

4 July, 2014

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

Niger R1/R2 Permit Production Sharing Contract

Savannah Petroleum, the Niger focused oil and gas company, today announces the signing of a Production Sharing Contract (PSC) with the Government of Niger for the R1/ R2 license area. The PSC is believed to represent the single largest direct foreign investment into Niger by a UK Company and will see Savannah invest an estimated minimum \$100m into Niger over an eight year period.

At a ceremony held in Niamey, the PSC was signed by Foumakoye Gado, Minister of Energy and Petroleum, and Andrew Knott, CEO of Savannah Petroleum, in the presence of a number of dignitaries from Niger. Also present was the Rt Hon Stephen O'Brien MP, a former industrialist who has a personal interest in Niger and Africa, and who is a former International Development Minister.

The R1/R2 permit lies on the Termit Trough which is part of the broader Central African Rift System (CARS). CARS consists of a series of highly oil prolific cretaceous and tertiary rifts, where over six billion barrels of oil has been discovered to date across fields in Sudan, South Sudan, Chad and Niger. R1/R2 consists of approximately 30% of Niger's original "Agadem" permit, an area where China National Petroleum Company (CNPC) made an estimated 77 discoveries from 99 exploration wells, unlocking 832 million barrels of 2P reserves over the 2008-2013 period. CNPC currently sells oil into the domestic market but intends to commence international exports via a pipeline export route in 2016. In a Competent Persons Report recently commissioned by Savannah and conducted by Robertson, the internationally respected geological consultancy, the permit has been estimated as having the potential to contain up to 819 million barrels of gross prospective resources in the primary Eocene horizon alone.

Commenting on today's announcement, Foumakoye Gado, Minister of Energy and Petroleum, said:

"The R1/R2 PSC is a landmark contract for the Nigerien oil and gas industry. The agreed US\$34m signature bonus is the largest paid for a PSC without any existing oil discoveries in the history of Niger and reflects the license area's substantial exploration prospectivity. The Company's planned work program should see Savannah test the exploration potential it has identified on the license in an efficient and effective manner. We have been impressed with the Company's approach so far and look forward to working with them in the future."

Rt Hon Stephen O'Brien, MP, said:

"Niger is an increasingly attractive business environment for British companies and the signing of the Production Sharing Contract between the Government of Niger and Savannah Petroleum is an important step in the strengthening of trade links between our two countries."

Andrew Knott, CEO of Savannah Petroleum, said:

"This is clearly a very significant day for Savannah Petroleum, with the signature of the PSC having followed a twelve month period of technical evaluation and analysis of the R1/R2 area by our team. We are pleased to have announced today the results of this work, being that CGG Robertson have estimated gross prospective resources of up to 819mb within the license area. Savannah therefore believes our planned R1/R2 exploration program has the potential to deliver material economic benefits for the country of Niger. Additionally, our social benefit expenditures are expected to see the Company focus primarily around education sector projects, which we hope will provide an additional source of long-term benefit to Niger."

I would like to take this opportunity to thank the Niger Government for, firstly, making the decision to award the R1/R2 PSC to Savannah and, secondly, for the warm welcome and support we have received from them since first coming to the country a year ago. We very much look forward to continue working with them over the coming years. Similarly, I would like to thank the UK Government for the support and assistance they have provided Savannah in relation to this project, which we understand to be the one of the largest ever commercial deals into Niger by a British company. Lastly, I would like to thank Savannah's team members, whose hard work, dedication and determination has made our progress to date possible."

For further information contact:

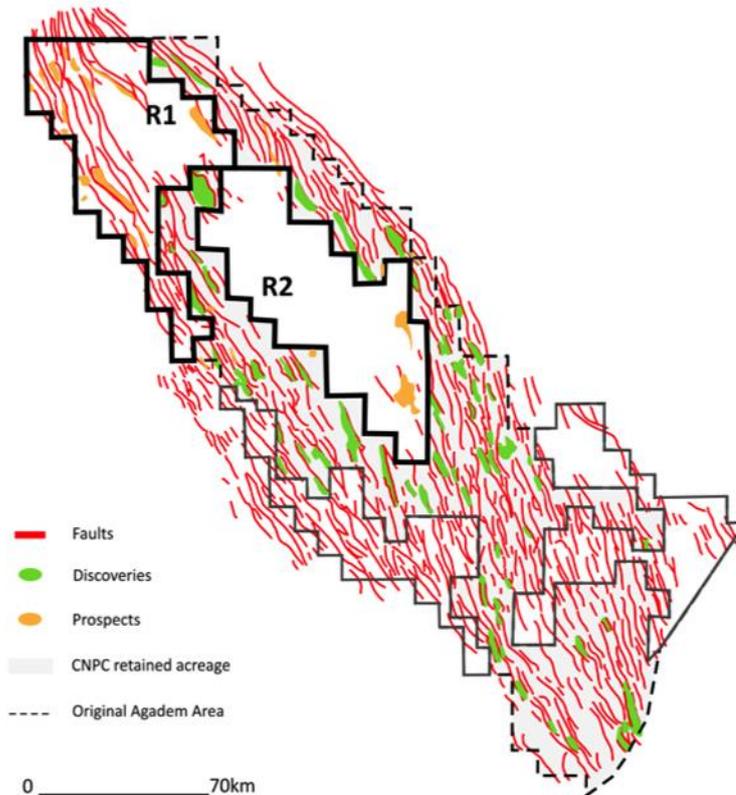
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Notes to Editors

Savannah Petroleum is a UK oil and gas company, established in July 2013 focused around the exploration, appraisal and subsequent development of the R1/R2 Production Sharing Contract in Niger. Having signed the PSC, Savannah intends to commence geological survey activity ahead of a planned large exploration drilling campaign over the 2015/17 period. Savannah's experienced Board and Management team, including Chairman Steve Jenkins, Chief Executive Andrew Knott and Directors David Jamison and Mark Iannotti have many years' experience in establishing, growing and financing exploration and production companies.

Figure 1: R1/R2 Location and Indicative Prospectivity Map



Source: Government of Niger, Savannah Petroleum