

25 January 2021

Savannah Energy PLC
("Savannah", "the Company" or "the Group")

FY 2020 Trading Update and Guidance Issued for FY 2021

Savannah Energy PLC the African-focused British independent energy company sustainably developing high quality, high potential energy projects in Nigeria and Niger, is pleased to announce a trading update for the full year 2020 and to issue guidance for the full year 2021.

Andrew Knott, CEO of Savannah Energy, said:

"As this FY 2020 trading update demonstrates, despite the challenging headwinds, 2020 was a milestone year for Savannah Energy. It was our first full year of operating the high margin assets we acquired in Nigeria and I am delighted to report that we have significantly exceeded all of the original financial guidance we presented to the market this year, as laid out in our corporate Key Performance Indicator statement published within our FY 2019 Annual Report. In 2020 we grew revenues, reduced our underlying cost base and continued to provide gas contributing to over 10% of Nigeria's daily national average power generation, highlighting the resilience of the business.

Looking forward to 2021, we are providing guidance for the year for continued strong revenue generation, investments in key drilling and compression projects and an increased level of maintenance project activity versus 2020. Overall we have reduced our cost estimate for our indicative 2020–23 capital expenditure programme by around 13%, versus our previous indications and are guiding that we expect our underlying operating costs (which include maintenance expenditures) to track levels consistent with 2020 (in real terms) over the medium term. It should also be noted that our 2021 guidance excludes contributions from any new gas sales agreements or any contribution from the R3 East development project in Niger, which would be incremental to this.

I am excited around the potential for our business to grow further over the coming years, especially given the opportunity-rich West African environment in which we operate, and look forward to keeping our stakeholders up to date on the progress we make."

FY 2020 Key Highlights

FY 2020 Unaudited Financial Highlights

- FY 2020 Total Revenues¹ of US\$235.9m (up 23% on FY 2019 pro-forma Total Revenues of US\$192.1m) which are ahead of the Company's previously issued FY 2020 guidance of 'Total Revenues of greater than US\$200.0m';
- Group cash balance of US\$106.0m² (up 121% versus FY 2019 year-end Group cash balance of US\$48.1m) and net debt of US\$408.7m³ (down 16% versus FY 2019 year-end Group net debt of US\$484.0) as at 31 December 2020;
- Total cash collections from the Company's Nigerian assets rose 11% year-on-year to US\$187.4m (FY2019 pro-forma cash collections of US\$168.8m); and
- The Company reiterates guidance on the remaining items to report for FY 2020:
 - Group Depreciation, Depletion and Amortisation guidance of US\$35.0m – US\$37.0m;
 - Group Administrative and Operating Costs⁴ guidance of US\$43.0m – US\$47.0m; and
- FY 2020 Capital Expenditure guidance is modified to less than US\$13m from US\$8.0-10.0m, primarily due to the acceleration of previously assumed 2021 expenditure into 2020 for commercial reasons.

FY 2020 Nigeria Operational Highlights

- FY 2020 average gross daily production was 19.5 Kboepd, a 13.5% increase from the average gross daily production of 17.2 Kboepd in FY 2019, and at the mid-point of the Gross Production guidance range for FY 2020 of 19.0 – 20.0 Kboepd; and

- Of the FY 2020 total average gross daily production of 19.5 Kboepd, 88% was gas, including a 16.6% increase in production from the Uquo gas field compared to last year, from 88.1 MMscfpd (14.7 Kboepd) to 102.8 MMscfpd (17.1 Kboepd).

Nigeria Average Gross Daily Production

	Uquo Gas (MMscfpd)	Uquo Condensate (Kbopd)	Stubb Creek Oil (Kbopd)	Total (Kboepd)
1 January-31 December 2020	102.8	0.1	2.3	19.5
<i>% of total production</i>	<i>87.7%</i>	<i>0.6%</i>	<i>11.7%</i>	<i>100.0%</i>
1 January-31 December 2019	88.1	0.1	2.4	17.2
<i>% of total production</i>	<i>85.4%</i>	<i>0.8%</i>	<i>13.8%</i>	<i>100.0%</i>
% Increase	16.6%	-9.2%	-4.2%	13.5%

Note that Nigeria production levels are largely driven by customer nomination levels, while cash collections are largely driven by contractual maintenance adjusted take-or-pay provisions.

Guidance Issued for FY 2021

Savannah is issuing guidance⁵ for the full year 2021 as follows:

- Total Revenues¹ of greater than US\$205.0m from upstream and midstream activities associated with the Company's three active Nigerian gas sales agreements and liquids sales from the Company's Stubb Creek and Uquo fields. Any revenues received from new additional gas sales agreements would, therefore, be incremental to this;
- Group Administrative and Operating Costs⁴ of US\$55.0m – US\$65.0m;
- Group Depreciation, Depletion and Amortisation of US\$19m fixed for infrastructure assets plus US\$2.6/boe; and
- Group capital expenditure of up to US\$65.0m.

Modifications to 2020 – 23 Capital Expenditure Profile

Following the completion of the relevant technical and commercial studies, Savannah has amended its planned four-year capital expenditure programme in Nigeria, as originally set out in the Nigeria Competent Person's Report (the "Nigeria CPR") published December 2019⁶. The Company now expects to reduce its Nigerian capital expenditures by 15% over the 2020-23 period from approximately US\$118m to US\$100m. This has resulted in a reduction in the overall indicative Group capital expenditure plans of around 13% from US\$137m to US\$119m over the same period. The principal work programme changes will see only one gas well drilled in the 2020–23 period (as opposed to four assumed previously) on the Uquo field and the acceleration of the Uquo field compression project previously assumed to commence in 2026/27 to 2021/22. It should be noted that the Uquo reservoir continues to perform in line with expectations and that the proposed change in the capital expenditure profile is not expected to impact Uquo field production or expected ultimate reserve recovery. The amendments, therefore, enhance the project economics of the ongoing Uquo field development.

A table is provided below showing the revised programme for the 2021 to 2023 period compared to the original programme set out in the Nigeria CPR:

Indicative Group Capital Expenditure Plan 2020 to 2023

	Revised expenditure plan US\$m				Previous expenditure plan US\$m			
	2020	2021	2022	2023	2020	2021	2022	2023
Uquo field gas wells (incl. flowlines)	3.1	17.6	-	-	18.9	18.0	18.0	18.0
Uquo field compression project	-	30.0	15.0	-	-	-	-	-
Other	8.8	17.3	22.4	4.5	20.9	23.8	11.8	7.5
Annual Total	11.9	64.9	37.4	4.5	39.8	41.8	29.8	25.5
Cumulative Total	11.9	76.8	114.2	118.7	39.8	81.6	111.4	136.9
Change in cumulative total (%)	(70.2%)	(5.9%)	(2.5%)	(13.3%)				

Note: The indicative capital expenditure plan does not include any expenditure relating to the R3 East Early Production Scheme or any cost saving potential associated with the compression project or Uquo field drilling activities versus the Nigeria CPR assumptions.

Niger

Plans for delivering the R3 East development continue to progress with the intention to commence installation of an Early Production Scheme by the end of FY 2021, subject to market conditions and financing.

ESG Reporting Update

Savannah continues to progress plans to harmonise and enhance its approach to sustainability reporting across the enlarged Group.

Footnotes

¹ Total Revenues are defined as the total amount of invoiced sales during the period. This number is seen by management as more accurately reflecting the underlying cash generation capacity of the business as opposed to Revenue recognised in the Income Statement. A detailed explanation of the impact of IFRS 15 revenue recognition rules on our Income Statement is provided in the Financial Review section on page 67 of the Savannah Annual Report and Accounts 2019. For reference FY 2020 Revenues were US\$169.0m (up 28% on FY 2019 pro-forma revenues of US\$132.3).

² Within cash balance of US\$106.0m, US\$78.9m is set aside for debt service, of which US\$48.0m is for interest and US\$30.9m is for scheduled principal repayments, and US\$1.6m relates to monies held in escrow accounts for stamp duty relating to loan security packages.

³ Net debt (defined as 'Total long and short term debt exclusive of lease liabilities less total cash and cash equivalents') includes a Senior Secured Note with a call option, which is subject to final review. Any change in this option value will impact the reported net debt.

⁴ Group Administrative Expenses and Operating Costs are defined as total cost of sales, administrative and other operating expenses excluding royalty and depletion, depreciation and amortisation.

⁵ We are not providing production guidance for FY 2021 as production volumes are largely based on gas customer nomination levels which are outside of the Group's control. Further, our financial guidance assumes production levels remain lower than maintenance-adjusted take-or-pay volumes in 2021 and, therefore, we do not anticipate production levels associated with the Group's three principal gas sales agreements to drive incremental revenue generation above this level in 2021.

⁶ 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>).

For further information, please refer to the Company's website www.savannah-energy.com or contact:

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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.

About Savannah Energy:

Savannah Energy PLC is an AIM market listed African-focused British independent energy company sustainably developing high quality, high potential energy projects in Nigeria and Niger, with a focus on delivering material long term returns for stakeholders. 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 over 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 exploration targets 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.