

20 September 2017

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

**Half Year Results**

Savannah Petroleum PLC ("Savannah"), together with its subsidiaries (together the "Group"), today announces its unaudited interim results for the six month period ended 30 June 2017. The interim results have also this morning been made available on the Company's website: [www.savannah-petroleum.com](http://www.savannah-petroleum.com).

**First Half Summary**

- Safe and successful completion of an 806km<sup>2</sup> 3D seismic survey over a portion of the R3 PSC Area ("R3 East"), US\$1.2m under budget and ahead of schedule;
- Signature of a rig and other ancillary drilling service contracts with Great Wall Drilling Company Niger SARL ("GWDC") for Rig GWDC 215, with a three firm well campaign confirmed and including options for a further six wells which can be exercised individually at Savannah's discretion;
- Confirmation of the focus of Savannah's initial drilling campaign to be the R3 PSC Area, with the Bushiya and Amdigh prospects to be the first two wells, followed by either Kunama or Eridal, all located within the R3 East 3D seismic area;
- Identification of six further potential drilling targets, located in the R1 Dinga 3D and R3 Central 2D areas;
- Construction of a logistics camp and pipe yard to be used throughout drilling operations completed, with all equipment for the campaign now mobilised to the camp;
- Announcement in June that the Company had entered into a binding exclusivity agreement with Seven Energy International Limited ("Seven Energy" or "Seven"), a Nigerian focused oil and gas company, in relation to the potential acquisition of substantially all of its oil and gas assets (the "Proposed Transaction");
- If completed on the currently envisaged terms, the Proposed Transaction would be classified as a reverse takeover in accordance with the AIM Rules for Companies; as such the Company's shares were suspended from trading in June and will remain so until either the publication of an admission document setting out, inter alia, details of the Proposed Transaction or until confirmation is given that these discussions have ceased.

**Post Period Summary**

- Final pre-stacked time migrated ("PSTM") dataset for the R3 East 3D seismic survey received in early July, with excellent data quality and meeting key objectives of enhancing seismic imaging of the Eocene Upper Sokor and Alternances plays, and providing better definition of deeper prospective Cretaceous structures.

**Outlook**

- Bushiya drilling operations to commence once the Company's shares are readmitted to trading.

**Andrew Knott, CEO of Savannah PLC, commented today:**

*"In the first half of 2017, Savannah very much focused on the preparation for our upcoming drilling campaign in Niger, as well as laying the groundwork for the previously announced potential acquisition of substantially all of the*

*assets of Seven Energy. We are looking forward to providing our shareholders and the market with a detailed update on both projects as soon as possible."*

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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.

## SAVANNAH PETROLEUM PLC

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017

	Note	6 months ended 30 June 2017 US\$'000 Unaudited	6 months ended 30 June 2016 US\$'000 Unaudited	Year ended 31 December 2016 US\$'000 Audited
Operating Expenses		(5,944)	(3,532)	(8,412)
<b>Operating loss</b>		<b>(5,944)</b>	<b>(3,532)</b>	<b>(8,412)</b>
Finance income		174	8	207
Finance costs		(35)	(9)	(126)
<b>Loss before tax</b>		<b>(5,805)</b>	<b>(3,533)</b>	<b>(8,331)</b>
Income tax		(7)	(761)	(1,502)
<b>Net loss and total comprehensive loss</b>		<b>(5,812)</b>	<b>(4,294)</b>	<b>(9,833)</b>
<b>Total comprehensive loss attributable to:</b>				
Owners of the parent		(5,810)	(4,173)	(9,818)
Non-controlling interests		(2)	(121)	(15)
		<b>(5,812)</b>	<b>(4,294)</b>	<b>(9,833)</b>
Loss per share				
Basic and diluted (US\$)	4	(0.02)	(0.02)	(0.04)

The notes on pages 7 to 12 of the report form part of the financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 30 JUNE 2017**

		30 June 2017 US\$'000 Unaudited	30 June 2016 US\$'000 Unaudited	31 December 2016 US\$'000 Audited
	Note			
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment		2,537	681	954
Exploration and evaluation assets	3	108,068	82,148	96,913
<b>Total non-current assets</b>		<b>110,605</b>	<b>82,829</b>	<b>97,867</b>
<b>Current Assets</b>				
Other receivables and prepayments		857	3,411	6,074
Cash and cash equivalents		8,409	700	23,061
<b>Total current assets</b>		<b>9,266</b>	<b>4,111</b>	<b>29,135</b>
<b>Total Assets</b>		<b>119,871</b>	<b>86,940</b>	<b>127,002</b>
<b>Equity and Liabilities</b>				
<b>Capital and reserves</b>				
Share capital	5	483	321	483
Share premium	5	146,892	108,576	146,892
Capital contribution	5	458	458	458
Other reserve	5	-	-	-
Share based payment reserve	5	3,727	2,119	2,938
Accumulated deficit		(37,777)	(26,322)	(31,967)
Equity attributable to owners of the Group		113,783	85,152	118,804
Non-controlling interests		(367)	(471)	(365)
<b>Total equity</b>		<b>113,416</b>	<b>84,681</b>	<b>118,439</b>
<b>Current Liabilities</b>				
Trade and other payables		6,455	996	7,777
Corporation tax liability		-	1,263	786
<b>Total current liabilities</b>		<b>6,455</b>	<b>2,259</b>	<b>8,563</b>
<b>Total Equity and Liabilities</b>		<b>119,871</b>	<b>86,940</b>	<b>127,002</b>

The notes on pages 7 to 12 of the report form part of the financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2017**

	6 months ended 30 June 2017 US\$'000 Unaudited	6 months ended 30 June 2016 US\$'000 Unaudited	Year ended 31 December 2016 US\$'000 Audited
<b>Cash flows from operating activities:</b>			
Loss for the period before tax	(5,805)	(3,533)	(8,331)
Depreciation and amortisation	108	54	122
Share option charge	789	896	1,715
Finance costs	34	9	126
Operating cash flows before movements in working capital	(4,874)	(2,574)	(6,368)
Decrease / (increase) in other receivables and Prepayments	193	(3,001)	(170)
(Decrease) / increase in trade and other payables	435	55	(638)
Income tax paid	(7)	-	(1,281)
<b>Net cash outflow from operations</b>	<b>(4,253)</b>	<b>(5,520)</b>	<b>(8,457)</b>
<b>Cash flows from investing activities:</b>			
Payments for property, plant and equipment	(1,691)	(1)	(441)
Proceeds from disposal of property, plant and equipment	-	-	97
Exploration and evaluation costs paid	(13,698)	(1,619)	(9,315)
<b>Net cash used in investing activities</b>	<b>(15,389)</b>	<b>(1,620)</b>	<b>(9,659)</b>
<b>Cash flows from financing activities:</b>			
Finance charges	(34)	(9)	(126)
Proceeds from issues of shares, net of issue costs	5,024	-	33,454
<b>Net cash provided by financing activities</b>	<b>4,990</b>	<b>(9)</b>	<b>33,328</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(14,652)</b>	<b>(7,149)</b>	<b>15,212</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>23,061</b>	<b>7,849</b>	<b>7,849</b>
<b>Cash and cash equivalents at end of period</b>	<b>8,409</b>	<b>700</b>	<b>23,061</b>

The notes on pages 7 to 12 of the report form part of the financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
AS AT 30 JUNE 2017**

	Share Capital	Share Premium	Capital Contribut ion	Other Reserve	Share based Payment Reserve	Accumulated Deficit	Total	Non- Controlling Interest	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 31 December 2015 (Audited)</b>	<b>321</b>	<b>108,576</b>	<b>458</b>	-	<b>1,223</b>	<b>(22,149)</b>	<b>88,429</b>	<b>(350)</b>	<b>88,079</b>
Equity settled share based payment	-	-	-	-	896	-	896	-	896
Loss for the period and total comprehensive loss	-	-	-	-	-	(4,173)	(4,173)	(121)	(4,294)
<b>Balance at 30 June 2016 (Unaudited)</b>	<b>321</b>	<b>108,576</b>	<b>458</b>	-	<b>2,119</b>	<b>(26,322)</b>	<b>85,152</b>	<b>(471)</b>	<b>84,681</b>
Issue of ordinary shares to shareholders, net of issue costs	162	38,316	-	-	-	-	38,478	-	38,478
Equity settled share based payment	-	-	-	-	819	-	819	-	819
Loss for the period and total comprehensive loss	-	-	-	-	-	(5,645)	(5,645)	106	(5,539)
<b>Balance at 31 December 2016 (Audited)</b>	<b>483</b>	<b>146,892</b>	<b>458</b>	-	<b>2,938</b>	<b>(31,967)</b>	<b>118,804</b>	<b>(365)</b>	<b>118,439</b>
Equity settled share based payments	-	-	-	-	789	-	789	-	789
Loss for the period and total comprehensive loss	-	-	-	-	-	(5,810)	(5,810)	(2)	(5,812)
<b>Balance at 30 June 2017 (Unaudited)</b>	<b>483</b>	<b>146,892</b>	<b>458</b>	-	<b>3,727</b>	<b>(37,777)</b>	<b>113,783</b>	<b>(367)</b>	<b>113,416</b>

The notes on pages 7 to 12 part of the report form part of the financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. General information

Savannah was incorporated in the United Kingdom on 3 July 2014. Savannah's principal activity is the management of its investment in Savannah Petroleum 1 Limited ("SP1"). SP1 was incorporated in Scotland on 3 July 2013. SP1's principal activity is the management of its investment in Savannah Petroleum 2 Limited ("SP2"), and the provision of services to other companies within the Group. SP2 has a 95% interest in Savannah Petroleum Niger R1/R2 S.A. ("Savannah Niger") whose principal activity is the exploration of hydrocarbons in the Republic of Niger.

## 2. Accounting policies

### *Basis of Preparation*

The condensed consolidated financial statements have been prepared using the same accounting policies that applied to the Group's latest annual audited financial statements. The provisions of IAS 34 'Interim Financial Reporting' have not been applied.

The condensed consolidated financial statements do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2016 Annual Report. The financial information for the six months ended 30 June 2017 does not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act 2006 and is unaudited.

The annual financial statements of Savannah Petroleum PLC are prepared in accordance with IFRSs as adopted by the European Union. The Independent Auditors' Report on that Annual Report and financial statements for 2016 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The Group's statutory financial statements for the year ended 31 December 2016 have been filed with the Registrar of Companies.

All amounts have been prepared in US dollars, this being the Group's functional currency and its presentational currency.

### *Going concern*

Having carefully reviewed the Group's budgets and its business plans for the next twelve months, the Directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

The Group was in a positive net asset position at 30<sup>th</sup> June 2017 and has access to incremental liquidity through the revolving loan facility of €11.4m with Oragroup SA, a West and Central Africa focused banking group.

# UNAUDITED NOTES FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## Accounting policies (continued)

### *Intangible exploration and evaluation assets*

Intangible assets relate to Exploration, evaluation and development expenditure and are accounted for under the 'successful efforts' method of accounting per IFRS 6 'Exploration for an Evaluation of Mineral Resources'. The successful efforts method means that only costs which relate directly to the discovery and development of specific oil and gas reserves are capitalised. Exploration and evaluation costs are valued at cost less accumulated impairment losses and capitalised within intangible assets. Development expenditure on producing assets is accounted for in accordance with IAS 16, 'Property, plant and equipment'. Costs incurred prior to obtaining legal rights to explore are expensed immediately to the income statement.

### Segmental analysis

In the opinion of the directors, the Group is primarily organised into a single operating segment. This is consistent with the Group's internal reporting to the chief operating decision maker. Separate segmental disclosures have therefore not been included.

### 3. Exploration and evaluation assets

Exploration and Evaluation assets consist of acquisition costs relating to the acquisition of exploration licenses and other costs associated directly with the discovery and development of specific oil and gas reserves in the R1/R2 and R3/R4 license areas.

	<b>30 June 2017 Unaudited <i>US\$'000</i></b>	<b>30 June 2016 Unaudited <i>US\$'000</i></b>	<b>31 December 2016 Audited <i>US\$'000</i></b>
Exploration and evaluation assets	108,068	82,148	96,913

The amounts for Exploration and Evaluation assets represent active exploration projects. These will ultimately be written off to the statement of comprehensive income as exploration costs if commercial reserves are not established, but are carried forward in the statement of financial position whilst the determination process is ongoing. There are no indications of impairment having regard to the indicators in IFRS 6.

Exploration and evaluation costs of US\$11,156,000 incurred in the period to 30 June 2017 relate mainly to Exploration Drilling and Seismic Acquisition costs in relation to the R1/R2 and R3/R4 licences.



# UNAUDITED NOTES FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4. Loss per share

Basic loss per share amounts are calculated by dividing the loss for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per share amounts are calculated by dividing the loss for the periods attributable to ordinary holders by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of shares that would be issued on the conversion of dilutive potential ordinary shares into ordinary shares. The effect of share options is anti-dilutive, and is therefore excluded from the calculation of diluted loss per share.

Details of share capital movements are given in note 5.

	<b>30 June 2017 Unaudited US\$'000</b>	<b>30 June 2016 Unaudited US\$'000</b>	<b>31 December 2016 Audited US\$'000</b>
Net loss attributable to owners of the parent	5,810	4,173	9,818
	<b>Number of shares</b>	<b>Number of shares</b>	<b>Number of shares</b>
Basic and diluted weighted average number of shares	274,621,447	274,621,447	274,621,447
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Basic and diluted loss per share	0.02	0.02	0.04

# UNAUDITED NOTES FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 5. Share capital

	30 June 2017 Unaudited	30 June 2016 Unaudited	31 December 2016 Audited
Issued and fully paid ordinary shares in issue (number)	274,621,447	193,341,447	274,621,447
Par value per share in GBP	0.001	0.001	0.001

	Number of Shares	Share Capital <i>US\$'000</i>	Share Premium <i>US\$'000</i>	Total <i>US\$'000</i>
At 30 June 2016 (Unaudited)	193,341,447	321	108,576	108,897
Shares issued	81,280,000	162	38,316	38,478
At 31 December 2016 (Audited) and 30 June 2017 (Unaudited)	274,621,447	483	146,892	147,375

# UNAUDITED NOTES FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## Share capital (continued)

### Other capital reserves

	Capital contribution	Share based payment reserve	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
At 30 June 2016 (Unaudited)	458	2,119	2,577
Share based payments expense during the year	-	819	819
At 31 December 2016 (Audited)	458	2,938	3,396
Share based payments expense during the period	-	789	789
At 30 June 2017 (Unaudited)	458	3,727	4,186

### Nature and purpose of reserves

#### Capital contribution reserve

On 1 August 2014 a capital contribution of US\$458,000 was made by shareholders of the Group as part of the loan note conversion.

#### Share based payment reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

## 6. Capital commitments

At the reporting date the Group had no outstanding capital commitments as at 30<sup>th</sup> June 2017. The commitment in relation to the drilling contract is up to date (30 June 2016: US\$2.5m, 31 December 2016: US\$8m).

# UNAUDITED NOTES FORMING PART OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 7. Related parties

The related party transactions for the interim and prior period are as follows:

	<b>Outstanding US\$'000</b>	<b>Management services US\$'000</b>
<hr/>		
Lothian Oil & Gas Partners LLP:		
At 30 June 2017	31	120
At 30 June 2016	24	180
At 31 December 2016	30	453

Andrew Knott is a member of Lothian Oil & Gas Partners LLP ("LOGP") and the Chief Executive Officer of Savannah Petroleum PLC. As discussed on Page 57 of the Company's AIM Admission Document of 1 August 2014, LOGP incurred costs of US\$2,002,000 relating to the Group's activities prior to Admission to AIM. US\$500,000 of these costs was recharged to the Company on Admission. In addition, post-Admission, LOGP has continued to provide services to Savannah pursuant to a contract entered into on 28 July 2014, to enable Savannah to continue to benefit from the professional services of individuals affiliated to LOGP on an as required basis. Since the Company entered into this agreement with LOGP, Andrew Knott has not received remuneration from LOGP and is not expected to going forward.

## **INDEPENDENT REVIEW REPORT TO SAVANNAH PETROLEUM PLC**

### **Introduction**

We have been engaged by the company to review the financial information in the half-yearly financial report for the six months ended 30 June 2017 which comprises the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Cash Flows and the Condensed Consolidated Statement of Changes in Equity. We have read the other information contained in the half yearly financial report which comprises only the Notes to the Condensed Consolidated Interim Financial Statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusion we have formed.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the financial information in the half-yearly financial report are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 2 the annual financial statements of the Savannah Petroleum PLC are prepared in accordance with IFRSs as adopted by the European Union. The financial information in the half-yearly financial report has been prepared in accordance with the basis of preparation in Note 2.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the financial information in the half-yearly financial report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

GRANT THORNTON UK LLP  
AUDITOR

Glasgow  
19 September 2017