

Share Placement of £5 million Cash

16th SEPTEMBER 2019

Savannah Resources plc (AIM: SAV, FWB: SAV and SWB: SAV) (**'Savannah'** or the **'Company'**), the AIM quoted resource development company, which is focused on becoming Europe's most significant producer of lithium spodumene concentrates from its wholly owned Mina do Barroso Project in Portugal (**'Mina do Barroso'** or the **'Project'**), is pleased to announce that it has raised approximately £3.76 million cash (before expenses) through a placing (**'Placing'**) of 161,400,000 new ordinary shares of 1p each (**'Ordinary Shares'**) and subscription (**'Subscription'**) of 26,500,000 Ordinary Shares, and such Ordinary Shares being with both new and existing investors at a price of 2 pence (the **'Placing Shares'** and **'Subscription Shares'** respectively) per Ordinary Share (the **'Issue Price'**). finnCap and Whitman Howard acted as Joint Bookrunners in respect of the Placing.

The Company has also received Letters of Intent (**'Letters of Intent'**) for a further investment of £1.24 million, comprising £1.2 million from its major shareholder Al Marjan Limited (**'Al Marjan'**) which has two representatives on the Board, and £0.04 alternate director and staff (the **'LoI Subscription'**), giving gross proceeds of £5,000,000 (together with the Placing and Subscription, the **'Fundraise'**).

Pursuant to the Letters of Intent these investors will subscribe for 62,100,000 Ordinary Shares (the **'LoI Subscription Shares'**) at the Issue Price. The Placing Shares, Subscription Shares and LoI Subscription Shares will be issued and allotted pursuant to authorities granted at the Company's last Annual General Meeting. In aggregate, the Placing Shares, Subscription Shares and LoI Subscription Shares will, when issued, represent 19.3% of the Company's enlarged share capital.

Highlights

- Raising gross proceeds of £5 million cash at 2 pence per share
- Funds will predominantly be used to complete the Definitive Feasibility Study (the **'DFS'**) on the Mina do Barroso Lithium Project located in northern Portugal
- The DFS will expand upon the 2018 Scoping Study (**'Scoping Study'**) produced over the Project and incorporate additional Mineral Resources delineated during 2019 into the mine plan and a comprehensive metallurgical test work programme across all the Mina do Barroso deposits
- The Company expects to complete the DFS in Q2 2020
- Discussions regarding concentrate offtake from the Project are ongoing with multiple parties from across the lithium battery industry from refiners through to end users such as vehicle OEMs

- Savannah continues to pursue a ‘blended’ approach to financing the Project and remains engaged with debt providers, royalty companies, strategic investors, potential offtakers and Government and EU agencies regarding future funding
- There was strong institutional demand with several Tier 1 institutional investors participating in the Placing
- Proforma cash position following Fundraise of £6.8 million

David Archer, Chief Executive Officer of Savannah, commented:

“We are pleased to have completed the Placing and thank our existing shareholders for their ongoing support and welcome additional, significant UK and European institutional shareholders to our register. These funds will allow us to conclude the Definitive Feasibility Study on Mina do Barroso and should represent the last call on equity capital markets for finance relating to the Project. This study will build on the Scoping Study produced over the Project which already demonstrates compelling economics. Savannah is committed to rigorously de-risking Mina do Barroso as much as possible prior to the start of production. This will be achieved by including as much of our current 27Mt Mineral Resource as we can in our maiden reserve estimate for the DFS, and completing our comprehensive metallurgical test work programme so we have confidence that our targeted lithium recovery rate can be achieved from all the deposits at the project.”

“While the technical work on the Project continues, we remain actively engaged with a range of potential customers for our lithium product. The outlook for rapid growth in electric vehicles sales in Europe and worldwide remains robust, and we believe that Mina do Barroso, as the largest conventional spodumene lithium project in Europe, has a key role to play in supplying this vital battery metal to the European market.”

“Discussions are also continuing with a range of financing groups for the Project. Alongside potential customers and strategic investors, this includes providers of debt, private equity groups, royalty companies and Government and EU agencies. We continue to believe that the capital requirement for the Project, which the DFS will confirm, will be an ‘achievable’ figure for Savannah with little or no requirement for further funding from existing investors or the regular equity capital markets.”

“The remainder of 2019 and 2020 represent a crucial time for Savannah with regular news flow expected ahead of the conclusion of the Definitive Feasibility Study in Q2 2020. Our top priority is the financing, construction and operation of Mina do Barroso so we can be in production at a time to coincide with a forecast lithium supply deficit emerging.”

Details of the Fundraise

Savannah will raise approximately £5 million cash (before expenses) through the Fundraise.

Pursuant to the Lol Subscription, the Company has received Letters of Intent to subscribe for the Lol Subscription Shares at the Issue Price giving gross proceeds of £1.24 million, comprising £1.2 million from its

major shareholder Al Marjan Limited ('Al Marjan'), £40,000 from Manohar Shenoy (Alternate Director), and £2,000 from staff.

A copy of this announcement and the Company's latest presentation can be accessed on the Company's website at www.savannahresources.com/investor-relations/presentations-and-reports

Use of Proceeds

The net proceeds of the Fundraise will be used primarily to complete the DFS on the Company's Mina do Barroso lithium spodumene project in Northern Portugal.

The DFS will build upon the Scoping Study on the project which had already demonstrated its viability to be an operational mine. The DFS will encapsulate and further refine all the technical parameters required for Mina do Barroso's development as a significant producer of high quality spodumene lithium concentrate. As we have reported previously, many aspects of the DFS are well advanced. There has been some change to the delivery timetable due to the discovery of two additional orebodies at Pinheiro and Aldeia, with the former sitting in the footprint of the proposed dry tailings storage area. Additional time has been required to fully evaluate these new discoveries so as to ensure that the financial evaluations deliver the best possible result. In addition, as a risk mitigant the metallurgical test work programmes have all been expanded to incorporate these new discoveries and mitigate against issues other producers have encountered.

Having increased the resource at the Project by 93% (to 27Mt) since the Scoping Study was completed last year, we are keen to include as much of this additional material as possible in the DFS. This would then allow us to potentially extend the initial life of the project beyond the 11 years outlined in last year's Scoping Study. Importantly, any increase in the resulting mine life makes the Project more attractive to potential customers and groups considering the development of a lithium conversion plant in Portugal / Europe – a stated goal of the Portuguese Government / European Union.

Our metallurgical test work programme now incorporates the additional deposits, but has also been expanded in light of the recovery challenges reported by the new spodumene producers in Australia during the first 12 months of operation. Given the knock-on effect this appears to have had on existing producer sales and ultimately cash flow generation, Savannah has committed to rigorously de-risking this aspect of Mina do Barroso prior to the start of full scale operations. Pleasingly, based on the substantial amount of work completed to date and the work that is currently underway, our engineering team will soon be in a position to make a final selection decision on the optimal processing plant configuration to treat all the Mina do Barroso deposits. This will be followed by a final stage of pilot plant scale test work and then full plant design as part of the DFS.

Work to date on the capital cost of the project continues to indicate that the estimate from the Scoping Study of US\$109 million (excluding contingency) to US\$124.6 million (including contingency) remains a realistic range. On 13 August 2019 we highlighted the potential US\$15 million saving relating to co-product processing (<https://www.londonstockexchange.com/exchange/news/market-news/market-news->

[detail/SAV/14186116.html](https://www.savannahresources.com/press-releases/2020/01/14/detail/SAV/14186116.html)), which could compensate for revisions elsewhere in the design including the potential plant expansion to 1.5Mtpa from 1.3Mtpa being considered for the DFS due to the significant increase in mineral resources available.

Savannah's Directors believe that this quantum of capital can be secured through a combination of project finance debt, EU/Government funding, offtake-related/partner financing and royalty financing. Hence the Group is confident that further finance will not be required from existing shareholders and the regular equity capital markets for the development of Mina do Barroso.

To secure the financing required, discussions with project finance banks, private equity groups, Government/EU agencies, potential offtake partners, royalty providers, commodity traders and other strategic investors have all been progressed during the year and are continuing. Completion of the DFS in Q2 2020 should help to bring any of these negotiations which have not reached their conclusion in the interim to decision points. With regards to discussions with potential offtake partners, we remain engaged with a number of European vehicle OEMs, established Asian lithium industry players, as well as potential new entrants to the lithium battery sector based in Europe.

Additionally, the net proceeds of the Fundraise will be used to maintain our projects in Mozambique and Oman, which are currently undergoing finalisation of mining lease applications, and for general working capital purposes.

Future News Flow

The focus of management remains clear. Our priority is to finance, construct and operate the Mina do Barroso lithium project in Portugal. In particular, the Company intends to reach nameplate capacity in 2022 in parallel with forecasted tightening conditions in the lithium market. Based on the Scoping Study the Project could produce average annual EBITDA of US\$73 million over the life of the mine.

To this end we expect project related news flow up to the completion of the DFS in Q2 2020 to include:

- A maiden co-product (quartz and feldspar) Mineral Resource estimate
- An infill drilling programme to upgrade existing Inferred Resources to the Measured & Indicated categories for inclusion in mining reserves in the DFS
- Completion and submission of the project's Environmental Impact Assessment study for approval by the Portuguese authorities as part of the project permitting process
- Decision on the preferred lithium processing methodology and pilot scale test work results
- Updates on EU/Government funding
- Framework agreement on royalty finance
- Framework agreement on offtake contracts
- Maiden Ore Reserve estimate

Letters of Intent

The Company, which is currently in a 'close period' that restricts Directors' and applicable employees trading in the Company's Ordinary Shares, has received Letters of Intent in respect of subscribing on the same terms as the Placing from Al Marjan, certain Directors and members of staff (this is consistent with the Relationship Agreement between the Company and Al Marjan) once the Company has exited the 'close period'. This would potentially result in further cash proceeds of £1.24 million (and issue of up to 62,100,000 LoI Subscription Shares) if the Letters of Intent are subsequently acted upon. Al Marjan, the Company's largest shareholder, will hold 20.7% of the Company's enlarged share capital with a subscription of £1.2 million cash at the Placing Price.

Admission and Total Voting Rights

Application will be made for 187,900,000 Placing Shares and Subscription Shares, which will rank *pari passu* with the existing Ordinary Shares, to be admitted to trading on AIM ('Admission'). It is expected that Admission will occur, and dealings will commence at 8.00 a.m. on or around 19 September 2019.

Following Admission, the total issued share capital of the Company will consist of 1,235,359,820 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.

Regulatory Information

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014. This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014. Market soundings, as defined in MAR, were taken in respect of the Subscription with the result that certain persons became aware of inside information, as permitted by MAR. That inside information is set out in this announcement and has been disclosed as soon as possible in accordance with paragraph 7 of article 17 of MAR. Therefore, those persons that received inside information in a market sounding are no longer in possession of inside information relating to the Company and its securities.

****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".