20 September 2018

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

Seven Energy Transaction and Operational Update
Increasing operational control and maximising value through the gas value chain

Savannah Petroleum PLC, the British independent oil and gas company focused around oil and gas activities in Niger and Nigeria, is pleased to provide an update on the Seven Energy Transaction (the "Transaction") and on operations at the Seven Assets in South East Nigeria.

Highlights

- Memorandum of Understanding signed between Frontier Oil Limited ("Frontier"), Seven Uquo Gas Limited ("SUGL") and Accugas Limited ("Accugas") to conduct a gas for oil swap at the Uquo Field, increasing SUGL's rights to gas production from the Uquo Field to 100% from a current 87.7%;
- Agreement reached to acquire the 37.5% minority shareholders' interests in Universal Energy Resources Limited ("UERL"), increasing the Enlarged Group's interest in the Stubb Creek Field to 51% (operated) from a current c.32%;
- Addition of a combined 25.1 mmboe 2P reserves and 2C resources, increasing reserves and resources being acquired in the Transaction by c.19%;
- Reduction in planned SUGL forward oil capital expenditure of c.US$35m;
- Uquo swap and UERL buy-out serve to secure effective control over the full gas value chain in South East Nigeria;
- Wider Transaction now expected to complete in Q4 2018, with Implementation Agreement anticipated to be signed by the end of October 2018; and
- Right of way works commenced in relation to the construction of the 18km pipeline extension into the Calabar Free Trade Zone and the greater Calabar area, anticipated to be able to supply gas to new customers from H1 2020.

Gas for Oil Swap with Frontier Oil

Savannah is pleased to announce the signature of a Memorandum of Understanding (the "Frontier MOU") between Frontier, SUGL and Accugas (together "the Parties"). The Frontier MOU envisages certain amendments to the currently existing commercial arrangements between the Parties, including:

- a gas for oil swap (the "Swap") between SUGL and Frontier, such that SUGL will have ownership of 100 per cent. of the gas project at Uquo (including associated condensate production) and Frontier will have ownership of 100 per cent. of the oil project at Uquo;
- SUGL taking effective operational control of the Uquo gas project (including control of, *inter alia*, gas-related capital investment projects, design and implementation of operational plans and day to day operations at the Uquo Gas Field), thereby derisking the Enlarged Group; and
- the relinquishment by Frontier of operatorship of the Uquo gas processing facility (the "Uquo CPF").

The Parties have agreed to negotiate in good faith to agree binding long-form documentation on the terms set out above and to use reasonable endeavours to execute such documentation within 30 business days.

Following completion of the Transaction, the Swap will increase Savannah's reserve and resource position as follows:

Impact on Enlarged Group Uquo Reserves & Resources

	Pre-Swap	Post-Swap	Increase/ (Decrease)	% Increase/ (Decrease)

2P Gas Reserves (bcf)	495.5	565.0	69.5	14.0%
2P Liquids Reserves (mmbbls)	6.7	0.7	(6.0)	(89.6%)
2P Reserves (mmboe)	**89.3**	**94.9**	**5.6**	**6.3%**
2C Gas Resources (bcf)	63.6	72.5	8.9	14.0%
2C Liquids Resources (mmbbls)	2.1	0.1	(2.0)	(95.2%)
2C Resources (mmboe)	**12.7**	**12.2**	**(0.5)**	**(4.1%)**
2P Reserves & 2C Resources (mmboe)	**102.0**	**107.1**	**5.1**	**5.0%**
Best Estimate Prospective Gas Resources (mmboe)	**84.6**	**96.5**	**11.9**	**14.0%**

Source: LR Senergy Limited Competent Person's Report on the Seven Assets dated 21 December 2017.

As consideration for the Swap, the following sums are due to be paid to Frontier by SUGL:

- US$20m, payable in US dollars upon completion of the Transaction; and
- A further US$14.13m, payable in Naira across three yearly instalments, with the first instalment of US$5m due twelve months following the completion of the Transaction, the second instalment of US$5m due twenty-four months following completion of the Transaction and the final instalment of US$4.13m due thirty-six months following completion of the Transaction.

The Swap is expected to lead to a significant reduction in SUGL's 2018/19 capital investment plans, where c.US$35m was anticipated to be spent on oil related capital expenditure at the Uquo Field following completion. The consideration of the Swap is therefore expected to be offset against associated reductions in capital expenditure.

Buy-Out of Universal Energy Resources Limited Minorities

Savannah is pleased to announce that terms have been agreed upon which, subject to completion of the Transaction, the minority shareholders in UERL (the "UERL Minorities") will be bought out (the "Buy-Out"). UERL, the entity which holds a 51% operated participating interest in the Stubb Creek Field, is currently a 62.5% subsidiary of the Seven Energy Group.

The UERL Minorities have agreed to receive total consideration of c.US$3m. The Buy-Out has been approved by UERL's shareholders at UERL's Annual General Meeting. The Buy-Out is now unconditional subject to Transaction completion.

The Buy-Out is anticipated to materially further increase the Enlarged Group's reserves and resources, and to provide the Enlarged Group with control over UERL's cost structure and full access to UERL's share of Stubb Creek cash flows.

Impact on Enlarged Group Stubb Creek Reserves & Resources

	Pre Buy-Out	Post Buy-Out	Increase	% Increase
2P Oil Reserves (mmbbls)	2.5	4.0	1.5	60.0%
2P Gas Reserves (bcf)	-	-	-	60.0%

2P Reserves (mmboe)	**2.5**	**4.0**	**1.5**	**60.0%**
2C Liquids Resources (mmbbls)	0.2	0.3	0.1	60.0%
2C Gas Resources (bcf)	184.3	294.9	110.6	60.0%
2C Resources (mmboe)	**30.9**	**49.5**	**18.6**	**60.0%**
2P Reserves & 2C Resources (mmboe)	**33.4**	**53.4**	**20.0**	**60.0%**

Source: LR Senergy Limited Competent Person's Report on the Seven Assets dated 21 December 2017.

Seven Energy Transaction Update

Despite the delay caused by the negotiation of the terms of the Swap and the Buy-Out, good progress continues to be made in relation to the satisfaction of the other relevant conditions precedent to completion of the Transaction.

It is currently anticipated that the Implementation Agreement, which documents the final legal terms and steps which will be taken to effect the Transaction, will be executed by the interested parties by the end of October 2018. As such, the Company now expects completion in the fourth quarter of 2018, which will be followed in due course by the publication of a Supplemental Admission Document.

Accugas Business Growth

Accugas has now commenced work on the Calabar Gas Distribution Project (the "CGD Project") which involves the development of a new 18km gas distribution pipeline with the capacity to supply up to 20mmscfd (which would have the ability to generate power of 80MW). The CGD Project is intended to link the existing c.260km Accugas pipeline network to the Calabar Free Trade Zone and the greater Calabar area.

Power in this region is predominantly provided through diesel generation which is priced at a significant premium (with diesel at c.US$15/mcf equivalent) to Accugas' current average gas price (c.US$3.50/mcf). It is therefore believed that the gas supply opportunity that the CGD Project presents will tap into a significant demand hub seeking a cheaper and more regular power supply.

Accugas has signed Heads of Terms ("HoT") in relation to the supply of gas to three new customers at an average price of c.US$7.5/mcf, and expects to convert these HoT into full gas sales agreements (as well as adding further new customers) as the CGD Project progresses over the course of the next 12 – 18 months. It is currently anticipated that the pipeline will be ready to supply gas to new customers from H1 2020.

Outside of the CGD Project, Accugas remains focused on sourcing additional revenue streams and several other new projects are under consideration. Further updates are expected to be provided to the market as and when these projects are matured.

Seven Energy Operational Update

Average daily production from the Seven Assets for the January – August 2018 period has been 14.4 kboepd (gross). Gas production levels have continued to be lower than that achieved in the first quarter of the year due to the previously announced maintenance programme at the Calabar National Integrated Power Plant ("Calabar NIPP"), one of Accugas' three principal gas supply customers. Gas deliveries to Calabar NIPP recommenced in August 2018, and it is anticipated that gas production levels will ramp up to those achieved in Q1 over the remainder of 2018.

Gas from the Uquo field is sold via Accugas to three principal customers through gas sales agreements ("GSAs"), with gross take-or-pay volumes under the GSAs set at 152 mmscfd (25.3 kboepd). Gas production in the January – August 2018 period averaged 73.1 mmscfd (12.2 kboepd, gross).

Oil and condensate production from the Uquo and Stubb Creek Fields is evacuated via ExxonMobil's Qua Iboe oil export terminal and is sold under a crude offtake agreement with MPN (a subsidiary of ExxonMobil). Liquids production from the Uquo and Stubb Creek Fields in the January – August 2018 period averaged 2.2 kboepd (gross).

Andrew Knott, CEO of Savannah Petroleum, said:

"We are extremely pleased to be able to announce that we have reached agreement to increase our interests in two key assets, both through the Frontier MOU at Uquo and through the Buy-Out at Stubb Creek. The transactions are value accretive and of strategic significance as they afford Savannah increased operational control across the gas value chain, and are expected to enable us to maximise value from two attractive assets that we know very well. The work-streams around these two deals have, inevitably, had an impact on the Seven acquisition timetable. However, completion remains firmly on track (now expected to be in Q4 2018), and with a more valuable proposition for investors.

We are also very pleased to report positive news relating to Accugas, which is now making good progress with the Calabar Gas Distribution Project. We see this as one of the major sources of value growth for the Nigerian gas business, and expect further growth projects to be identified as Accugas fulfils its true potential over the course of the coming years.

We look forward to keeping all of our stakeholders appraised of our continued progress."

Unless otherwise defined, capitalised terms are as per the Company's Admission Document dated 22 December 2017. A glossary of defined terms is included at the end of this release.

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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 Petroleum

Savannah Petroleum PLC is an AIM listed oil and gas company with exploration and production assets in Niger and Nigeria. Savannah's flagship assets include the R1/R2 and R3/R4 PSCs, which cover c.50% of the highly prospective Agadem Rift Basin ("ARB") of South East Niger, acquired in 2014/15. The Company is also in the process of acquiring interests in the cash flow generative Uquo and Stubb Creek oil and gas fields and an interest in the Accugas midstream business in South East Nigeria from Seven Energy.

Further information on Savannah Petroleum PLC can be found on the Company's website: http://www.savannah-petroleum.com/en/index.php

About the Seven Assets

The Seven Assets comprise Seven Energy's interests in the producing Uquo and Stubb Creek oil and gas fields, and a 20% interest in the Accugas midstream business. Both the Uquo and Stubb Creek fields are located onshore South East Nigeria in the prolific Niger Delta petroleum system.

About Accugas

Accugas focuses on the marketing, processing, distribution and sale of gas to the Nigerian market. The business comprises the 200 mmscfd Uquo CPF, a c.260km pipeline network and long-term gas sales agreements with downstream customers. Accugas provides the route to market for the gas produced at Uquo and currently supplies gas to power station customers that comprise around 10 per cent. of Nigeria's available power generation capacity.

Definitions:

2P reserves	proven and probable reserves
2C resources	denotes best estimate scenario of Contingent Resources
bcf	billion standard cubic feet; 1 bscf is approximately equal to 166,667 boe or 23,618 tonnes of oil equivalent
CPF	Central Processing Facility
Enlarged Group	the Company and its subsidiaries immediately following Completion
EPF	Early Production Facility
FUN	the facilities for storing, handling and exporting crude oil from the Uquo, Stubb Creek and Qua Ibo fields to the QIT
GSA	Gas Sales Agreement
kboepd	thousands of barrels of oil equivalent per day
mmboe	millions of barrels of oil equivalent
mcf	thousand cubic feet of natural gas
mmbbls	millions of barrels of oil
mmscfd	millions of standard cubic feet per day
Seven Assets	Seven's interests in the Uquo Field and the Stubb Creek Field, and a proposed 20 per cent. interest in the Accugas midstream business
Stubb Creek Field	the Stubb Creek marginal field located in the OML 14 block onshore Nigeria
Uquo Field	the Uquo marginal field located in the OML 13 block onshore Nigeria