

31 July, 2015

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

R3/R4 Production Sharing Contract Signature

Savannah Petroleum is pleased to announce the signing of a Production Sharing Contract ("PSC") by Savannah Petroleum Niger and the Government of Niger represented by the Ministry of Energy and Petroleum for the R3/R4 license area (the "R3/R4 PSC"). Accordingly, the US\$28m payment relating to the R3/R4 PSC signature bonus will shortly be made to the State of Niger.

As previously disclosed at the time of Savannah's recent US\$36m placing, the R3/R4 PSC is located in the area Savannah refers to as the "Agadem Rift Basin", and is in close proximity to the R1/R2 PSC area. Savannah has currently mapped 29 leads across the R3/R4 PSC area, with a range of mapped closure sizes similar to existing discoveries in the basin.

The principal terms of the R3/R4 PSC are similar to that of the R1/R2 PSC, with the exception that:

- The free carried State of Niger's Public Participating Interest is set at 15% as compared to the 20% level of the R1/R2 PSC;
- The minimum work programme requires the acquisition of 750 sq km 3D seismic and the drilling of 2 wells during the initial period of the exclusive exploration authorisation (EEA), 500 sq km 3D seismic and 2 wells during the first renewal period of the EAA, and 250 sq km 3D seismic and 2 wells during the second renewal period of the EAA;
- 60% of the signature bonus is deemed to be cost recoverable as compared to 40% for the R1/R2 PSC.

Andrew Knott, CEO of Savannah Petroleum, said:

"The signing of the R3/R4 PSC is another landmark transaction for Savannah. We have now licensed c.50% of the Agadem Rift Basin, which the Board believes places the Company in a very strong position for the future given our assessment of the scale, risk profile and cost structure of our assets. I would again like to thank the Government of Niger for awarding the PSC to us, and for their support over the past three years. Savannah will now move to commence what we expect to be an aggressive exploration programme over our licenses which we hope will deliver material benefits for all of our stakeholders over the coming years."

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