition. Failure to comply with such obligations, whether inadvertent or otherwise, may lead to fines, penalties, restrictions and withdrawal of licences with consequent material adverse effects.

Decommissioning costs may be greater than initially estimated

The Group, through its licence interests, expects to assume certain obligations in respect of the decommissioning of its wells, fields and related infrastructure. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and require the Group to make provisions for and/or underwrite the liabilities relating to such decommissioning. It is difficult to forecast accurately the costs that the Group will incur in satisfying its decommissioning obligations. When its decommissioning liabilities crystallise, the Group will be liable either on its own or jointly and severally liable for them with any other former or current partners in the field. In the event that it is jointly and severally liable with other partners and such partners default on their obligations, the Group will remain liable and its decommissioning liabilities could be magnified significantly through such default. Any significant increase in the actual or estimated decommissioning costs that the Group incurs may adversely affect its financial condition.

Natural disasters

Any interest held by the Group is subject to the impacts of any natural disaster such as earthquakes, epidemics, fires and floods etc. No assurance can be given that the Group will not be affected by future natural disasters.

Environmental factors

The Group's operations are, and will be, subject to environmental regulation in Niger and any other regions in which the Group may operate. Environmental regulations may evolve in a manner that will require stricter standards and enforcement measures being implemented, increases in fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees. Compliance with environmental regulations could increase the Group's costs. Should the Group's operations not be able to comply with this mandate, financial penalties may be levied. Environmental legislation can provide for restrictions and prohibitions on spills, releases of emissions of various substances produced in association with oil, condensate and natural gas operations. In addition, certain types of operations may require the submission and approval of environmental impact assessments. The Group's operations will be subject to such environmental policies and legislation.

Environmental legislation and policy may be periodically amended. Such amendments may result in stricter standards of enforcement and in more stringent fines and penalties for noncompliance. Environmental assessments of existing and proposed projects may carry a heightened degree of responsibility for companies and their directors, officers and employees. The costs of compliance associated with changes in environmental regulations could require significant expenditure, and breaches of such regulations may result in the imposition of material fines and penalties. In an extreme case, such regulations may result in temporary or permanent suspension of production operations. There can be no assurance that these environmental costs or effects will not have a materially adverse effect on the Group's future financial condition or results of operations.

Risks relating to Niger and West Africa

Doing business in Niger

The Group is currently dependent upon the Savannah PSCs and the Exclusive Exploration Authorisations granted thereunder. Any adverse development affecting the Savannah PSCs would have a material adverse effect on the Group, its business, prospects, results of operations and financial condition. Doing business in Niger brings with it a wide variety of risks, including political, legal, regulatory, social and economic.

Niger faces a threat of terrorism. One element of this risk arises as a result of its proximity to various regional Islamist insurgencies. Whilst these insurgencies have not impacted Savannah Petroleum's operations historically, there can be no guarantee this continues to be the case in the future.

Risk of crime and corruption

Countries in West Africa experience high levels of criminal activity and governmental and business corruption. Oil and gas companies operating in West Africa may be particular targets of criminal or terrorist actions. Criminal, corrupt or terrorist action against the Group and its directly or indirectly held properties or facilities could have a material adverse effect on the Group's business, results of operations or financial condition. In addition, the fear of criminal or terrorist actions against the Group could have an adverse effect on the ability of the Group adequately to staff and/or manage its operations or could substantially increase the costs of doing so.

Furthermore, alleged or actual involvement in corrupt practices or other illegal activities by the Group or by Savannah Petroleum's potential future joint venture partners, or others with whom the Group directly or indirectly conducts business, could also damage the Group's reputation and business and adversely affect the Group's financial condition and results of operations. The UK Bribery Act 2010 ("Bribery Act") came into force in July 2011. Under the terms of the Bribery Act, an unlimited fine may be imposed on companies (which could potentially include the Company and other members of its Group) where they have failed to take appropriate steps ("Adequate Procedures") to ensure that the company and its associated persons, as defined in the Bribery Act (including, but not limited to, employees, subsidiaries, joint ventures, and agents) are not involved in any corrupt practices. There is concern in the oil and gas industry that, following the letter of the law, the Bribery Act prohibits certain practices which are not covered by (a) the US Foreign Corrupt Practices Act 1977 (the "FCPA"), or (b) Nigerien anti-corruption legislation and regulations (to which the Group is bound), but which are regarded as standard industry practice (for example, facilitation payments). It may not be

possible for the Group to detect or prevent every instance of fraud, bribery or corruption. Failure to detect or prevent any such instances may expose the Group to potential civil or criminal penalties under relevant applicable law and to reputational damage, which may have a material adverse effect on the Group's business, prospects, financial condition or results of operations.

Emerging markets risk

Investors in emerging markets, such as Niger, should be aware that these markets are subject to greater risk than more developed markets, including, in some cases, significant legal, fiscal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved in an investment in the Company and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging and developing markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved.

Political, economic, fiscal, legal, regulatory and social environment risk

The Group's interests in Niger are likely to be exposed to political, economic, fiscal, legal, regulatory and social environment risk. The Group's business will involve a high degree of risk which a combination of experience, knowledge and careful evaluation may not overcome. These risks include, but are not limited to, corruption, civil strife or labour unrest, armed conflict, terrorism, limitations or price controls on oil exports, and limitations or the imposition of tariffs or duties on imports of certain goods. If the existing body of laws and regulations in Niger are interpreted or applied, or relevant discretions exercised, in an inconsistent manner by the courts or applicable regulatory bodies, this could result in ambiguities, inconsistencies and anomalies in the enforcement of such laws and regulations, which, in turn, could hinder the long-term planning efforts of the Group and may create uncertainties in its operating environment.

Exploration and development activities in developing countries may require protracted negotiations with host governments, national oil companies and third parties and may be subject to economic and political risks referred to above and expropriation, nationalisation or renegotiation of existing contracts. The two main protections granted to Savannah Petroleum under the Savannah PSCs are (1) the stability of the legislation and the terms agreed under the Savannah PSCs and the commitment that the Nigerien Government shall never (a) directly or consequently increase the obligations and responsibilities imposed on Savannah Niger nor (b) infringe the latter's economic rights and advantages resulting from Law of 2007 and the Savannah PSCs, and (2) the arbitration procedure according to which any dispute relating to the Savannah PSCs which cannot be settled amicably shall ultimately be resolved by means of arbitration conducted in accordance with the Arbitration Rules of the International Centre for Settlement of Investment Disputes (ICSID Rules) in accordance with the Convention on the settlement of investment disputes between States and nationals of other States, the "Washington Convention". The Savannah PSCs each provide that the dispute shall be resolved in accordance with its provisions, the Law of 2007 and the provisions of international law applicable in the area. The Savannah PSCs specifically provide for any such arbitration to be heard in Paris, France.

The Nigerien Government owns the country's mineral resources and grants hydrocarbon exploration and production rights under fixed term production sharing contracts, which can be renewed in accordance with their terms. It thus retains control over the exploration and exploitation of hydrocarbon reserves. Any adverse changes in the Nigerien Government's policy with respect to the oil and gas industry, including any which may occur following the proposed review of the current Petroleum Code, may adversely impact the interests of the Group. Further, the strategy and business of the Group in Niger depend on it maintaining good relationships and cooperating with the relevant Nigerien authorities. While the Company believes that it has an effective working relationship with the Niger authorities, there is no guarantee that this positive relationship will continue or that actions by current or future governments will not seriously affect the business or financial position of the Group. This relationship could be adversely impacted by future changes in the personnel or management of the Group or the Nigerien authorities.

Uncertainties in the interpretation and application of laws and regulations

A number of the Group's principal agreements including the Savannah PSCs and the proposed Agadem Region Infrastructure Agreement are governed under Niger law. The courts in Niger may offer less certainty as to the judicial outcome or a more protracted judicial process than is the case in more established economies. However, the Savannah PSCs offer the option of a recourse to an international arbitration procedure in accordance with the International Centre for Settlement of Investment Disputes (ICSID Rules) in accordance with the Convention on the settlement of investment disputes between States and nationals of other States, the "Washington Convention" (the Savannah PSCs specifically providing for any such arbitration to be heard in Paris, France). Nevertheless, the Group could face risks, such as: (i) effective legal redress in the courts being more difficult to obtain, whether in respect of a breach of law or regulation, or in an ownership dispute, (ii) a higher degree of discretion on the part of governmental authorities and, therefore, less certainty, (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations. Enforcement of laws in Niger may also depend on and be subject to the interpretation placed upon such laws by the relevant local authority, and such authority may adopt an interpretation of an aspect of local law which differs from the advice that has been given to the Group by local lawyers or even previously by the relevant local authority itself.

In Niger, the state asserts ownership of minerals and consequently, subject to the terms agreed in the Savannah PSCs, retains control of (and, in many cases, participates in) the production of hydrocarbon reserves. Transfers of interests typically require government approval, which may delay or otherwise impede such transfers.

Licensing and other regulatory requirements in Niger

The Group's direct and/or indirect intended future operations will be subject to, licences, production sharing contracts, regulations and approvals of governmental authorities for exploration, development, construction, operation, production, marketing, pricing, transportation and storage of oil, taxation, and environmental and health and safety matters. The Group cannot guarantee that such documents applied for will be granted or, if granted, will not be subsequently withdrawn or made subject to possibly onerous conditions, or their availability to the Group or its associated companies may adversely affect the Group's assets, plans, targets and projections. A block authorisation may be revoked by the relevant regulatory authority if, *inter alia*, an interest holder defaults on its block obligations.

The Group will be subject to extensive government laws and regulations (which may be subject to change) governing prices, taxes, royalties, allowable production, waste disposal, pollution control and similar environmental laws, the export of oil and many other aspects of the oil business. There can be no assurance that the actions of present or future governments in Niger, or of governments of other countries in which the Group may operate in the future, will not materially adversely affect the Group's ability to comply with such laws and regulations or that there will not be a challenge to the Group's title to any interest it may have in Niger. However, in the Savannah PSCs, the Nigerian Government grants to Savannah Niger a guarantee of the stability of the legal, economic, tax, customs duty, financing and foreign exchange regimes applicable to the Savannah PSCs and to the petroleum operations carried out by virtue of the Savannah PSCs.

In order to ensure continuity of its activities in Niger, the Group needs to obtain the renewal of the PSCs after the initial phase and, eventually, an extension of the validity of the PSCs. This extension is conditioned on the Group finalising a feasibility study which will permit the Group to prove the existence of a commercially exploitable hydrocarbons deposit. Despite the guarantees given by the Government of Niger in the PSCs, possible changes in political and institutional will may result in the Government rejecting any request for the renewal or extension of the PSCs and licenses, thereby leaving Savannah without a valid title. Notwithstanding the right to dispute settlement by arbitration, such a refusal by the Nigerian Government to extend the PSC will severely impact the operations of the Group.

Adverse sovereign action involving expropriation or renationalisation

The oil and gas industry is central to the economy and future prospects for development in Niger. Therefore, the industry can be expected to be the focus of continuing attention and debate. In certain developing countries, petroleum companies have faced the risks of expropriation or renationalisation, breach or abrogation of project agreements, application to such companies of laws and regulations from which they were intended to be exempt, denials of required permits and approvals, increases in royalty rates and taxes that were intended to be stable, application of exchange or capital controls, and other risks.

As with many countries, possible future changes in the government, major policy shifts or increased security arrangements could have, to varying degrees, an adverse effect on the value of investments. These factors could materially adversely affect the Group's business, prospects or financial results. In the event of a dispute arising in connection with its interests, the Group is likely to be subject to the jurisdiction of the courts of Niger. The effectiveness of and enforcement of such contracts and relationships with parties in these jurisdictions cannot be assured. Consequently, the Group's exploration, development and production activities could be substantially affected by factors beyond the Group's control, any of which could have a material adverse effect on the Group.

Investment and AIM risks

Share price volatility and liquidity

The Company's entire issued share capital is admitted to trading on AIM (and it is intended that the Placing Shares will be admitted to AIM), there can be no assurance that an active or liquid trading market for the Ordinary Shares will develop or, if developed, that it will be maintained. AIM is a market designed primarily for emerging or smaller growing companies which carry a higher than normal financial risk and tend to experience lower levels of liquidity than larger companies. Accordingly, AIM may not provide the liquidity normally associated with the Official List or some other stock exchanges. The Ordinary Shares may therefore be difficult to sell compared to the shares of companies listed on the Official List and the share price may be subject to greater fluctuations than might otherwise be the case. An investment in shares traded on AIM carries a higher risk than those listed on the Official List.

The Company is principally aiming to achieve capital growth and, therefore, Ordinary Shares may not be suitable as a short-term investment. Consequently, the share price may be subject to greater fluctuation on small volumes of shares traded, and thus the Ordinary Shares may be difficult to sell at a particular price. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. There can be no guarantee that the value of an investment in the Company will increase. Investors may therefore realise less than, or lose all of, their original investment.

The share prices of publicly quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares may be influenced by a large number of factors, some of which are general or market specific, others which are sector specific and others which are specific to the Group and its operations. These factors include, without limitation, (i) the performance of the Company and the overall stock market, (ii) large purchases or sales of Ordinary Shares by other investors, (iii) results of exploration, development and appraisal programmes and production operations, (iv) changes in analysts' recommendations and any failure by the Group to meet the expectations of the research analysts, (v) changes in legislation or regulations and changes in general economic, political or regulatory conditions (particularly in Niger), and (vi) other factors which are outside of the control of the Company.

Shareholders may sell their Ordinary Shares in the future to realise their investment. Sales of substantial amounts of Ordinary Shares following Admission and/or termination of the lock-in restrictions that were entered into at the time of the Company's IPO in August 2014, or the perception that such sales could occur, could materially adversely affect the market price of the Ordinary Shares available for sale compared to the demand to buy Ordinary Shares. Such sales may

also make it more difficult for the Company to sell equity securities in the future at a time and price that is deemed appropriate. There can be no guarantee that the price of the Ordinary Shares will reflect their actual or potential market value or the underlying value of the Group's net assets and the price of the Ordinary Shares may decline below the Placing Price.

US Shareholders

Ordinary Shares purchased in the US or otherwise by US Persons in the Placing are subject to restrictions on transfer and resale. The Ordinary Shares have not been registered, and are not intended to be registered, under the Securities Act or the securities laws of any US state. The Company has not and does not intend to list the Ordinary Shares on an established US securities exchange, have them quoted on an automated dealer exchange or otherwise create a public market in the United States for the Ordinary Shares. Absent registration, the Ordinary Shares may be offered or sold only in transactions that are not subject to or are exempt from the registration requirements of the Securities Act and applicable US state securities laws. These restrictions could make it more difficult to resell Ordinary Shares, and this could have an adverse effect on their market value. Investors in the United States may not be able to locate suitable purchasers on suitable terms, or meet the requirements of the available exemptions from registration under the Securities Act or applicable state laws in order to effect a sale. As a result, investors in the US may not experience the same level of liquidity in the Ordinary Shares as investors located in other jurisdictions and must be prepared to hold the Ordinary Shares purchased in the Placing for an indefinite period of time.

In addition, if the share capital of the Company is increased and new Ordinary Shares are issued for cash, existing holders of Ordinary Shares are, under the Company's constitutional documents, entitled to pre-emptive rights in respect of those Ordinary Shares unless such rights are waived by a shareholders' resolution. If the Company allots Ordinary Shares for cash in the future, even in circumstances where pre-emptive rights are not waived, holders of the Ordinary Shares outside the UK may not be able to exercise their pre-emptive rights for Ordinary Shares unless the Company decides to comply with applicable local laws and regulations and may suffer significant dilution as a result. US shareholders would not be able to exercise their pre-emptive rights to acquire the new Ordinary Shares unless an effective registration statement under the Securities Act were in place or an exemption from the registration requirements of the Securities Act were available for the offer, sale and issuance of new Ordinary Shares to such shareholders. There can be no assurance that the Company will file any such registration statement or that an exemption to the registration requirements of the Securities Act will be available.

Investment risk

An investment in the Company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities which have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time or to lose their investment principal. While various oil and gas investment opportunities are available, potential investors should consider the risks that pertain to oil and gas development projects in general.

Modification or Cancellation of Placing

The Company or certain of its advisers may withdraw, cancel or modify the placing of the Ordinary Shares at any time without notice. The Ordinary Shares are offered subject to the right of the Company to reject any purchase in whole or in part, for any reason, or to allot to any investor less than the amount of the Ordinary Shares subscribed for by that investor.

Determination of Placing Price

Placees will subscribe for the Ordinary Shares at the Placing Price, which is a fixed price. The Second Placing Shares will require shareholder approval (being sought at the General Meeting) in order to be issued. The Placing Price may not reflect the trading value of the Ordinary Shares when issued, the actual value of the Ordinary Shares, the Company's potential earnings or results or any other recognized criteria of value.

Dilution

Shareholders not participating in future offerings may be diluted and pre-emptive rights may not be available to Shareholders, including, but not limited to Shareholders resident in jurisdictions with restrictions having the effect that they will not be granted subscription rights in connection with, or be able to subscribe for new shares in, such offerings. Statutory pre-emptive rights have been waived, and will be waived subject to the passing of the Resolutions at the General Meeting, up to certain stated amounts as detailed in this circular. The Company may in the future issue warrants and/or options (in addition to the existing awards made by the Company under its management long-term equity incentive plan, which were announced by the Company on 28 November 2014) to subscribe for new Ordinary Shares, including (without limitation) to certain advisers, employees, directors, senior management and consultants. The exercise of such warrants and/or options would result in dilution of the shareholdings of other investors.

Dividends

There can be no assurance as to the level of future dividends. Subject to compliance with the Act and the Articles, the declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors, and will depend on, *inter alia*, the Company's earnings, financial position, cash requirements and availability of profits. A dividend may never be paid and at present, there is no intention to pay a dividend.

It should be noted that the risk factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Group is or may be exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates and holds its major assets. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware which may also have an adverse effect upon the Group.

If any of the risks referred to above crystallise, the Group's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its Ordinary Shares could decline and investors may lose all or part of their investment.

Although the Directors will seek to minimise the impact of the risk factors listed above, investment in the Group should only be made by investors able to sustain a total loss of their investment.

Appendix II - Terms and Conditions of the Placing

IMPORTANT INFORMATION FOR PLACEEES ONLY REGARDING THE PLACING.

THIS ANNOUNCEMENT, INCLUDING THE APPENDICES AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, CANADA, AUSTRALIA, JAPAN, THE REPUBLIC OF SOUTH AFRICA, THE REPUBLIC OF IRELAND OR ANY JURISDICTION IN WHICH THE SAME WOULD BE UNLAWFUL. PERSONS INTO WHOSE POSSESSION THIS ANNOUNCEMENT (INCLUDING THE APPENDICES) COMES ARE REQUIRED BY THE COMPANY AND MIRABAUD AND PANMURE GORDON TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF A SUBSCRIPTION FOR THE PLACING SHARES.

THESE TERMS AND CONDITIONS (THE "TERMS AND CONDITIONS") DO NOT CONSTITUTE AN OFFER OR INVITATION TO ACQUIRE, UNDERWRITE OR DISPOSE OF, OR ANY SOLICITATION OF ANY OFFER OR INVITATION TO ACQUIRE, UNDERWRITE OR DISPOSE OF, ANY PLACING SHARES OR OTHER SECURITIES OF THE COMPANY TO ANY PERSON IN ANY JURISDICTION TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, INVITATION OR SOLICITATION IN SUCH JURISDICTION. PERSONS WHO SEEK TO PARTICIPATE IN THE PLACING MUST INFORM THEMSELVES ABOUT AND OBSERVE ANY SUCH RESTRICTIONS AND MUST BE PERSONS WHO ARE ABLE TO LAWFULLY RECEIVE THIS DOCUMENT IN THEIR JURISDICTION (ALL SUCH PERSONS BEING "RELEVANT PERSONS"). IN PARTICULAR, THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION (OR A SOLICITATION OF ANY OFFER OR INVITATION) TO ACQUIRE, UNDERWRITE OR DISPOSE OF OR OTHERWISE DEAL IN ANY PLACING SHARES OR OTHER SECURITIES OF THE COMPANY IN THE UNITED STATES, CANADA, AUSTRALIA, THE REPUBLIC OF SOUTH AFRICA, THE REPUBLIC OF IRELAND OR JAPAN, SUBJECT TO CERTAIN LIMITED EXEMPTIONS, OR IN ANY OTHER JURISDICTION IN WHICH ANY SUCH OFFER, INVITATION OR SOLICITATION IS OR WOULD BE UNLAWFUL.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. IN THE UK, THE TERMS AND CONDITIONS ARE DIRECTED ONLY AT PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM ACQUIRING, HOLDING, MANAGING OR DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESSES AND WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN THE DEFINITION OF "INVESTMENT PROFESSIONALS" IN ARTICLE 19 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "ORDER") OR ARE HIGH NET WORTH BODY CORPORATES, UNINCORPORATED ASSOCIATIONS OR PARTNERSHIPS OR TRUSTEES OF HIGH VALUE TRUSTS AS DESCRIBED IN ARTICLE 49 OF THE ORDER OR TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED.

THE PLACING SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR UNDER ANY OTHER SECURITIES LEGISLATION OF ANY STATE OF THE UNITED STATES OR REGISTERED OR QUALIFIED UNDER THE APPLICABLE SECURITIES LAWS OF ANY PROVINCE OF CANADA OR AUSTRALIA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR THE REPUBLIC OF IRELAND. ACCORDINGLY, THE PLACING SHARES MAY NOT, SUBJECT TO CERTAIN LIMITED EXCEPTIONS, BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATIONS OF THE SECURITIES ACT, "REGULATIONS") OR WITHIN THE UNITED STATES, OR WITHIN, OR FOR THE ACCOUNT OR BENEFIT OF A NATIONAL, CITIZEN OR RESIDENT OF, ANY PROVINCE OF CANADA OR AUSTRALIA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR THE

REPUBLIC OF IRELAND. THE PLACING SHARES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-US PERSONS IN TRANSACTIONS COMPLYING WITH REGULATION S, WHICH PROVIDES AN EXEMPTION FROM THE REQUIREMENT TO REGISTER THE OFFER AND SALE THE PLACING SHARES UNDER THE SECURITIES ACT. IN CERTAIN CASES, THE PLACING SHARES MAY BE OFFERED AND SOLD BY MERRIMAN CAPITAL INC. AND/OR AUERBACH GRAYSON & COMPANY LLC (THE "US SELLING AGENTS"), BROKER-DEALERS REGISTERED WITH THE US SECURITIES AND EXCHANGE COMMISSION AND US FINANCIAL INDUSTRY REGULATION AUTHORITY AND APPOINTED BY MIRABAUD AND PANMURE GORDON RESPECTIVELY TO ACT AS THEIR RESPECTIVE U.S. AGENTS FOR THE PURPOSE OF THE PLACING IN THE UNITED STATES AND TO US PERSONS IN ACCORDANCE WITH SECTION 4(A)(2) OF THE SECURITIES ACT TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A, "QUALIFIED INSTITUTIONAL BUYERS" OR "QIBS") (THE "US PLACING").

THE PLACING SHARES MAY ONLY BE OFFERED TO INVESTORS IN AUSTRALIA TO THE EXTENT THAT SUCH OFFER DOES NOT NEED DISCLOSURE TO INVESTORS UNDER PART 6D.2 OR CHAPTER 7 OF THE CORPORATIONS ACT 2001 (CTH) WHICH INCLUDES AN OFFER TO A "SOPHISTICATED INVESTOR", A "PROFESSIONAL INVESTOR" OR A "WHOLESALE CLIENT" WITHIN THE MEANING OF SECTIONS 708(8), 708(11) OR 761G OF THE CORPORATIONS ACT 2001 (CTH) RESPECTIVELY. BY ACCEPTING AN OFFER OF PLACING SHARES IN AUSTRALIA, THE INVESTOR REPRESENTS AND WARRANTS TO THE COMPANY AND THE AGENTS THAT IT IS A PERSON TO WHOM THE OFFER MAY BE MADE WITHOUT DISCLOSURE.

THESE TERMS AND CONDITIONS APPLY TO PERSONS WHO OFFER TO PURCHASE PLACING SHARES IN THE PLACING. EACH PERSON (A "PLACEE") TO WHOM THESE TERMS AND CONDITIONS APPLY, AS DESCRIBED ABOVE, WHO CONFIRMS HIS AGREEMENT, WHETHER BY TELEPHONE OR OTHERWISE, WITH THE AGENTS AND THE US SELLING AGENTS TO PURCHASE PLACING SHARES IN THE PLACING, HEREBY AGREES WITH THE AGENTS AND THE US SELLING AGENTS TO BE LEGALLY AND IRREVOCABLY BOUND BY THESE TERMS AND CONDITIONS WHICH WILL BE THE TERMS AND CONDITIONS ON WHICH THE PLACING SHARES WILL BE ACQUIRED IN THE PLACING.

THE TERMS AND CONDITIONS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THE TERMS AND CONDITIONS SET OUT HEREIN RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

ACCEPTANCE OF ANY OFFER INCORPORATING THE TERMS AND CONDITIONS (WHETHER ORALLY OR IN WRITING OR EVIDENCED BY WAY OF A CONTRACT NOTE) WILL CONSTITUTE A BINDING IRREVOCABLE COMMITMENT BY A PLACEE, SUBJECT TO THE TERMS AND CONDITIONS SET OUT BELOW, TO SUBSCRIBE AND PAY FOR THE RELEVANT NUMBER OF PLACING SHARES (THE "PLACING PARTICIPATION"). SUCH COMMITMENT IS NOT CAPABLE OF TERMINATION OR RESCISSION BY THE PLACEE IN ANY CIRCUMSTANCES EXCEPT FRAUD. ALL SUCH OBLIGATIONS ARE ENTERED INTO BY THE PLACEE WITH THE AGENTS AND THE US SELLING AGENTS IN THEIR CAPACITY AS AGENTS FOR THE COMPANY AND ARE THEREFORE DIRECTLY ENFORCEABLE BY THE COMPANY.

IN THE EVENT THAT THE AGENTS AND THE US SELLING AGENTS HAVE PROCURED ACCEPTANCES FROM PLACEES IN CONNECTION WITH THE PLACING PRIOR TO THE DATE OF FIRST ADMISSION OR SECOND ADMISSION, THE AGENTS AND THE US SELLING AGENTS WILL, PRIOR TO SUCH FIRST OR SECOND ADMISSION, REQUEST CONFIRMATION FROM ANY SUCH PLACEE THAT ITS PLACING PARTICIPATION AS AGREED IN ANY EARLIER COMMITMENT REMAINS FIRM AND BINDING UPON THE TERMS AND CONDITIONS OF THIS DOCUMENT. UPON SUCH CONFIRMATION BEING

GIVEN (WHETHER ORALLY, IN WRITING OR BY CONDUCT (INCLUDING WITHOUT LIMITATION BY RECEIPT OF THE RELEVANT PLACING PROCEEDS BY THE AGENTS AND THE US SELLING AGENTS)) ANY AGREEMENT MADE IN RESPECT OF THE PLACING SHARES SHALL BE VARIED, AMENDED AND/OR RATIFIED IN ACCORDANCE WITH THE TERMS AND CONDITIONS AND NO RELIANCE MAY BE PLACED BY A PLACEE ON ANY EARLIER VERSION OF THIS DOCUMENT.

Details of the Placing

Each of Mirabaud and Panmure Gordon (the "**Agents**") has today entered into an agreement with Savannah Petroleum PLC (the "**Placing Agreement**") under which, subject to the conditions set out in that agreement, they have each agreed to use their reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price with certain institutional and other investors.

The Placing Shares will, when issued, rank pari passu in all respects with the existing issued Ordinary Shares, including the right to receive dividends and other distributions declared, made or paid following Admission.

Application for admission to trading

Applications will be made to the London Stock Exchange for admission of both the First Placing Shares ("**First Admission**") and the Second Placing Shares ("**Second Admission**") to trading on AIM. It is expected that First Admission will become effective and that dealings in the First Placing Shares will commence on AIM at 8.00 a.m. on 8 July 2016 and that Second Admission will become effective and that dealings in the Second Placing Shares will commence on AIM at 8.00 a.m. on 25 July 2016.

Participation in, and principal terms of, the Placing

The Agents are arranging the Placing as agents for and on behalf of the Company. The Company will determine in its absolute discretion the extent of each Placee's participation in the Placing, which will not necessarily be the same for each Placee. No element of the Placing is underwritten.

Each Placee will be required to pay to the Agents, on the Company's behalf, in the case of non-US Placees, or the US Selling Agents the Placing Price for each Placing Share agreed to be acquired by it under the Placing in accordance with the terms set out herein. Each Placee's obligation to acquire and pay for Placing Shares under the Placing will be owed to the Agents or the US Selling Agents, as the case may be, and the Company. Each Placee has an immediate, separate, irrevocable and binding obligation, owed to the Agents or the US Selling Agents, as the case may be, to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to subscribe for. Each Placee will be deemed to have read and understood the Appendices in their entirety, to be participating in the Placing upon the terms and conditions contained in the Appendices, and to be providing the representations, warranties, agreements, acknowledgements and undertakings, in each case as contained in the Appendices. To the fullest extent permitted by law and applicable Financial Conduct Authority ("**FCA**") rules (the "**FCA Rules**"), neither (i) the Agents nor the US Selling Agents, (ii) any of their directors, officers, employees or consultants, or (iii) to the extent not contained within (i) or (ii), any person connected with the Agents or the US Selling Agents as defined in the FCA Rules ((i), (ii) and (iii) being together "affiliates" and individually an "affiliate"), shall have any liability to Placees or to any person other than the Company in respect of the Placing.

Conditions of the Placing

The obligations of the Agents under the Placing Agreement in respect of the First Placing Shares are conditional on, amongst other things:

- (a) the Company having complied with its obligations under the Placing Agreement (to the extent that such obligations fall to be performed prior to First Admission); and

- (b) First Admission having occurred not later than 8.00 a.m. 8 July 2016 or such later date as the Company, and the Agents may agree, but in any event not later than 8.00 a.m. on 22 July 2016.

The obligations of the Agents under the Placing Agreement in respect of the Second Placing Shares are conditional on, amongst other things:

- (a) the Company having complied with its obligations under the Placing Agreement (to the extent that such obligations fall to be performed prior to Second Admission);
- (b) First Admission having become effective;
- (c) the passing of the Placing Resolution at the General Meeting of the Company being held on 22 July 2016; and
- (d) Second Admission having occurred not later than 8.00 a.m. on 25 July 2016 or such later date as the Company and the Agents may agree, but in any event not later than 8.00 a.m. on 8 August 2016.

If any of the conditions contained in the Placing Agreement in relation to the First Placing Shares are not fulfilled or waived by the Agents by the respective time or date where specified, the Placing will not proceed and the Placee's rights and obligations hereunder in relation to the First Placing Shares and the Second Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.

If any of the conditions contained in the Placing Agreement in relation to the Second Placing Shares are not fulfilled or waived by the Agents by the respective time or date where specified, the placing of the Second Placing Shares will not proceed (save to the extent already performed) and the Placee's rights and obligations hereunder in relation to the Second Placing Shares (save to the extent already performed) shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.

The Agents, at their discretion and upon such terms as they think fit, may waive compliance by the Company with the whole or any part of any of the Company's obligations in relation to the conditions in the Placing Agreement. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

None of the Agents, the US Selling Agents, the Company or any other person shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or the date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally, and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Agents.

Termination of the Placing Agreement

The Agents are entitled, at any time before Admission, to terminate the Placing Agreement in relation to its obligations in respect of the Placing Shares (save to the extent already performed) by giving notice to the Company if, amongst other things:

- (a) the Company fails, in any material respect, to comply with any of its obligations under the Placing Agreement; or
- (b) it comes to the notice of the Agents that any statement contained in any document or announcement issued or published by or on behalf of the Company in connection with the Placing was untrue, incorrect or misleading at the date thereof in any

respect which the Agents (acting reasonably) consider to be material in the context of the Placing; or

- (c) any of the warranties given by the Company in the Placing Agreement has ceased to be true and accurate in any respect which the Agents (acting reasonably) considers to be material in the context of the Placing by reference to the facts subsisting at the time when the notice to terminate is given; or
- (d) there happens, develops or comes into effect: i) a general moratorium on commercial banking activities in London declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United Kingdom; or ii) the outbreak or escalation of hostilities or acts of terrorism involving the United Kingdom or the declaration by the United Kingdom of a national emergency or war; or iii) any other occurrence of any kind which in any such case (by itself or together with any other such occurrence) in the reasonable opinion of the Agents is likely to materially and adversely affect the market's position or prospects of the Group taken as a whole; or iv) any other crisis of international or national effect or any change in any currency exchange rates or controls or in any financial, political, economic or market conditions or in market sentiment which, in any such case, in the reasonable opinion of the Agents is materially adverse.

Upon such termination, the parties to the Placing Agreement shall be released and discharged (except for any liability arising before or in relation to such termination and save to the extent already performed) from their respective obligations under or pursuant to the Placing Agreement subject to certain exceptions.

By participating in the Placing, Placees agree that the exercise by the Agents of any right of termination or other discretion, including waiver of any conditions of the Placing, under the Placing Agreement shall be within the absolute discretion of the Agents and that they need not make any reference to Placees and that they shall have no liability to Placees whatsoever in connection with any such exercise or failure so to exercise.

No prospectus

No offering document, prospectus or admission document has been or will be submitted to be approved by the FCA or submitted to the London Stock Exchange in relation to the Placing and Placees' commitments will be made solely on the basis of the information contained in this Announcement (including the Appendices) released by the Company today, and subject to the further terms set forth in the contract note to be provided to individual prospective Placees.

Each Placee, by accepting a participation in the Placing, agrees that the content of this Announcement (including the Appendices) is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information, representation, warranty, or statement made by or on behalf of the Company, the Agents, the US Selling Agents, or any other person and none of the Agents, the US Selling Agents, nor the Company nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

Registration and settlement

Settlement of transactions in the Placing Shares following Admission will take place within the system administered by Euroclear UK & Ireland Limited ("**CREST**"), subject to certain exceptions. The Company reserves the right to require settlement for and delivery of the Placing Shares (or a portion thereof) to Placees in certificated form if, in the opinion of the Agents, delivery or settlement is not

possible or practicable within the CREST system or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Participation in the Placing is only available to persons who are invited to participate in it by the Agents or the US Selling Agents.

A Placee's commitment to acquire a fixed number of Placing Shares under the Placing will be agreed orally with the Agents or the US Selling Agents. Such agreement will constitute a legally binding commitment on such Placee's part to acquire that number of Placing Shares at the Placing Price on the terms and conditions set out or referred to in the Appendices and subject to the Company's Articles of Association.

After such agreement is entered into, each Placee allocated Placing Shares in the Placing will be sent contract notes stating the number of First Placing Shares and Second Placing Shares allocated to it at the Placing Price and settlement instructions.

Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the standing CREST or certificated settlement instructions that it has in place with Agents. Settlement should be through Mirabaud against CREST ID: 834, account designation: CLEARING, or through Panmure Gordon against CREST ID: 83804. For the avoidance of doubt, Placing allocations will be booked with a trade date of 6 July 2016 and settlement date of 8 July 2016 for the First Placing Shares and a settlement date of 25 July 2016 for the Second Placing Shares.

The Company will deliver the Placing Shares to the CREST accounts operated by the Agents as agents for the Company and each of the Agents will enter its delivery (DEL) instruction into the CREST system. The input to CREST by a Placee of a matching or acceptance instruction will then allow delivery of the relevant Placing Shares to that Placee against payment.

It is expected that settlement will take place on 8 July 2016 for the First Placing Shares and 25 July 2016 for the Second Placing Shares, on a delivery versus payment basis.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above LIBOR as determined by Mirabaud.

Each Placee is deemed to agree that, if it does not comply with these obligations, the Company may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the Company's account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the trade confirmation is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

Notwithstanding the foregoing, any Placing Shares held in certificated form by a US Person or a person in the United States who acquired such Placing Shares in the Placing or from a US Person who acquired such Placing Shares in the Placing or is otherwise connected by an unbroken series of purchasers in the United States to a US Person who acquired such Placing Shares in the Placing will bear an appropriate legend containing notice of transfer restrictions for such Placing Shares.

Accordingly, in order to register the transfer of any such Placing Shares by a person described above, the Registrar for the Ordinary Shares will require a legal opinion from the Company as to the status of the certificate holder and making representations regarding compliance with United States securities laws.

Representations and warranties

By participating in the Placing each Placee (and any person acting on such Placee's behalf) acknowledges, undertakes, represents, warrants and agrees (as the case may be) the following:
That it:

1. has read this Announcement, including the Appendices, in its entirety and acknowledges that its participation in the Placing will be governed by the terms of these Appendices;
2. acknowledges and agrees that no offering document, prospectus or admission document has been or will be prepared in connection with the Placing and represents and warrants that it has not received a prospectus, admission document or other offering document in connection with the Placing or the Placing Shares;
3. acknowledges that the ordinary shares in the capital of the Company are admitted to trading on AIM, and the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of AIM (collectively, the "**Exchange Information**"), which includes a description of the nature of the Company's business and the Company's most recent balance sheet and profit and loss account and that it is able to obtain or access such Exchange Information without undue difficulty and is able to obtain access to such information or comparable information concerning any other publicly traded company without undue difficulty;
4. acknowledges that none of the Agents, the US Selling Agents, nor the Company nor any of their respective affiliates or any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the Placing Shares or the Company other than this Announcement; nor has it requested any of the Agents, the US Selling Agents, the Company, any of their respective affiliates or any person acting on behalf of any of them to provide it with any such information;
5. acknowledges that the content of this Announcement is exclusively the responsibility of the Company and that neither the Agents, the US Selling Agents, nor any person acting on their behalf has or shall have any liability for any information, representation or statement contained in this Announcement or any information previously published by or on behalf of the Company and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this Announcement or otherwise. Each Placee further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing itself to subscribe for the Placing Shares is contained in this Announcement and any information previously published by the Company by notification to a Regulatory Information Service, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given or representations, warranties or statements made by the Agents or the Company and neither the Agents nor the Company will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement. Each Placee further acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing;

6. acknowledges that none of the Agents, the US Selling Agents, nor any person acting on their behalf nor any of their respective affiliates has or shall have any liability for any publicly available or filed information, or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
7. represents and warrants that it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering Regulations 2007 (the "**Regulations**") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
8. if a financial intermediary, as that term is used in Article 3(2) of EU Directive 2003/71/EC (the "**Prospectus Directive**") (including any relevant implementing measure in any member state), represents and warrants that the Placing Shares subscribed for by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the European Economic Area which has implemented the Prospectus Directive other than to qualified investors, or in circumstances in which the prior consent of the Agents has been given to the proposed offer or resale;
9. represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the Financial Services and Markets Act 2000 ("**FSMA**");
10. represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to persons in the European Economic Area prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in any member state of the European Economic Area within the meaning of the Prospectus Directive (Directive 2003/71/EC) (including any relevant implementing measure in any member state);
11. represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;
12. represents and warrants that it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;
13. represents and warrants that it is a person falling within Article 19(5) and/or Article 49(2)(a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or is a person to whom this Announcement may otherwise be lawfully communicated;
14. acknowledges that any offer of Placing Shares may only be directed at persons in member states of the European Economic Area who are "qualified investors" within the meaning of

Article 2(1)(e) of the Prospectus Directive and represents and agrees that it is such a qualified investor;

15. represents and warrants that if it is in Australia it is either a "sophisticated investor", a "professional investor" or a "wholesale client" within the meaning of sections 708(8), 708(11) or 761G of the Corporations Act 2001 (Cth) respectively and that the Placing Shares may be subject to on-sale restrictions if they are on-sold by the Placee within Australia;
16. represents and warrants that it is entitled to subscribe for Placing Shares under the laws of all relevant jurisdictions which apply to it, and that its subscription of the Placing Shares will be in compliance with applicable laws and regulations in the jurisdiction of its residence, the residence of the Company, or otherwise;
17. acknowledges and agrees that the Placing Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or jurisdiction of the United States, or the relevant Canadian, Japanese, Australian, South African or Irish securities legislation and therefore the Placing Shares may not be offered, sold, transferred or delivered directly or indirectly into the United States, Canada, Japan, Australia, the Republic of South Africa or the Republic of Ireland or their respective territories and possessions, except subject to limited exemptions;
18. warrants that it has complied with all relevant laws of all relevant territories, obtained all requisite governmental or other consents which may be required in connection with the Placing Shares, complied with all requisite formalities and that it has not taken any action or omitted to take any action which will or may result in the Agents, the US Selling Agents, the Company or any of their respective directors, officers, agents, employees or advisers acting in breach of the legal or regulatory requirements of any territory in connection with the Placing;
19. acknowledges and agrees that its purchase of Placing Shares does not trigger, in the jurisdiction in which it is resident or located: (i) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; (ii) any disclosure or reporting obligation of the Company; or (iii) any registration or other obligation on the part of the Company;
20. undertakes that it (and any person acting on its behalf) will make payment for the Placing Shares allocated to it in accordance with this Announcement on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other subscribers or sold as the Agents may in its discretion determine and without liability to such Placee;
21. acknowledges that none of the Agents, the US Selling Agents nor any of their affiliates, nor any person acting on behalf of any of them, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of the Agents or the US Selling Agents for the purposes of the Placing and that neither the Agents nor the US Selling Agents have any duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
22. undertakes that the person whom it specifies for registration as holder of the Placing Shares will be (i) itself or (ii) its nominee, as the case may be. Neither the Agents, the US Selling

Agents, nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to participate in the Placing and it agrees to indemnify the Company, the Agents and the US Selling Agents in respect of the same on the basis that the Placing Shares will be allotted to the CREST stock accounts of the Agents each of which will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;

23. acknowledges that these terms and conditions and any agreements entered into by it pursuant to these terms and conditions and any non-contractual obligations arising out of or in connection with such agreements shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or the Agents in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;
24. acknowledges that the Agents and their affiliates will rely upon the truth and accuracy of the representations, warranties and acknowledgements set forth herein and which are irrevocable and it irrevocably authorises the Agents to produce this Announcement, pursuant to, in connection with, or as may be required by any applicable law or regulation, administrative or legal proceeding or official inquiry with respect to the matters set forth herein;
25. agrees, to the extent it is able under applicable regulations, to indemnify and hold the Company and the Agents, the US Selling Agents, and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in the Appendices and further agrees that the provisions of the Appendices shall survive after completion of the Placing;
26. represents and warrants that it will acquire any Placing Shares subscribed for by it for its account or for one or more accounts as to each of which it exercises sole investment discretion and it has full power to make the acknowledgements, representations and agreements herein on behalf of each such account;
27. acknowledges that its commitment to subscribe for Placing Shares on the terms set out herein and in the relevant contract notes will continue notwithstanding any amendment that may in future be made to the terms of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's conduct of the Placing. The foregoing representations, warranties and confirmations are given for the benefit of the Company, the Agents and the US Selling Agents. The agreement to settle a Placee's subscription (and/or the subscription of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to the subscription by it and/or such person direct from the Company for the Placing Shares in question. Such agreement assumes, and is based on a warranty from each Placee, that neither it, nor the person specified by it for registration as holder, of Placing Shares is, or is acting as nominee or agent for, and that the Placing Shares will not be allotted to, a person who is or may be liable to stamp duty or stamp duty reserve tax under any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services). If there are any such arrangements, or the settlement relates to any other dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable.

In that event the Placee agrees that it shall be responsible for such stamp duty or stamp duty reserve tax, and none of the Company, nor Mirabaud shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify the Agents accordingly;

28. understands that no action has been or will be taken by any of the Company, the Agents, the US Selling Agents or any person acting on behalf of the Company, the Agents or the US Selling Agents that would, or is intended to, permit a public offer of the Placing Shares in any country or jurisdiction where any such action for that purpose is required;
29. in making any decision to subscribe for the Placing Shares, confirms that it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further confirms that it is experienced in investing in securities of this nature in this sector and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain a complete loss in connection with the Placing. It further confirms that it relied on its own examination and due diligence of the Company and its associates taken as a whole, and the terms of the Placing, including the merits and risks involved;
30. represents and warrants that it has (a) made its own assessment and satisfied itself concerning legal, regulatory, tax, business and financial considerations in connection herewith to the extent it deems necessary; (b) had access to review publicly available information concerning the Company that it considers necessary or appropriate and sufficient in making an investment decision; (c) reviewed such information as it believes is necessary or appropriate in connection with its subscription of the Placing Shares; and (d) made its investment decision based upon its own judgment, due diligence and analysis and not upon any view expressed or information provided by or on behalf of the Agents or the US Selling Agents;
31. understands and agrees that it may not rely on any investigation that the Agents, the US Selling Agents or any person acting on their behalf may or may not have conducted with respect to the Company, or the Placing and neither the Agents nor the US Selling Agents have made any representation to it, express or implied, with respect to the merits of the Placing, the subscription for the Placing Shares, or as to the condition, financial or otherwise, of the Company, or as to any other matter relating thereto, and nothing herein shall be construed as a recommendation to it to subscribe for the Placing Shares. It acknowledges and agrees that no information has been prepared by the Agents, the US Selling Agents or the Company for the purposes of this Placing;
32. accordingly it acknowledges and agrees that it will not hold the Agents, the US Selling Agents or any of their affiliates or any person acting on its behalf responsible or liable for any misstatements in or omission from any publicly available information relating to the Company or information made available (whether in written or oral form) in presentations or as part of roadshow discussions with investors relating to the Company (the "**information**") and that neither the Agents, the US Selling Agents nor any person acting on their behalf, makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of such Information or accepts any responsibility for any of such Information;
33. understands that the Placing Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and accordingly, may not be offered or sold or otherwise transferred in the United States or to, or for the account or benefit of, US Persons except pursuant to a registration statement under the Securities Act or an exemption from the registration requirements of the Securities Act and, in connection with any such transfer, the Company

shall be provided, as a condition to transfer, with a legal opinion of counsel, in form and by counsel reasonably satisfactory to the Company, that no such Securities Act registration is or will be required and with appropriate certifications by the transferee as to appropriate matters;

34. represents and warrants that it is not a Plan (which term includes (a) employee benefit plans that are subject to Section 406 of the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), or plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the US Internal Revenue Code of 1986, as amended (the "**Code**"), (b) plans, individual retirement accounts and other arrangements that are subject to provisions under applicable US federal, state, local or other laws or regulations that are substantially similar to Section 406 of the ERISA or Section 4975 of the Code ("**Similar Laws**") and (c) entities the underlying assets of which are considered to include "plan assets" of such plans, accounts and arrangements) and are not purchasing the Placing Shares on behalf of, or with the "plan assets" of, any Plan;
35. if such Placee is not purchasing the Placing Shares in the United States, agrees, represents and warrants as follows:
 - 35.1 it is, at the time of the offer and acceptance of the Placing Shares, outside the United States for the purposes of Regulation S;
 - 35.2 it is not a US Person and is not acquiring the Placing Shares for the account or benefit of a US Person;
 - 35.3 it will not offer or sell the Placing Shares in the United States or to US Persons absent registration or an exemption from registration under the Securities Act;
 - 35.4 it is aware that the Placing Shares are being offered outside the United States in reliance on Regulation S;
 - 35.5 it did not purchase or otherwise acquire the Placing Shares based on or due to directed selling efforts (as defined in Rule 902 under the Securities Act), including based on an advertisement in a publication with a general circulation in the United States, nor has it seen or been aware of any activity that, to its knowledge, constitutes directed selling efforts in the United States;
36. if such Placee is purchasing the Placing Shares in the United States, agrees, represents and warrants as follows:
 - 36.1 it is a Qualified Institutional Buyer (or, an accredited investor as defined in Rule 501 of Regulation D under the Securities Act) and (i) if it is acquiring the Placing Shares as a fiduciary or agent for the account of one or more other persons, it has full investment discretion with respect to each such account and has full power and authority to make the confirmations, acknowledgements, warranties and undertakings herein on behalf of each such account; and (ii) it is purchasing the Placing Shares for its own account or for the account of a Qualified Institutional Buyer for which it has full investment discretion, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution (within the meaning of the United States securities laws) of the Placing Shares;
 - 36.2 it agrees that the Company may require a certification from it in support of any transfer, in form and substance satisfactory to the Company, and agrees that the Company, the registrar, CREST or any transfer agent may reasonably require additional evidence or

documentation supporting compliance with applicable securities laws, and prior to any sale or transfer, the Company may require the delivery of such certifications, notifications, agreements and warranties and legal opinions of duly qualified counsel as it may reasonably require to confirm that the proposed sale or other transfer complies with the foregoing restrictions;

- 36.3 it acknowledges that the Company reserves the right to make inquiries of any holder of the Placing Shares or interests therein at any time as to such person's status under the US securities laws, and to require any such person that has not satisfied the Company that such person is holding appropriately under the US securities laws to transfer such Placing Shares or interests therein immediately to the Company;
- 36.4 it understands and acknowledges that neither the Agents, the US Selling Agents, the Company nor any of their respective affiliates, makes any representation as to the availability of any exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Placing Shares;
- 36.5 it agrees that the Placing Shares are not being registered under the Securities Act or U.S. state securities law and are being offered pursuant to an exemption therefrom arising under Rule 144A or Section 4(a)(2) of the Securities Act) and that the Placing Shares are "restricted securities" for US securities law purposes which may not be deposited into any unrestricted depository facility established or maintained by a depository bank. As such, it agrees not to offer or sell the Placing Shares to any person other than in compliance with the following restrictions which apply to all its Placing Shares and which shall be affixed in the form of a legend to any certificates of Placing Shares:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE (OR ITS PREDECESSOR) HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION IN THE UNITED STATES, AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED, HEDGED OR OTHERWISE TRANSFERRED, EXCEPT (A) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT (AND IS NOT ACTING IN A PREARRANGED TRANSACTION RESULTING IN THE RESALE OF THESE SECURITIES INTO THE UNITED STATES); (B) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT; (C) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT; OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, SUBJECT, IN THE CASES OF CLAUSES (A), (B) AND (C), TO THE RIGHT OF THE ISSUER TO OBTAIN, IF THE ISSUER SO REQUESTS, AN OPINION, IN FORM AND SUBSTANCE AND FROM COUNSEL SATISFACTORY TO THE ISSUER AT THE EXPENSE OF THE HOLDER OF THIS CERTIFICATE, WHICH PROVIDES THAT SUCH OFFER, SALE, PLEDGE, HEDGE OR TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION.

EXCEPT AS OTHERWISE DETERMINED BY THE ISSUER, THE SECURITIES REPRESENTED BY THIS CERTIFICATE (OR ITS PREDECESSOR) MAY NOT BE DEMATERIALIZED INTO CREST OR ANY OTHER PAPERLESS SYSTEM UNLESS THE PARTY REQUESTING SUCH DEMATERIALIZATION FIRST OBTAINS A LETTER FROM THE TRANSFEREE STATING THAT SUCH TRANSFEREE IS NOT A US PERSON (AND IS NOT ACTING IN A PREARRANGED TRANSACTION RESULTING IN THE RESALE OF THESE SECURITIES INTO THE UNITED STATES) OR MAKES SUCH OTHER REPRESENTATIONS REQUESTED BY THE ISSUER."

The Placee agrees, on its own behalf and on behalf of any accounts for which the Placee is acting, that, if the Placee should offer, resell, pledge or otherwise transfer any Placing Shares it will do so only (i) in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S under the Securities Act (and not in a prearranged transaction resulting in the resale of such Placing Shares into the US), (ii) in a transaction meeting the requirements of Rule 144 under the Securities Act, (iii) in accordance with another exemption from the registration requirements of the Securities Act, or (iv) pursuant to an effective registration statement under the Securities Act, provided that the Placee notify the Company of such proposed transaction and that the Placee intends to make such sale in accordance with the terms of this paragraph, and that such offer, resale, pledge or transfer must, and will, be made in accordance with any applicable securities laws of any US state or other jurisdiction of the United States. The Placee understands and acknowledges that any offer, resale, pledge or transfer made other than in compliance with the restrictions contained in this paragraph may not be recognised by the Company;

- 36.6 the Placing Shares shall only be eligible for settlement through CREST if approved by the Company, and, if requested by the Company, the purchaser provides a signed letter addressed to the Company, containing certain representations regarding compliance with US securities laws;
- 36.7 it has not purchased the Placing Shares as a result of "general solicitation" or "general advertising" (within the meaning of Rule 502(c) under the Securities Act), including advertisements, articles, research reports, notices or other communications published in any newspaper, magazine, on a website or in or on any similar media, or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
- 36.8 it will inform each purchaser who purchases the Placing Shares from it of the transfer restrictions stated herein and that if in the future such purchaser of the Placing Shares decides to offer, resell, pledge, or otherwise transfer such Placing Shares, any offer, resale or transfer must be made in compliance with the Securities Act;
- 36.9 if it is a limited liability company, partnership, corporation or trust, it has been duly formed, is validly existing, has full power and authority to make this investment, and has not been formed for the specific purpose of investing in the Placing Shares. Its execution, delivery and compliance with these terms and conditions does not conflict with, or constitute a default under, any of its governing instruments, any applicable law, regulation or order, or any contract to which it is a party or are otherwise bound. These terms and conditions and all other documents executed in connection with this purchase of Placing Shares are valid and binding obligations, enforceable against it in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights and subject to general principles of equity that restrict the availability of specific performance, injunctive relief or any other equitable remedies; provided that the indemnification provisions contained in terms and conditions may be limited by applicable US federal or state securities laws; and
- 36.10 neither it, any of its direct beneficial owners, nor any other person for whose account it is acquiring the Placing Shares, appear on the Specially Designated Nationals and Blocked Persons List of U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"). It further represents that the monies used to fund the investment in the Placing Shares are not, to its knowledge, derived from, invested for the benefit of, or related in any way to, governments of, or persons within, any country (a) under the U.S. Embargo enforced by OFAC, (b) that has been designated as a "non-cooperative country or territory" by the Financial Action Task Force on Money Laundering, or (c) that has been designated by the

U.S. Secretary of the Treasury as a "primary money laundering concern." It further represents that it does not know or have any reason to suspect that (y) the monies used to fund the investment in the Placing Shares have been derived from or related to any illegal activities, including, but not limited to, money laundering activities, and (z) the proceeds of the investments in the Placing Shares will be used to finance any illegal activities.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by them or any other person on the subscription by them of any Placing Shares or the agreement by them to subscribe for any Placing Shares.

Each Placee and any person acting on behalf of each Placee acknowledges and agrees that the Agents, the US Selling Agents, or any of their affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares.

When a Placee or person acting on behalf of the Placee is dealing with the Agents, any money held in an account with the Agents on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FCA made under FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from the Agents' money in accordance with the client money rules and will be used by the Agents in the course of its own business; and the Placee will rank only as a general creditor of the Agents.

All times and dates in this Announcement may be subject to amendment. The Agents shall notify the Placees and any person acting on behalf of the Placees of any changes.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

Appendix III – Definitions

The following definitions apply throughout this announcement, unless otherwise stated or the context requires otherwise:

"Admission" admission of the First Placing Shares and the Subscription Shares (First Admission) or the Second Placing Shares (Second Admission), as the case may be, to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules for Companies;

"AIM" the AIM market operated by the London Stock Exchange;

"AIM Rules for Companies" the London Stock Exchange's rules and guidance notes contained in its "AIM Rules for Companies" publication relating to companies whose securities are traded on AIM, as amended from time to time;

"Announcement" means this announcement (including the appendices to this announcement);

"Articles" the articles of association of the Company in force on the date hereof;

"Board" or **"Directors"** the directors of the Company, or any duly authorised committee thereof;

"Circular" the Shareholder circular to be published in connection with the General Meeting;

"Company" Savannah Petroleum PLC;

"CREST" the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form;

"CREST Regulations" the Uncertificated Securities Regulations 2001 (SI 2001/3755) including any enactment or subordinate legislation which amends or supersedes those regulations and any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;

"Euroclear" Euroclear UK & Ireland Limited, a company incorporated in England & Wales with registered number 02878738, being the operator of CREST;

"General Meeting" or **"GM"** the general meeting of the Company to be held on or around 22 July 2016;

"Firm Placing" the placing of the First Placing Shares by the Agents at the Placing Price pursuant to the Placing Agreement;

"First Placing Shares" the approximate 18,875,000 new Ordinary Shares to be issued pursuant to the Firm Placing or as the first tranche of the Placing;

"Form of Proxy" the form of proxy for use at the General Meeting;

"FCA" the Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of FSMA;

"FSMA" the Financial Services and Markets Act 2000 (as amended);

"Group" the Company together with its subsidiaries from time to time;

"London Stock Exchange" London Stock Exchange plc;

"Mirabaud" Mirabaud Securities LLP of 33 Grosvenor Place, London SW1X 7HY;

"Ordinary Shares" the ordinary shares of £0.001 par value each in the share capital of the Company;

"Panmure Gordon" Panmure Gordon (UK) Limited of One New Change, London EC4M 9AF;

"Placing" the placing of the Placing Shares (which includes the Subscription Shares) at the Placing Price by the Agents as agent for and on behalf of the Company pursuant to the terms of the Placing Agreement;

"Placing Agreement" the conditional agreement dated 5 July 2016 between (1) the Company and (2) Mirabaud and (3) Panmure Gordon relating to the Placing, further details of which are set out in this Announcement;

"Placing Price" 38 pence per Placing Share;

"Placing Resolution" the resolution numbered 1 in the notice of the General Meeting contained within the Circular;

"Placing Shares" the First Placing Shares, the Second Placing Shares and the Subscription Shares to be issued by the Company and subscribed for pursuant to the Placing;

"Regulation D" Regulation D as promulgated under the Securities Act;

"Regulation S" Regulation S as promulgated under the Securities Act;

"Second Placing Shares" the approximate 60,240,000 new Ordinary Shares to be issued as the second tranche of the Placing;

"Securities Act" the United States Securities Act of 1933, as amended;

"Shareholders" holders of Ordinary Shares, from time to time;

"Subscribers" each of Andrew Knott, Isatou Semega-Janneh, Jessica Hostage and Yacine Wafy

"Subscription Agreement" the conditional agreements dated 5 July 2016 between the Company and each of the Subscribers governing the issue of the Subscription Shares;

"Subscription Shares" the approximate 726,000 new Ordinary Shares, in aggregate, to be issued to the Subscribers who have stated the intention to subscribe on the same terms governing the wider Placing within one trading day of announcing the result of the Placing;

"UK" or **"United Kingdom"** the United Kingdom of Great Britain and Northern Ireland;

"uncertificated" or **"in uncertificated form"** recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;

"US" the United States of America, its territories and possessions, any state of the United States of America and the district of Columbia and all other areas subject to its jurisdiction;

"US Person" bears the meaning ascribed to such term by Regulation S;

"US Selling Agents" Merriman Capital Inc. of 135 East 57th Street, 24th Floor, New York, NY10022, and Auerbach Grayson & Company LLC of 25 West 45th Street, New York, NY10036;

"US\$" means the lawful currency of the US from time to time; and

"£" pounds sterling, the lawful currency of the UK from time to time.