



SAVANNAH
RESOURCES PLC

AIM: SAV

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PROJECT
PORTFOLIO

Savannah Resources Plc

Update on £1.01 million Subscription by Director and Major Shareholder Issue of Share Options and Shares

Savannah Resources plc (AIM: SAV) ('Savannah' or 'the Company'), announces that further to the recent cash placing and subscription to raise £2.24 million, as announced on 22 February 2017, the Company's Chairman, Matthew King, and Al Marjan Ltd ('Al Marjan'), the Company's major shareholder, have now subscribed for 19,205,564 new ordinary shares of 1 pence each in the Company ('Ordinary Shares') at a price of 5.25p per ordinary share (the 'Subscription Shares' and the 'Subscription Price'), raising cash proceeds of £1,008,292 (the 'Subscription'). Additionally, Savannah has granted options over 10,700,000 Ordinary Shares ('Share Options'), and is to issue a further 1,688,870 Ordinary Shares in the Company in relation to employee remuneration.

Details of the Subscription

- Al Marjan to maintain shareholding of 29.99% with a cash subscription of £998,292;
- Savannah's Chairman, Matthew King, to subscribe for £10,000 worth of Subscription Shares (190,476 shares, the 'Matthew King Shares'), increasing his total holding to 818,314 Ordinary Shares, representing 0.16% of the Company's total issued share capital as enlarged by the Subscription;
- As previously announced, the net proceeds of the Subscription will be used by the Company predominately to support the development of its asset portfolio and for general working capital purposes, including:
 - Delivery of Mineral Resource updates, licencing documents, and a scoping study at its Block 4 and 5 copper projects in Oman;
 - Continued development of the Mutamba Heavy Mineral Sands Project in Mozambique, with scoping and environmental studies currently underway; and
 - Definition of drill targets at its lithium projects in Finland.

MINERAL
SANDS
MOZAMBIQUE
(CONSORTIUM
AGREEMENT WITH
RIO TINTO)

COPPER/GOLD
OMAN

LITHIUM
FINLAND

The Al Marjan Subscription will be executed in two parts. The Company will issue 7,825,000 new Ordinary Shares at a price of 5.25p to cover the first part ('Al Marjan Part 1 Shares') of the Subscription and, at the Company's forthcoming Annual General Meeting, will seek shareholder approval to grant the Directors the necessary authorities to issue the remaining 11,190,088 new Ordinary Shares ('Al Marjan Part 2 Shares').

Application will be made shortly for the 7,825,000 Al Marjan Part 1 Shares and the 190,476 Matthew King Shares, which will rank *pari passu* with the existing ordinary Shares in the Company, to be admitted to trading on AIM ('Admission'). It is expected that Admission will become effective and dealings will commence on or around 15 March 2017. Application for the remaining 11,190,088, Al Marjan Part 2 Shares will be made as soon as practicable following the forthcoming Annual General Meeting.

Related Party Transaction

Matthew King and Al Marjan are respectively director of and substantial shareholders in the Company (the 'Related Parties'). The Subscription by the Related Parties constitutes a related party transaction in accordance with AIM Rule 13. David Archer and Dale Ferguson, who are not subscribing for Subscription Shares and are therefore independent Directors for these purposes, having consulted with the Company's Nominated Adviser, consider the terms of the Subscription by the Related Parties to be fair and reasonable insofar as Savannah's Shareholders are concerned.

Share Options and Bonus Paid in Shares

The Share Options are being issued to certain Directors and employees in recognition of the significant contribution they made towards progressing Savannah's portfolio of development projects in 2016. They are designed to reward and retain key personnel, providing long term incentives following a benchmarking exercise. The Share Options are to be issued as follows:

- 7,000,000 to David Archer, the Company's Chief Executive Officer;
- 2,000,000 to Dale Ferguson, the Company's Technical Director; and
- 1,700,000 to a senior employee.

The Share Options have an exercise price of 7.59p and an exercise period limit of four years and will vest immediately. The exercise price represents a premium of 35% to the closing price on 28 February 2017 of 5.625p.

Additionally, the Company has approved the issue of 1,688,870 Ordinary Shares in the Company in relation to employee remuneration ('2016 Performance Bonus Shares'); this is subject to approval of share allotment authorities at the Company's forthcoming Annual General Meeting. It is expected that Admission of the 2016 Performance Bonus Shares will become effective and dealings will commence as soon as practicable following the Annual General Meeting.

Voting Rights and Regulatory Information

Following Admission of the 7,825,000 Al Marjan Part 1 Shares and the 190,476 Matthew King Shares, and also taking into account the 42,699,200 Ordinary Shares that will be admitted to trading on 8 March 2017, the Company's total issued share capital will consist of 501,661,131 Ordinary Shares.

As such the total number of voting rights in the Company will be 501,661,131 Ordinary Shares. This number may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure and Transparency Rules.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

****ENDS****

CONTACT US

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Notes

Savannah Resources Plc (AIM: SAV) is a growth oriented, multi-commodity, mineral development company.

Mozambique

Savannah operates the Mutamba heavy mineral sands project in Mozambique in collaboration with Rio Tinto, and can earn a 51% interest in the related Consortium, which has an established initial Indicated and Inferred Mineral Resource Estimate of 3.5 billion tonnes at 3.8% THM over the Jangamo and Dongane deposits. Under the terms of the Consortium Agreement with Rio Tinto, upon delivery by Savannah of the following Savannah will earn the corresponding interest in the Mutamba Project: scoping study - 20%; pre-feasibility study - 35%; feasibility study – 51%. Additionally, the Consortium Agreement includes an offtake agreement on commercial terms for the sale of 100% of production to Rio Tinto (or an affiliate).

Oman

Savannah has interests in two copper blocks in the highly prospective Semail Ophiolite Belt in Oman. The projects, which have an Indicated and Inferred Mineral Resource of 1.7Mt @ 2.2% copper and high-grade intercepts of up to 56.35m at 6.21% Cu, with gold credits, provide Savannah with an excellent opportunity to potentially evolve into a mid-tier copper and gold producer in a relatively short time frame. Together with its Omani partners, Savannah aims to outline further mineral resources to provide the critical mass for a central operating plant to develop the deposits and in

December 2015 outlined exploration targets of between 10,700,000 and 29,250,000 tonnes grading between 1.4% and 2.4% copper.

Finland

Savannah has Reservation Permits over two new lithium projects, Somero and Erajarvi, covering an area of 159km² in Finland. Savannah holds a 100% interest in these projects through its Finnish subsidiary Finkallio Oy. Geological mapping has highlighted the presence of seven pegmatites across the licence areas - two on Somero and five on Erajarvi – with key lithium minerals petalite, spodumene and lepidolite all identified in hand specimens. Follow up work to further expand and define the pegmatites in readiness for drilling is being planned for the second quarter of 2017 (after winter).

Notes

The information in this document that relates to exploration results is based upon information compiled by Mr Dale Ferguson, Technical Director of Savannah Resources Limited. Mr Ferguson is a Member of the Australian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Ferguson consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears.

The information in this document that relates to the resource estimation in Mozambique is based upon information compiled by Mr Colin Rothnie, an independent consultant. Mr Rothnie is a Member of the Australian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Rothnie consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears.