



savannah resources plc

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AN ENERGY METALS GROUP

Savannah Resources Plc

European Battery Cell Consortium to invest up to €6bn in Electric Car Battery Industry and EU to launch a European Raw Materials Investment Facility

Savannah Resources plc ('Savannah' or the 'Company', AIM: SAV, FWB: SAV and SWB: SAV), the resource development company, welcomes the news that France and Germany have established a European cross-border battery cell consortium with the objective of developing next-generation batteries for electric vehicles (EVs) and have announced an initial investment of between €5bn to €6bn (US\$5.6 to US\$6.7 billion) in the initiative.

€4bn of the investment is expected to come from European private companies, with France and Germany having earmarked €1.7bn (US\$1.9bn) of this investment to support European private company alliances, mostly comprising automakers and energy firms. This is in addition to €1.2bn of planned state subsidies, to be approved by Brussels, aimed at supporting the creation of a viable battery manufacturing sector and thereby reducing European carmakers' dependence on Asian suppliers of lithium ion batteries. Today the European share of global battery cell manufacturing is just 3 per cent, while Asia has an 85 per cent share according to a report published by the European Commission in April this year. To read the report please use the following link: https://ec.europa.eu/commission/sites/beta-political/files/report-building-strategic-battery-value-chain-april2019_en.pdf

French Economy and Finance Minister Bruno Le Maire said that the two governments were responding to requests from European carmakers for help in reducing their dependence on imported lithium ion batteries and that the goal was to establish two production plants over the next four years, one in France and one in Germany, with around 1,500 employees in each. One of the first projects for the Franco-German consortium will be a pilot factory, with around 200 employees in France, which will open in the coming months. With this initiative, Savannah expects to gain further traction from potential partners who understand the compelling supply dynamic that is developing in Europe.

The announcement followed the third meeting of the European Battery Alliance since it was launched by the EU in October 2017. To read the full published statement please use the following link: http://europa.eu/rapid/press-release_STATEMENT-19-2337_en.htm

Speaking at the meeting held in Brussels, Maroš Šefčovič, the European Commission vice-president responsible for the Energy Union, commented: “EU companies need to be better supported to invest in sustainable mining and refining of raw materials – both in EU and third countries. We plan to launch a European raw materials investment facility with the EBRD and the EIB – hopefully at the end of the year.”

The European cross-border battery cell consortium and potential EU investment in lithium projects highlights the growing wider recognition of the strategic importance of the development and production of lithium batteries for the European market. This is favourable for Savannah as it continues to advance its flagship Mina do Barroso lithium project in Portugal (“Mina do Barroso” or the “Project”), Western Europe’s most significant new discovery of spodumene lithium - the most important and widely traded lithium mineral used in EV batteries.

European governments are conscious of the need to secure future supplies of lithium as they look to meet published targets for EV production and sales in the coming years, and in consideration of forecasted shortages of this strategic battery raw material. There is an evident need to reduce the EU’s dependence on imported battery metals and this is why Savannah’s Board believes that the Mina do Barroso project is of strategic importance to the region. At 23.5Mt with 241,000t of contained Li₂O, (<http://www.savannahresources.com/cms/wp-content/uploads/2019/04/Mina-do-Barroso-Mineral-Resource-Increase-1.pdf>), Mina do Barroso represents the largest spodumene lithium Mineral Resource in Western Europe and is one of the most advanced lithium mine development projects in Europe.

With the Project’s development and commissioning currently targeted for next year - Mina do Barroso has the potential to become a key upstream anchor of the European EV lithium ion battery value chain by the year 2025, European lithium ion batteries are expected to represent a market worth €250bn (US\$290bn) annually.

Commenting on the news, Savannah’s CEO David Archer, said: “The Franco-German decision to establish this initiative, as well as the EU’s plans to launch a European raw materials investment facility, highlights the seriousness of the EU to strongly commit to increasing its investment in the European lithium battery industry. This in turn highlights the issue of securing a sufficient supply of lithium to meet anticipated demand, which brings the significance of Mina do Barroso further into focus. Its relevance and location mean that it has the potential to be an extremely important strategic asset, playing a leading role in ensuring that Europe meets a significant portion of its demand for lithium internally.

“The case for addressing climate change is now firmly in the public discourse, as is the role that lithium and EVs will play in this. The recent report from UK government advisers calling for a ban on the sale of all diesel and petrol vehicles by 2030, instead of the initially targeted 2040, shows that policy momentum is building and it is now indisputably clear that electric vehicles are set to reshape the global car industry.”

****ENDS****

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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".