



Mina do Barroso Lithium Project – Community Newsletter March 2019 Edition

Savannah Resources PLC (“Savannah”) is a mineral exploration company listed on the London AIM stock exchange (AIM: SAV) and is developing a lithium project in Barroso region.

The purpose of Savannah’s newsletter is to provide the communities surrounding the project with information about the work completed and planned by the company. You can find the previous editions on the Savannah’s website section dedicated to community (<http://www.savannahresources.com/community/portugal/>).

This newsletter is designed to help promote two-way communication between the company and the community. Therefore, if there are any specific questions which you would like to have answered please contact us at community@savannahresources.com and we will endeavour to answer the question in a future edition of the newsletter or, if more urgent, directly with you.

Question and Answers

What is the history of Mina do Barroso?

In the early 2000’s a drilling programme and an approved Environmental Impact Assessment were completed, and a 30-year Mining Lease was granted in 2006 for the mining of the mineral bearing pegmatites and now covers an area of 5.42 km². Mining has continued on a small-scale basis of the NOA deposit on the Mining Lease to produce material (feldspar) that is sold to the Portuguese ceramics industry.

What is the history of mining in the Boticas region?

The area has a long history of mining which is a traditional industry alongside agriculture with the mining of tin dating back hundreds of years. There are numerous small mines in the region that mine pegmatites for feldspar, spodumene and quartz minerals for use in the ceramics industry in Portugal and Spain.

What is spodumene?

Spodumene is an example of a lithium mineral. Lithium is the lightest of metals and is used in a wide range of applications from pharmaceuticals to batteries.

Is spodumene dangerous?

No. Spodumene is non-toxic and non-reactive.

But I read that lithium is explosive?

Lithium in its metallic form is reactive and flammable but in mineral form is entirely safe. Mina do Barroso will produce the mineral spodumene not lithium.

What is the significance of lithium?

Lithium’s importance has increased in recent years as it is a key metal in the composition of lithium batteries which have important application in Electric Vehicles (EVs). EVs will be key in reducing greenhouse gas emissions from transport and will help Portugal and Europe meet demanding climate change targets.

Mina do Barroso is a small mine in mining industry terms so how can it be so important? Lithium from spodumene concentrates produced annually by Mina do Barroso could be used to power over 600,000 EVs. Taxes and royalties from Mina do Barroso could total more than €250million and provide over 600 direct and indirect jobs. Production from the project could support the development of new, downstream industries such as conversion plant, battery and battery pack plants which would be a major economic boost to the Portuguese economy worth billions of Euros.

What are Savannah's plans for Mina do Barroso?

Savannah is seeking approvals to mine some 1.3 million tonnes of pegmatite per annum in a series of excavations and to process this in a plant to be constructed on site to produce a spodumene concentrate and quantities of feldspar and quartz. Only a fraction of the Mining Lease area will be used for excavations and infrastructure.

Why does Savannah need approvals?

Savannah is seeking permission to mine more material than is currently contemplated under its Mining Lease and the process plant also has to be approved.

What is the approval process?

The process is being conducted in full compliance with all national and EU laws and involves the drafting of a comprehensive Environmental Impact Assessment (EIA) which will be considered by the Portuguese government and other departments involved in the Environmental Impact Assessment and will be measured against very strict environmental criteria. The EIA will be widely circulated for consideration and feedback from all stakeholders. The studies to support the EIA are underway now and the EIA once completed later this year will be circulated to all stakeholders including the community for their consideration and comments.

What will be the impacts on communities?

Like any other new development whether it is for a housing estate or a new shopping centre there will be impacts that need to be minimised and managed. Savannah is intent on mitigating impacts of any mine development and there are many ways of doing we can do this. These will be outlined in comprehensive detail in the EIA. There are many examples of mines and local communities operating in harmony both in Portugal and overseas. Agriculture will not be adversely affected but will prosper from increased demand.

But will this mean that people will be moved from local villages?

No, people will not be moved. The proposed operations will be conducted in strict compliance with government laws and regulations around safety to local and regional communities.

What about water?

The EIA will address this in detail but there will be an emphasis on use of surface water harvested on site and the re-cycling of process water in the plant. Water will not be sourced from streams.

What about traffic through our villages?

New roads are being designed that will mean that mine traffic will totally by-pass local villages of Covas do Barroso, Romainho, Muro and Alijo.

Why would we want a mine in our area?

The development of Mina do Barroso will revitalise the region and bring new prosperity. There will be some 300 new jobs on offer and the development could create up to 600 new jobs indirectly from new or expanded services in the area.

I am retired so jobs are of no interest so what's in it for me as a resident?

You will live in an area with an expanded range of services. As well, with licencing, Savannah is looking at developing a range of community programmes that aim to improve the services and facilities for the people of Covas do Barroso, Romainho, Muro and Alijo. Young families will return or relocate to the area creating new business and social opportunities.

How many years will Mina do Barroso be in operation for and then what happens?

The current mine life is 11 years although this might increase as more reserves are discovered and defined. There will be an end of mine life, de-commissioning plan developed which will be discussed with the community and that will be included in the new Mining Plan to be submitted along with the Environmental Impact Study.

What can we expect to see happening on the mining lease in coming months?

Small scale mining will continue at NOA and prospecting and mine development drilling will continue at a reduced tempo. Drilling has always been more than 500m away from houses and owners of the land involved in drilling have been paid agreed compensation in full. Many of the drill pads have already been rehabilitated and the remaining areas will be rehabilitated once no longer needed for the prospecting and development programme.

Where to find more information

There is further information on the Savannah website in the dedicated community section, the website can be found at www.savannahresources.com. If you have a specific question or query, please send an email to community@savannahresources.com a we will endeavour to answer your question as soon as we are able.

If you would like to visit the site to see any of the operations or have any other questions we will be more than happy to meet and answer questions. Savannah has a dedicated community relations officer, Marta Fernandez who is available to discuss the project with the community. Marta can be contacted on 917599130.

More news can be found at: Website: www.minadobarroso.pt

Twitter: [@MinadoBarroso](https://twitter.com/MinadoBarroso)