



SAVANNAH
RESOURCES PLC

AIM: SAV

15 April 2019

AN ENERGY METALS GROUP

Savannah Resources Plc

Agreement to secure 100% control of the Mina do Barroso Lithium Project in Portugal

HIGHLIGHTS:

- Savannah intends to secure 100% control of its flagship asset, the Mina do Barroso Lithium Project in Portugal (the 'Project'), Europe's most significant spodumene lithium deposit, via an all share offer (the 'Transaction')
- The remaining 25% interest is to be acquired from minority shareholders (the 'Vendors') including Slipstream Resources Investments Pty Ltd ('Slipstream'), the largest of the Vendors and an existing shareholder in Savannah
- 100% ownership by Savannah of Mina do Barroso will provide greater exposure for Savannah shareholders to this significant lithium project and valuable optionality as the Company progresses the development and commercialisation of the Project
- Consideration is to be satisfied through the issue of 163 million new ordinary shares in Savannah (the 'Consideration Shares') at USD 0.073 (circa. 5.63p) per share valuing the Transaction at circa US\$11.9m and equating to 15.6% of the enlarged issued share capital of the Company
- The Transaction is subject to Savannah entering into a legally binding Share Purchase Agreement ('SPA') with the Vendors and will be subject to shareholders approving the requisite resolutions to issue new ordinary shares at the Company's 2019 AGM
- Resource investment specialist, Slipstream, will become a 16.0% shareholder in Savannah following the proposed issue of new ordinary shares due to them, increasing from a 5.1% shareholding
- The Vendors have agreed to a 12-month lock-in arrangement on the Consideration Shares and a further 9-month orderly market restriction following completion of the Transaction
- The Transaction demonstrates Slipstream's confidence in the potential of the Project and Savannah's overall asset portfolio

Savannah Resources plc (AIM: SAV, FWB: SAV and SWB: SAV), the resource development company with a portfolio of diversified assets, is pleased to announce that it has entered into a term sheet,

(the 'Term Sheet') to acquire the minority 25% shareholding in Savannah Lithium Lda, which owns the Mina do Barroso Lithium Project in Portugal. The Transaction will take Savannah's ownership of the Project to 100% ahead of the completion of the Feasibility Study and a decision to mine.

In connection with the Transaction, Savannah has retained Hannam & Partners (H&P Advisory Limited) as financial advisors.

Commenting on the Transaction, Savannah's CEO David Archer, said: "Since acquiring our initial 75% shareholding in Mina do Barroso in 2017, we have rapidly progressed the Project including delineating a 23.5Mt spodumene-bearing JORC compliant resource and completing a positive Scoping Study. At the same time, legislators and battery end users in the region have come to appreciate the need for Europe to have domestic sources of battery raw materials as the region seeks to reduce emissions from the transport sector via the transition to Electric Vehicles ('EVs').

As a result, we see great economic and strategic value in the Project and we are pleased to have the opportunity to increase our stake to 100%. We believe this Transaction, which will give Savannah complete control of the Project, provides welcome simplification, clarity and valuable optionality as we seek to progress our negotiations regarding lithium and co-product offtake agreements along with the Project's proposed financing. The Company remains focused on completing the Project's Definitive Feasibility Study and Environmental Impact Assessment and permitting process, which will allow a development decision to be made. I look forward to updating shareholders on further developments in due course."

Commenting on the Transaction, Geoffrey Stewart, CEO of Slipstream, said: "Following completion of the Transaction, we will be fully aligned with Savannah's shareholders. We strongly support and endorse the Board's strategy and the management team's sustained efforts to rapidly advance the development of the Mina do Barroso Project. It has been a truly remarkable achievement that, in under two years, Savannah has developed what was a promising exploration project into what is likely to be Europe's first significant producer of high-grade, low impurity spodumene concentrate. We are excited and confident that the Project will become both economically and strategically important in Europe's rapidly developing EV industry."

Benefits of the Transaction for Savannah and its shareholders include:

- Providing Savannah with 100% control over Mina do Barroso, Savannah's flagship asset and Europe's most significant spodumene lithium deposit at 23.5Mt
- Significant simplification of Savannah's group structure and Project decision making process
- Reduction in Project funding uncertainty related to the presence of significant Project level minority shareholders
- Expected cost savings and efficiency gains from the reduced complexity related to JV management and reporting
- The lock-up and orderly market arrangements provide protection for the Company's existing shareholders during the funding phase of the Project

Terms of the Transaction

Pursuant to the Term Sheet, total consideration of circa US\$11.9m for the Vendors combined 25% shareholding in the Project will be settled by the issue of 163 million new ordinary shares of 1p in the Company at 0.073 USD (circa. 5.63p) per share equating to 15.6% in the enlarged issued share capital of the Company. The Consideration Shares will rank *pari passu* with the Company's existing Ordinary shares. Slipstream, an existing 5.1% shareholder in Savannah, and the largest of the Vendors, will see its holding in the Company increase to 16.0%, making it Savannah's second largest shareholder. The Vendors have agreed to a 12-month lock-in arrangement on their Consideration Shares and a further 9-month orderly market restriction where any sale of the Consideration Shares by a vendor would be through a Savannah nominated broker.

The Transaction is subject to entering into a legally binding SPA between Savannah and the Vendors. In addition, Savannah does not currently have the authority to issue the Consideration Shares so the Transaction will be subject to the Company's shareholders approving resolutions to increase the Directors' authority to issue and allot the Consideration Shares and to disapply statutory pre-emption rights at the Company's forthcoming 2019 AGM. A further announcement regarding the AGM will be made in due course.

Regulatory Information

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

Mr Dale Ferguson

Mr Dale Ferguson, the Company's Technical Director, is also a Director of and minority shareholder in Slipstream Resources Investments Pty Ltd (one of the Vendors). As such, Dale Ferguson has been excluded from any of Savannah's commercial negotiations with the Vendors and is precluded from voting on any Board matters relating to the Term Sheet and the SPA between Savannah and the Vendors.

****ENDS****

CONTACT US

For further information please visit www.savannahresources.com or contact:

David Archer	Savannah Resources plc	Tel: +44 20 7117 2489
David Hignell / Lindsay Mair (Nominated Adviser)	SP Angel Corporate Finance LLP	Tel: +44 20 3861 6625
Christopher Raggett (Broker)	finnCap Ltd	Tel: +44 20 7220 0500
Grant Barker (Equity Adviser)	Whitman Howard	Tel: +44 20 7659 1225
Melissa Hancock/ Cosima Akerman (Financial PR)	St Brides Partners Ltd	Tel: +44 20 7236 1177

About Savannah

Savannah is a diversified resources group (AIM: SAV) with a portfolio of energy metals projects - lithium in Portugal and copper in Oman - together with the world-class Mutamba Heavy Mineral Sands Project in Mozambique, which is being developed in a consortium with the global major Rio Tinto. The Board is committed to serving the interests of its shareholders and to delivering outcomes that will improve the lives of the communities we work with and our staff.

The Company is listed and regulated on AIM and the Company's ordinary shares are also available on the Quotation Board of the Frankfurt Stock Exchange (FWB) under the symbol FWB: SAV, and the Börse Stuttgart (SWB) under the ticker "SAV".