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18 November 2014

Savannah Resources Plc

Savannah Expands its Tenement Holdings in the Highly Prospective Oman Copper Belt

Savannah Resources plc (AIM: SAV) announces that it has entered into an agreement to acquire up to a 65% shareholding in Al Thuraya LLC ("Al Thuraya") which wholly owns the highly prospective Block 4 copper project (the 'Project') in the Sultanate of Oman (Figure 1). The transaction expands Savannah's tenement interests to over 1,270 km², in the core of the best preserved copper-rich Ophiolite belts in the world, further augmenting Savannah's growth strategy of building a multi-commodity exploration and development company.

HIGHLIGHTS:

- Acquiring up to a 65% indirect holding in Block 4, by funding US\$4.6million of exploration and development expenditures over the next four years
- **Block 4, which includes over 35km in strike of prospective ophiolite** with multiple prospective contacts, has seen **very little exploration using modern techniques** and is a **prime target for the application of technologies such as VTEM.**
- **All new discoveries in Oman over the past 10 years have largely come out of the application of VTEM**
- **Block 4 provides Savannah with a rare opportunity to apply VTEM technology to a strongly mineralised, underexplored area in the heart of the most mineralised ophiolite belt in the world.**
- Project covers **408km² of the highly prospective copper-rich Semnail Ophiolite belt in the Sultanate of Oman** – proven to host clusters of relatively high grade copper deposits with gold credits and metallurgically simple ores
- Past exploration has returned encouraging early results:

Rockchipping

- Salahi 1: 0.3% copper, 37.4g/t gold, 88g/t silver
- Salahi 3: 1.17% copper 0.4g/t gold and 0.39% zinc
- Salahi 4: 8.19% copper and 1.8g/t gold and
- Salahi 5: 4.5% copper and 11.3g/t gold

Drilling

- Zuha (AZU009): **19.3m at 2.79% Copper from 2.5m**
- Initial two years of exploration to be focussed on **evaluating potential open pitable targets** on Block 4
- Excellent low cost operating setting, with well-developed road, power and port infrastructure, low fuel costs and a favourable fiscal regime

Savannah’s CEO, David Archer said, “The acquisition of the Block 4 copper project is a major milestone for Savannah as it widens our opportunity to establish the Company as a mid-tier copper producer. The acquisition secures the core part of one of the best Ophiolite belts in the world. The immediate area has been a prolific producer of copper from both open-cut and underground mines at Aarja, Bayda, Lasail and Lasail West with contained copper reported to total 238,840 tonnes.

“Despite the region’s rich history of copper production there has been limited modern exploration on Block 4, which Savannah and Al Thuraya aim to capitalise on by applying rigorous, modern exploration techniques. Block 4 has not, as yet, been covered by airborne electromagnetics (VTEM) which has been so successful in identifying new copper deposits in nearby blocks over the past 10 years. Savannah sees this as a significant opportunity to quickly build on its existing Mineral Resource base in Oman.

“As Savannah continues to build on its defined strategy with the application of systematic exploration and further commercial transactions the potential opportunity exists for Savannah to grow as a significant mid-tier copper producer in Oman.”



Figure 1. Project Location, Blocks 4 is marked in GREEN.

Further Information

Property and Location

The Block 4 licence is 408km² and is located 230km west of Muscat, the capital city of Oman. The centre of Block 4 lies approximately 30km south east of the city of Sohar, where the Savannah field office is situated.

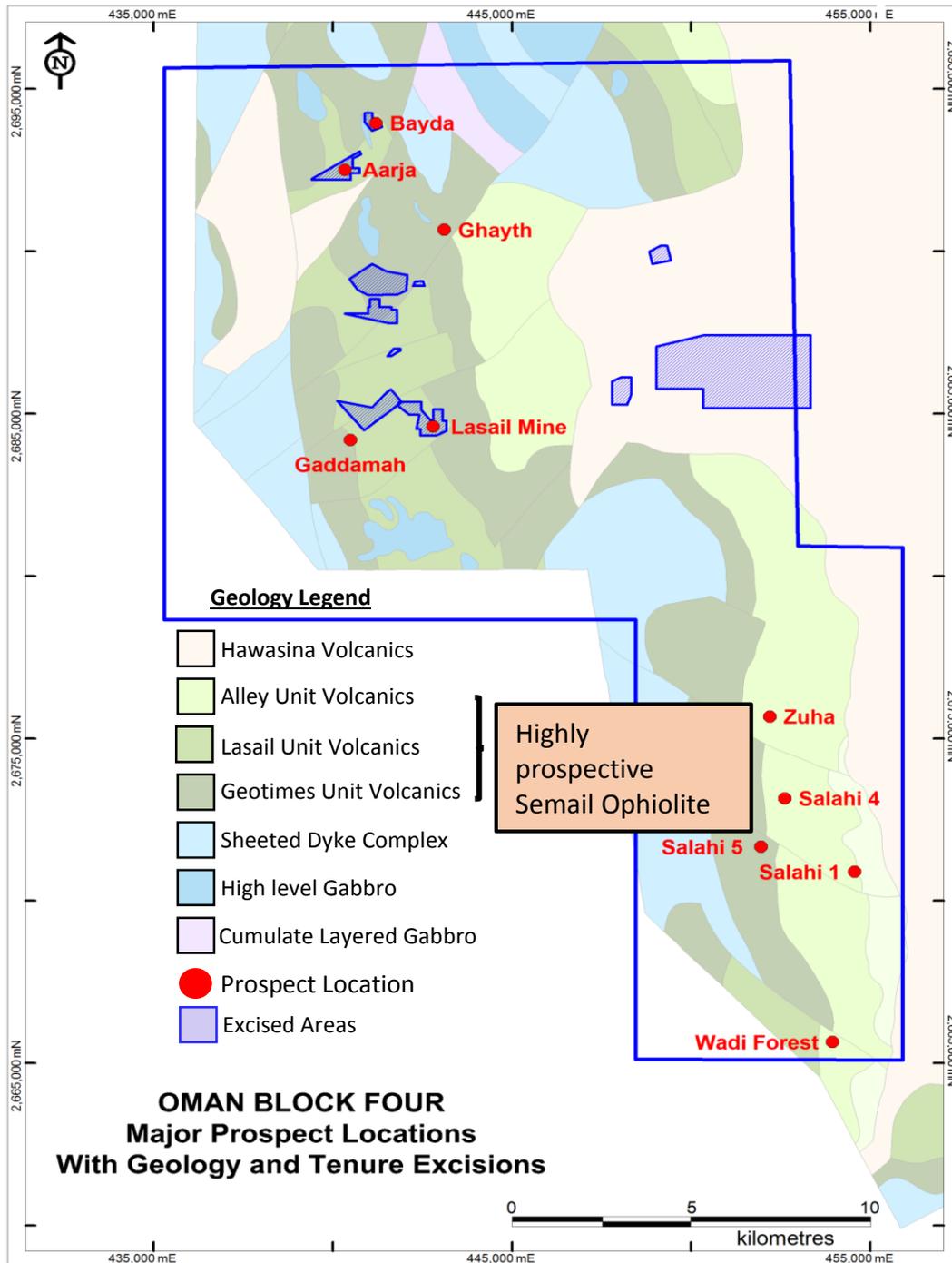


Figure 2. Project Geology Showing the Extensive and Highly Prospective Semail Ophiolite

Al Thuraya LLC wholly owns the Block 4 exploration licence which has a term of one year, renewable expiring on 27 September 2015.

The key terms of the acquisition agreement are:

- Initial contribution of capital to Al Thuraya LLC of US\$400,000 cash following approval of the agreement by the Oman Ministry of Commerce and Industry
- Additional contribution of capital of US\$1,600,000 cash within two years to receive 51% shareholding in Al Thuraya
- Additional Contribution of capital of a further US\$2,600,000 cash within four years to receive a further 14% shareholding in Al Thuraya, potentially taking its total to 65% (hence a total of US\$4,600,000 for 65% shareholding). Should the Company not make the full US\$2.6M contribution the Company shall transfer back a pro-rated portion of the 51% shareholding received under Option One, for the amount that was not paid.
- After Savannah has made payments totalling US\$4,600,000 (for a 65% shareholding) the other shareholders are required to contribute to expenditure on a pro-rata basis.

The shareholders of Al Thuraya are associated with the Al-Bahja Group of Companies and the W.J. Towell Group. The Al Bahja Group has an enviable reputation in the core sectors of the Omani economy, mainly agriculture, copper cabling, real estate, hotels and resorts, pharmaceuticals and alternative energy solutions. The W. J. Towell Group is one of Oman's largest privately owned companies with interests in property, industry, services and trading. For the year ended 31 December 2013 Al Thuraya LLC reported a total comprehensive loss of OMR 124,344 (~200,000 GBP equivalent) and had net assets of OMR 75,702 (~120,000 GBP equivalent).

Project Setting

Oman is a well-developed country with excellent infrastructure (proximity to a major deep sea port, bitumen roads across both Projects and adjacent power lines), low fuel and labour costs and a favourable fiscal and tax regime. Savannah is of the opinion that mining profitability in Oman will be significantly enhanced by this very favourable development setting.

Prospects

Block 4 contains some of the more productive mines in Oman (small excised areas in Figure 2), including:

- **Lasail Mine**, Historic reserves (non JORC): 8Mt @ 2.1% Cu (Bishimetals 1987)
- **Aarja Mine**, Historic Resource (non-JORC): 2.56Mt @ 1.42% Cu (Bishimetals 1987)
- **Bayda Mine**, Historic resource (non-JORC): 1Mt @ 3.0% Cu (Bishimetals 1987)
- **Lasail West**, Historic Resource (non-JORC): 0.44Mt @ 1.02% Cu (Bishimetals 1987)

Block 4 secures over 35km in strike of prospective ophiolite with multiple prospective contacts. The tenement has seen very little modern exploration and is a prime target for the application of technologies such as VTEM. All new discoveries over the past 10 years have come largely from the application of VTEM. Block 4 provides Savannah with a rare opportunity to apply this technology to a strongly mineralised underexplored area in the heart of the most mineralised ophiolite belt in the world.

Block 4 contains multiple defined prospects at a variety of stages of exploration – from preliminary evaluation up to advanced exploration. The bulk of exploration occurred in the late 1980's with only limited modern exploration completed over the past 30 years. Past work has defined a series of targets including:

Zuha Prospect – Series of gossanous outcrop over 2km strike length, with the main gossan area covering 250 x 100m with 20m vertical thickness. Limited exploration drilling at Zuha has been successful in defining copper mineralisation (AZU009): **19.3m at 2.79% Copper from 2.5m**

Salahi 1 Prospect - sporadic gossanous outcrop traced over approx 600m of strike within Semail Volcanics, main gossan outcrop approx 200 x 100m with maximum assay results from rockchipping of **0.3% copper, 3.7g/t gold, 26.9g/t silver, smaller northern gossan 0.1% copper, 37.4g/t gold and 88g/t silver**. Two shallow scout RC holes at the main gossan and a shallow diamond hole at the northern gossan failed to intersect any significant mineralisation

Salahi 3 Prospect - numerous gossanous zones identified over approximately 1km in strike, with rock chips up to a maximum of **1.17% copper 0.4g/t gold and 0.39% zinc**. There has been no detailed geophysics or drilling over the project area with zones of silicification and quartz vein development associated with gossanous areas.

Salahi 4 Prospect – is a weak to moderately well developed series of gossanous outcrops which span over 2km in strike length. Geological mapping has confirmed that the gossans occur within Semail volcanics with rock chip sampling returning maximum results of **8.19% copper and 1.8g/t gold**.

Salahi 5 Prospect – This prospect occurs just to the north of Salahi Prospect and within the same rock units. Limited exploration including geological mapping and rock chipping returned results up to **4.5% copper and 11.3g/t gold** from weak gossan development over 1-2km strike length with common dark rust areas.

Exploration Programme

Savannah is planning to implement a fast paced, multi-faceted exploration programme with a view to commencing drilling on Block 4 Q2, 2015. The initial work programme will include:

- Complete a detailed targeting assessment of the geophysical data looking at subtle targets, targets under cover, and targets potentially concealed by cover along known prospective trends.
- Improve understanding through better characterisation of known deposits, inside and outside the block, especially through litho-geochemical signatures of mineralisation and alteration and a better definition of structural and lithostratigraphic control
- Further geological mapping and geochemical sampling and airborne VTEM survey
- Drill targets will be defined by a combination of VTEM conductors, ground EM follow-up, systematic surface geochemistry, geological mapping and litho-geochemical targeting

Competent Person

Dale Ferguson: The technical information related to Exploration Results and technical information contained in this Announcement has been reviewed and approved by Mr D. Ferguson. Mr Ferguson has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Ferguson is a Director of Savannah Resources plc and a Member of the Australasian Institute of Mining and Metallurgy. Mr Ferguson consents to the inclusion in this announcement of such information in the form and context in which it appears.

****ENDS****

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Notes

Savannah Resources Plc (AIM: SAV) is a growth oriented, multi-commodity, exploration and development company. It has an 80% shareholding in Matilda Minerals Limitada which operates the Jangamo exploration project in a world class mineral sands province in Mozambique which borders Rio Tinto's Mutamba deposit, one of two major deposits Rio Tinto has defined in Mozambique, which collectively have an exploration target of 7-12Bn tonnes at 3-4.5% THM1 (published in 2008).

Savannah has interests in two copper projects 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, provide Savannah with an excellent opportunity to potentially evolve into a mid-tier copper 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.

In addition, Savannah owns a 21.1% strategic shareholding in Alecto Minerals Plc which provides Savannah with exposure to both the highly prospective Kossanto Gold Project in the prolific Kenieba inlier in Mali and also to the Wayu Boda and Aysid Meketel gold / base metal projects in Ethiopia for which Alecto has a joint venture with Centamin Plc. Under this joint venture, Centamin Plc is committing up to US\$14m in exploration funding to earn up to 70% of each project.