



26092018

SAVANNAH RESOURCES PLC CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

Chairman's Statement

The Board recognises the importance of sound corporate governance commensurate with the size and nature of the Company and the interests of its Shareholders. In compliance with AIM Rules 26 the Board has decided to adopt the QCA Code Corporate Governance Code ("QCA Code") and assessed its current corporate governance practices against each of the ten principles to identify where the Company already follows the principles and where further improvements can be made. The following Corporate Governance statement takes into consideration information already published in the Annual Report and accounts as well information on the Company Website.

Where the Company does not fully comply with each principle of the QCA Code an explanation is provided as to why it does not currently do so.

1. STRATEGY AND BUSINESS MODEL

Savannah has established a strategy and business model which is underpinned by a clear set of values aimed at delivering shareholder value in the medium to long-term and reinforced by a clear set of values aimed at protecting the Company from changing risk profiles and securing its long-term future.

Savannah has a defined development programme to maximise value from its multi-commodity portfolio in Portugal, Oman and Mozambique and aims to build a global minerals development and ultimately mineral production company.

The Company maintains an active growth strategy and will continue to target additional multi-commodity projects that add value and complement the existing portfolio. Further details are set out in:

[\(http://www.savannahresources.com/about-us/overview-strategy/\)](http://www.savannahresources.com/about-us/overview-strategy/)

In the near term the Company is fast-tracking Europe's largest new spodumene lithium discovery, the licensed Mina do Barroso Lithium Project, into production. The corresponding Scoping Study (based June 2018, RNS of 13.06.18) demonstrated robust financials and the Company retained and tasked the experienced Primero Group (RNS of 24.7.18) with the Definitive Feasibility Study.

Savannah follows a clear and proven development plan with respect to its Lithium Project which is supplemented with creating additional value from its wider portfolio.

The key challenges to the execution of our strategy are set out in the Strategic Report section of the Annual Report 2017 (pp11-15).

2. SHAREHOLDERS NEEDS AND EXPECTATIONS

The Board is committed to the provision to the Company's shareholders of timely and accurate information on the Company's performance and prospects. The principal form of communication regarding the Company's performance is via the Regulatory Information Service (RNS). RNS' are issued

on a regular basis throughout the year in accordance with the AIM Rules. Information on our strategy and the principal risks and uncertainties relevant to the success of that strategy are set out in the Annual and Half-yearly Reports. Representatives of our cornerstone shareholder, Al Marjan, participate on our Board. Site visits to our various projects for private and institutional shareholders and analysts are arranged periodically, and there are regular meetings with them throughout the year. Shareholders are encouraged to attend the Company's Annual General Meeting and any other General Meetings held during the year as it gives them an opportunity to engage directly with the Board and members of the Senior Management Team.

Investors also have access to current corporate information on the Company through its website, www.savannahresources.com. Any video interviews with Proactive Investor by the CEO are published on the investor news section on our website.

3. STAKEHOLDERS AND SOCIAL RESPONSIBILITIES

The Board recognises that the long-term success of the Company is reliant upon the efforts of the employees of the Group, and its relationships with the communities where it operates, its contractors, suppliers and regulators.

The Board believes in the alignment of employee and Company interests and accordingly has introduced incentive schemes for various levels of management, which are kept under regular review. The Company's Code of Conduct includes the standards of behaviour the Board expects of its executives, employees and contractors.

Savannah Board members and senior management regularly meet with government authorities at both national and local levels in all of its operating jurisdictions. Our policy is to maintain good, open and timely relations with our regulators and national and local authorities.

Savannah's policy is to develop and maintain mutually beneficial relationships with the communities where it operates. We recognise, respect and support the right of local communities to be consulted and provide this opportunity through dedicated community liaison officers employed by Savannah at each of our operating sites, appropriately timed community meetings, site tours and newsletters. Further details of the community programmes at each of our operating sites are available at

<http://www.savannahresources.com/community/portugal/>

In addition, Savannah consults with representative groups such as the municipal leaders, local interest groups such as NGOs and local businesses, and government departments such as the Ministries of Environment and Mining. The Company's policy is engage the local community through sponsorship of local projects which are in line with the framework of the Company.

4. EFFECTIVE RISK MANAGEMENT

The principal risks facing the Company and the group's business are those relating to general resource development risk, attraction and retention of key people, future funding requirements for mine development, general mining title renewals with the relevant government authorities in Portugal, Oman and Mozambique, country risk and commodity price risk for lithium, copper and mineral sands. Such principal risks (as well as how they are managed) are outlined in more detail on the relevant Principal Risks and Uncertainties section of the Annual Report 2017 (page 11-12).

The Board constantly monitors the operational and financial aspects of the Company's business. In view of the development stages now achieved by the Company in its various projects, the Board is in the process of expanding the role of its Audit Committee to that of an Audit and Risk Committee. One of the main responsibilities of this Committee will henceforth be to keep under review the Company's risk management policies and the effectiveness of its risk management framework.

The Board has scheduled a risk workshop for all members in December 2018.

5. BALANCED BOARD LED BY THE CHAIR

The Board is chaired by Mr. Matthew King as Independent Non-Executive Director. The Board furthermore consists of two Executive Directors, Messrs. David Archer (CEO) and Dale Ferguson (Technical Director) and two Non-Executive Directors, Messrs. Maqbool Ali Sultan and Imad Kamal Abdul, with respective Alternate Directors, Messrs. Manohar Pundalik Shenoy – alternate for Maqbool Ali Sultan and Murtadha Ahmed Sultan – alternate for Imad Kamal Abdul Redha Sultan.

The Board formally meets approximately every quarter and is responsible for setting and monitoring group strategy, reviewing budgets and financial performance, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to the shareholders.

Biographical details of the current Directors are set out on the Company's website (<http://www.savannahresources.com/about-us/directors-and-management/>). Executive and Non-Executive Directors are subject to re-election intervals as prescribed in the Company's Articles of Association. All Non-Executive Directors are retained by certain letters of engagement which can be terminated by both parties at three months' notice.

The Board has established an Audit Committee (to be transformed in due course into an Audit and Risk Committee), an AIM Compliance Committee and a Remuneration Committee. Appointments to the Board are made by the Board as a whole and so a Nominations Committee has not been created. The Board, chaired by Mr. Matthew King as Non-Executive Director, retains full control of the Group with day-to-day operational control delegated to Executive Director / CEO Mr. David Archer. The full Board meets at least four times a year and on any other occasions it considers necessary.

6. THE COMPOSITION OF THE SUB-COMMITTEES IS DESCRIBED IN THE DIRECTORS' SKILLS AND RESPONSIBILITIES SECTION OF THE ANNUAL REPORT 2017 (PAGE 18).

The Board considers its composition in respect of up-to-date experience, skills and capabilities is appropriate, given the Company's size and stage of development. The Board keeps this matter under regular review and additional skills will be sought as the Company's projects evolve and where these are considered likely to add value. In its current composition, the Executive Directors have extensive sector experience in bringing exploration assets into production and mine development in particular, while the non-executive directors provide a wealth of corporate governance experience, financial leadership and control, and experience in operating trading business as well as strategy.

Succession planning will be discussed at the Risk Workshop in December 2018. David Archer is a Fellow of the Australian Institute of Company Directors and Dale Ferguson a Fellow of the Australasian Institute of Mining and Metallurgy. All Directors are regular attendees and/or participants in relevant seminars, courses and conferences.

7. BOARD PERFORMANCE EVALUATION

The Company analyses development and performance of its business using Key Financial Performance Indicators and milestones to help the Board and executive management assess performance against its strategic priorities and business plans (see Annual Report 2017 page 12-15).

The Board regularly reviews the effectiveness of its performance and the Chairman has requested members to conduct a self-assessment of each Member's individual performance. Such self-assessments should identify development and monitoring needs of individual directors and the wider senior management team. The self-assessments are expected to be completed during Q1 2019.

8. CORPORATE CULTURE AND VALUES

The Board is fully committed to ensuring that Savannah, its subsidiaries and affiliates operate to the highest standards of integrity, honesty, equal opportunity, respect, and compliance with the law. We are committed to maintaining a safe workplace environment where Savannah personnel are able to work free of discrimination, harassment, or bullying in any form. Savannah, like all businesses, is also subject to laws that prohibit bribery in any business context and Savannah's personnel are prohibited from engaging in the making or receiving of a bribe at any time.

To that end, Savannah has adopted a Code of Conduct to guide executives, management and employees in carrying out their duties and responsibilities. The Code also extends to our major contractors and consultants who are required to acknowledge the matters set out therein and adhere to the Code of Conduct.

Training for this Code takes place during the induction process for all Savannah personnel, which is supplemented by periodic refresher training.

Moreover, the Savannah Group's zero-tolerance approach to bribery and corruption is communicated to all third parties (including, but not limited to, joint-venture partners, suppliers, customers, charities, municipalities, government departments, and other bodies) at the outset of the respective business relationship and as appropriate thereafter. It is also embedded in the newly implemented Vendor Registration Process.

The Company maintains a Whistleblowing Hotline, details of which are communicated to all employees. This enables employees to raise breaches of policy or of the Code of Conduct in a confidential manner. The whistleblowing policy applies to all employees of the Group, consultants, casual workers and agency workers. The Audit and Risk Committee oversees the operation of the Whistleblowing hotline.

The Company has adopted a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM, and is in accordance with Rule 21 of the AIM rules and the Market Abuse Regulations.

9. GOVERNANCE STRUCTURES AND PROCEDURES

All current Company Corporate governance arrangements are set out in the Company's Corporate Governance Statement in the Annual Report 2017 (page 18) and in particular the duties of the Board, the Audit and Risk Committee, the Remuneration Committee and the AIM Rule Compliance

Committee, as well as the Company's approach to Internal Financial Controls and the prevention of bribery and corruption.

10. COMMUNICATION AND DIALOGUE

The Board is committed to the maintenance of good communications and constructive dialogue with the Company's shareholders. We meet regularly with institutional shareholders and analysts. Investor presentations are published on the company's website. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting and any other General Meetings held during the year. Investors are given the opportunity to speak directly to management at the AGM.

Savannah can also be contacted on social media (on Twitter @SavannahRes) and by email (info@savannahresources.com) and investors are invited to join our mailing list through our website. Such emails are forwarded to the competent member of the Board or management and feedback is provided promptly.

Investors also have access to current information on the Company through its website, www.savannahresources.com. Any video interviews with Proactive Investor by the CEO are published on the investor news section on our website.