

1 May 2020

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

**Financial and Operational Update**

Savannah Energy PLC, the British independent energy company focused around activities in Nigeria and Niger, is pleased to provide a financial and operational update for the FY 2019 and for the c.19 week period of ownership of the Nigerian Assets from 15 November 2019 to end March 2020 (the "Savannah Ownership Period"). For an explanation of the defined terms in this announcement readers should refer to the Supplemental Admission Document published on 30 April 2020, which is available to download from the Company's website in full at [www.savannah-energy.com](http://www.savannah-energy.com)

**Key Highlights**

Nigeria

- FY 2019 cash collections from the Nigerian Assets were US\$168.8m. Cash collections from the beginning of the Savannah Ownership Period to date in 2020 total US\$96m;
- Significant deleveraging achieved during the Savannah Ownership Period, with US\$40m of the restructured debt taken on as part of the Acquisition and the Capital Restructuring paid down by 31 March 2020;
- As announced on 15 November 2019, African Infrastructure Investment Managers ("AIIM") acquired 20% interests in Seven Uquo Gas Limited ("SUGL") and Accugas in return for a US\$54m cash consideration, implying a combined US\$270m valuation of those assets;
- Average gross daily production has increased 25% during the Savannah Ownership Period to 19.6 Kboepd compared to 15.7 Kboepd for the corresponding period in 2018-19. This includes a 34% increase in Uquo gas production comparing the same periods from 77.7MMscfd (12.9 Kboepd) to 103.8MMscfd (17.3 Kboepd). A peak Q1 daily production rate of 164MMscfd (27.3 Kboepd) was achieved in February 2020;
- As announced on 31 January 2020, Accugas entered into the first new gas sales agreement for the business in over five years with First Independent Power Limited ("FIPL"), part of the Sahara Group, for the provision of gas sales to the FIPL Afam power plant ("Afam");
- Successful transfers of operatorship of both the Uquo Central Processing Facility ("CPF") and the FUN Manifold crude gathering station, from Frontier Oil Limited ("Frontier") to Savannah; and
- As previously announced and based on the CPR prepared by CGG and published on 11 December 2019<sup>1</sup>, net asset-level free cash flow generation, on a maintenance adjusted take-or-pay basis, by the Nigerian Assets, assessed to be an average of c.US\$130m p.a. (2020–2023)

Niger

- Updated Competent Person's Report for the Niger assets compiled by CGG Services (UK) Ltd with highlights available in the RNS entitled 'Publication of updated Niger CPR' dated 1 May 2020, both of which are available to download on our website [www.savannah-energy.com](http://www.savannah-energy.com);
- Plans for delivering the R3 East development continue to progress with the intention to commence installation of an Early Production System within the next twelve months, market conditions and financing permitting; and

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<sup>1</sup> The Competent Persons Report ("CPR"), prepared by CGG Services (UK) Ltd ("CGG") and published on 11 December 2019, is available to download on the Company's website (<https://www.savannah-energy.com/en/key-documents>)

- Following a successful exploration drilling programme in 2018 on the R3 East portion of the R3/R4 PSC, the Company has agreed with the Ministry of Energy and Petroleum that the R4 area, which was relinquished at the end of the initial Exclusive Exploration Authorisation in accordance with the terms of the R3/R4 PSC, will be combined with the R1/R2 PSC Area into a new R1/R2/R4 PSC to be issued under the Petroleum Code 2017, thus retaining the full acreage position previously covered by the R1/R2 PSC and the R3/R4 PSC. Ratification of the new R1/R2/R4 PSC is subject to Council of Minister approval, and payment of the associated fee.

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

*"Power is an essential service for any country. In Nigeria, we are responsible for the provision of gas supplies to providers of over 10% of the country's current power generation capacity, a responsibility we take very seriously. In this time of global uncertainty, it has been widely reported in the local press that many companies have struggled to supply gas-for-power in recent months, which has led to significant power outages in country. In stark contrast Savannah, working closely with our principal customer Niger Delta Power Holding Company (NDPHC) and the Transmission Company of Nigeria (TCN) – who we thank for their strong cooperation – has increased our gas production levels by 34% since completing the acquisition of the Nigerian Assets. We continue to expect to increase production levels further during the course of this year as we add new customers, such as First Independent Power Limited who we announced earlier this year. Savannah is, and will continue to be, the partner of choice for customers seeking reliable gas-for-power in Nigeria.*

*In Niger, we are pleased to publish a new CPR this morning, to confirm the robust commerciality of our planned early production system and to reiterate our previously stated views on the wider potential of our asset base. We strongly hope to return to an operational phase in Niger in 2020, economic conditions permitting.*

*Across our business we will continue to work collaboratively with our key stakeholders (employees, customers, governments, communities and our supply chain) to navigate our way through the challenges and opportunities raised by the current period of economic uncertainty. I believe we have the right management team, corporate culture and purpose that will ensure we manage to do this successfully. I would like to take the opportunity to thank these stakeholders for their continuing support."*

**Financial Update**

Total cash collections from the Nigerian Assets for FY2019 were US\$168.8m<sup>2</sup> while cash collections to date from the Nigerian assets since the start of the Savannah Ownership Period were US\$96m. Cash generated by the Nigerian Assets has been directed to funding operating and maintenance costs and debt service. Savannah has achieved a significant deleveraging during the Savannah Ownership Period with US\$40m of the restructured debt taken on as part of the Acquisition and the Capital Restructuring paid down by 31 March 2020

As previously announced and based on the CPR prepared by CGG and published on 11 December 2019, net asset-level free cash flow generation, on a maintenance adjusted take-or-pay basis, by the Nigerian Assets, is assessed by CGG to be an average of c.US\$130m p.a. (2020–2023).

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<sup>2</sup> In accordance with applicable accounting standards, Savannah will report revenues on both the income statement (in relation to delivered gas volumes) and on the balance sheet (as deferred revenue, in relation to the difference between delivered gas volumes and take-or-pay volumes).

### Summary of Expected Net Asset Free Cash Flows from Nigerian Assets<sup>3</sup>

Year	US\$m
2020	104.2
2021	128.1
2022	141.3
2023	141.3
<b>Average</b>	<b>128.7</b>

### Operational Update

Average gross daily production from the Nigerian Assets has increased 25 per cent. during the Savannah Ownership Period to an average of 19.6 Kboepd versus 15.7 Kboepd for the corresponding period (15 November 2018 to 31 March 2019). In particular, this includes a 34 per cent increase in Uquo gas production over the same periods from 77.7MMscfd (12.9 Kboepd) to 103.8MMscfd (17.3 Kboepd). Average gross daily production from the Nigerian Assets for FY 2019 rose 32 per cent. to 17.2 Kboepd from 13.0 Kboepd for FY 2018. In addition, in February 2020 Savannah achieved a Q1 daily gas peak production rate from the Nigerian assets of 164MMscfd (27.3 Kboepd).

### Nigeria Average Gross Daily Production

	Stubb Creek Oil (Kbopd)	Uquo Condensate (blpd)	Uquo Gas (MMscfd)	Total (Kboepd)
<b>FY2018</b>	<b>2.3</b>	<b>105.0</b>	<b>63.5</b>	<b>13.0</b>
<b>FY2019</b>	<b>2.4</b>	<b>136.0</b>	<b>88.1</b>	<b>17.2</b>
<b>% Increase</b>	<b>4%</b>	<b>30%</b>	<b>39%</b>	<b>32%</b>

<b>15 November 2018-31 March 2019 (c. 19 wks)</b>	<b>2.6</b>	<b>123.9</b>	<b>77.7</b>	<b>15.7</b>
<b>15 November 2019-31 March 2020 (c.19 wks)</b>	<b>2.2</b>	<b>152.7</b>	<b>103.8</b>	<b>19.6</b>
<b>% Increase</b>	<b>-16%</b>	<b>23%</b>	<b>34%</b>	<b>25%</b>

<sup>3</sup> As per the Competent Persons Report ("CPR") prepared by CGG Services (UK) Ltd ("CGG") and published on 11 December 2019, a copy of which is available to download on the Company's website (<https://www.savannah-energy.com/en/key-documents>) This assumes the standard contractual payment cycle and the completion of the de-bottlenecking of Stubb Creek as detailed in the CPR.

Production levels are driven by customer nomination levels, while cash collections are largely driven by contractual maintenance adjusted take-or-pay provisions of 130– 152 MMscfpd in aggregate. As previously announced on 31 January 2020, Accugas entered into a new interruptible gas sales agreement ("IGSA") with FIPL in relation to the provision of gas sales to its Afam power plant in Nigeria. FIPL is an affiliate company of Sahara Group, a leading international energy and infrastructure conglomerate with operations in over 38 countries across Africa, the Middle East, Europe and Asia. This represented the first new gas sales agreement to be signed by Accugas in over five years and is on commercial terms which are expected to augment the weighted average profitability of the Accugas portfolio. Savannah remains highly focused on adding new gas customers this year which are expected to be announced in due course.

As part of the ongoing gas field development plan at Uquo, plans are being made for the drilling and completion of an additional gas production well to be drilled in a timely manner to ensure that sufficient gas deliverability is available to meet all contractual commitments. In addition, work is underway for facility upgrades to increase production capability at Accugas following the successful transfer of operatorship of the processing plant to Savannah from Frontier in January this year. Also, Savannah Energy, through its subsidiary, Universal Energy Resources Limited, took over the operatorship of the FUN Manifold from Frontier on 24 April 2020 for a period of three years under the terms of the Amended and Restated Joint Operating Agreement of the FUN Group. The FUN Manifold is a receiving facility where crude oil and condensate from the Uquo, Stubb Creek and Qua Iboe Marginal Fields is commingled and pumped through a common pipeline to the Mobil Producing Nigeria Qua Iboe Terminal for export. The FUN Manifold is jointly owned by Frontier, Universal Energy Resources Limited and Network Exploration and Production Limited.

In Niger, following a successful exploration drilling programme in 2018 on the R3 East portion of the R3/R4 PSC, the Company has agreed with the Ministry of Energy and Petroleum that the R4 area, which was relinquished at the end of the initial term of the Exclusive Exploration Authorisation in accordance with the terms of the R3/R4 PSC, will be combined with the R1/R2 PSC Area into a new R1/R2/R4 PSC to be issued under the Petroleum Code 2017, thus retaining the full acreage position previously covered by the R1/R2 PSC and the R3/R4 PSC. Ratification of the new R1/R2/R4 PSC is subject to Council of Minister approval, and payment of the associated fee.

In terms of the plans for delivering the R3 East development, Savannah intends to commence installation of an Early Production System within the next twelve months, market conditions and financing permitting. Also, as per the updated CPR dated 30 April 2020, the Company seismically identified a portfolio of 146 prospects and leads which serves to demonstrate the strong future potential of the Niger assets. Savannah intends to deliver its initial production to the Zinder refinery in Niger. Meanwhile in September 2019, the Transportation Convention was signed between China National Petroleum Corporation ("CNPC") and the Republic of Niger in relation to a crude oil export pipeline from the ARB to the Atlantic coast in Benin (the "Niger-Benin Export Pipeline" or the "Pipeline"). The Pipeline is expected to run for c. 2,000km from the ARB in Niger to Port Seme on the Atlantic coast in Benin. CNPC has confirmed that the pipeline construction is expected to complete in 2021/22, which should further allow Savannah to monetise the planned ramp-up in oil production from its discoveries to c.5000bopd from around that time.

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The information contained within this announcement is considered to be inside information prior to its release, as defined in Article 7 of the Market Abuse Regulation No.596/2014, and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

#### **Notes to Editors:**

##### **About Savannah Energy**

Savannah Energy PLC is an AIM listed energy company with exploration and production assets in Nigeria and Niger. In Nigeria, the Company has controlling interests in the cash flow generative Uquo and Stubb Creek oil and gas fields, and the Accugas midstream business in South East Nigeria, which provides gas to approximately 10% of Nigeria's available power generation capacity. In Niger, the Company has interests in two large PSC areas located in the highly oil prolific Agadem Rift Basin of South East Niger, where the Company has made five oil discoveries and seismically identified a large exploration prospect inventory, consisting of 146 prospects and leads to be considered for potential future drilling activity.

Further information on Savannah Energy PLC can be found on the Company's website: [www.savannah-energy.com](http://www.savannah-energy.com)