

SAVANNAH

SAVANNAH RESOURCES PLC

Company No 07307107

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

CONTENTS

	Page
BUSINESS REVIEW	
Chairman’s Statement	2
Chief Executive’s Report	7
ESG	16
Strategic Report	26
Barroso Lithium Project Overview	45
GOVERNANCE	
Report of the Directors	52
Corporate Governance Statement	54
Statement of Directors’ Responsibilities	56
Report of the Independent Auditors	57
FINANCIAL STATEMENTS	
Consolidated Statement of Comprehensive Income	64
Consolidated Statement of Financial Position	65
Company Statement of Financial Position	66
Consolidated Statement of Changes in Equity	67
Company Statement of Changes in Equity	68
Consolidated Statement of Cash Flows	69
Company Statement of Cash Flows	70
Notes to the Consolidated Financial Statements	71
COMPANY INFORMATION	IBC

CHAIRMAN'S STATEMENT

The global events of 2021, while difficult and often tragic for many, have conversely served to reinforce my view that your Company owns a vital strategic asset via its Barroso Lithium Project, (the 'Project'). Furthermore, the geopolitical consequences of the invasion of Ukraine in February seem likely to increase its importance. Following the sale of our interest in the Mutamba project in Mozambique to the Rio Tinto Group ('Rio'), Savannah is now a "pure lithium" company and is well-placed to benefit from the drive to identify alternatives to fossil fuels and increase in electrification. Moreover, the US\$9.5m termination compensation from Rio along with the £10.3m gross proceeds from the over-subscribed April placing helped take Savannah's year-end cash position to £13m, putting us in a good financial position for the year ahead. It is therefore particularly frustrating that these matters are not reflected in our share price.

In terms of market forces, 2021 saw a continuation of the same market drivers which first triggered the lithium sector's strong recovery in the second half of 2020. Supply again failed to keep up with the demand created by increasing battery manufacturing and electric vehicle sales around the world. As a result, lithium raw material prices moved to new record highs.

However, as in 2020, the positive news our sector enjoyed was overshadowed by the spectre of the COVID pandemic. Though COVID's impact ebbed and flowed during the period, the rise of the Omicron variant late in the year acted as a stark reminder that Europe and the rest of the world still has some way to go to be fully free of the impacts of this virus. Savannah must continue to play its part in protecting our staff and those with whom we work and associate by mitigating risk accordingly. Hence, we will continue to manage COVID-related risk as actively as possible and adhere to relevant laws and guidance for as long as is necessary.

Responsibility is embedded in our corporate strategy

The Board is determined that your Company should develop the Project in a responsible and innovative way. We are pursuing a number of initiatives to reduce the Project's carbon footprint, as described more fully in the CEO's Report, and these will all contribute to our goal of achieving Scope 1 and 2 net zero emissions during the life of the Project. We are also targeting a reduction in Scope 3 emissions. These objectives do not take account of the estimated 100 million tonnes of greenhouse gas emissions Savannah's lithium can help avoid in Europe's

transport sector. These initiatives will also be tracked as part of your Company's Environment, Social and Governance ('ESG') programme. An ESG statement was adopted by the Board during the course of the year and a comprehensive Environmental and Social Management System (ESMS) which is in the process of being rolled out at corporate level will be extended to our Portuguese operations during 2022.

Our key focus in Portugal is on the approval of our EIA

We at Savannah share our shareholders' frustration at the slow rate of progress in obtaining the necessary approvals required for the Project to progress. Foremost among these is the approval of the EIA report we first submitted in 2020 to the Portuguese regulator, Agência Portuguesa do Ambiente ('APA'). Our report was declared in conformity with APA's requirements in April 2021 and this was followed by a public consultation phase, completed in July 2021, when all interested parties had the opportunity to lodge their comments with APA.

We had expectations that APA's decision would be forthcoming in the final quarter of 2021, but in October 2021 an impromptu General Election was called for 30 January 2022, which has evidently impacted on decision-making processes in the relevant Government departments. Appointments to the relevant cabinet positions were made in March 2022 and we are hopeful that the APA decision could be made in coming months. If APA does approve our EIA, we will re-initiate the fieldwork required for completion of the Definitive Feasibility Study ('DFS') and accelerate the build-out of our in-country team.

Given the uncertainty on when a decision from APA will be received, it would be imprudent of me to give precise guidance on timing for completion of the DFS. Furthermore, as our shareholders will understand, given the second phase of the environmental licencing process also relates to the Project's final design, it will have an important bearing on the DFS. However, I can guide to the time we estimate for the outstanding work required for the DFS' completion as being approximately no more than 12 months following APA's approval of the EIA.

CHAIRMAN'S STATEMENT

Savannah hopes to receive approval for the Barroso Lithium Project EIA in the coming months:



Source: Company photo

The energy transition endorses our strategic move into lithium

Despite the delays, I still firmly believe that Savannah's move into the lithium sector in 2017 remains a good, long term, strategic decision for our Company. This can be backed-up by reference to growing electric vehicles sales, the record prices now seen in key lithium raw materials, and the increased corporate activity in the lithium market itself, particularly in Europe. We therefore remain hopeful that the Barroso Lithium Project will receive environmental regulatory approval, and have backed our confidence by continuing the land acquisition programme at the Project throughout the period.

In late 2021 we were delighted to see not one, but two in-country lithium chemical refinery projects announced by significant companies in the battery, energy and chemicals sectors. We also saw the Portuguese Government move closer to initiating the long-awaited tender process for six exploration areas prospective for lithium across the country. Hence, the lithium industry in Portugal is really starting to take shape and Savannah is part of a growing industrial, academic and governmental community which is focused on providing materials and products key to the energy transition in

Europe and has the potential to bring very significant economic, environmental and social benefits for a large number of people, while at all times following a responsible approach to the production of this critical raw material.

Commercial interest in the Project has increased

On a commercial front, 2021 started on a positive note with announcement of the Heads of Agreement ('HoA') with Galp Energia, SGPS, S.A ('Galp'), around a 100,000tpa offtake agreement and project level investment. This provided proof of concept that the Barroso Lithium Project could attract commercial partners for its spodumene concentrate but, as the first and second quarters progressed and sentiment and prices within the lithium sector improved, Savannah received further commercial inquiries. The expiry of the HoA at the end of May not only allowed us to continue negotiations with Galp but also to speak freely with a host of other parties who have approached us during the year. This includes European and non-European groups either looking for a new source of spodumene for existing or new conversion plants, or potential strategic partners looking for exposure to the lithium battery value chain.

CHAIRMAN'S STATEMENT

While we had targeted conclusion of a first offtake agreement by the end of 2021, it is not a concern to the Board that this self-imposed deadline was not met. The developments we have seen in the past eighteen months in the European and global lithium markets, and the growing concern around future supply among consumers of lithium feedstock, lead us to believe that the delay is working out to our benefit and that securing suitable offtakes and/or partnerships remains eminently achievable, and particularly as and when a positive decision on the EIA is received. In addition to these 'direct' commercial relationships and associated financings, Savannah continues to assess its options on other sources of development finance such as government or European Union grants.

Divesting non-core mineral sands asset supports our core growth

As our shareholders will know, December 2021 marked the end of Savannah's active involvement in the Mozambiquan mineral sands sector after eight years including the last five years spent focused on our role as operator in the unincorporated joint venture with Rio on the Mutamba Project ('Mutamba'). As time working in Mozambique went on it became clear to our team that to progress both the Mutamba and Barroso Lithium Projects under Savannah's leadership simultaneously would likely overstretch our human and financial resources. A thorough technical assessment of Mutamba and a review of the various restructuring and market opportunities available to us was made assisted by Farview Solutions and its principal, Bruce Griffin, and it was amicably agreed that cancelling our unincorporated joint venture was the best option for both parties and the project.

Rio has assumed full responsibility for the Mutamba project (Mining Concessions 9228C and 9229C and Mining Concession application 9230C) and Savannah's in-country staff have transferred across to Rio to remain with the project. In return Savannah received a US\$9.5m termination compensation from Rio and is now in the process of divesting its residual Mozambiquan assets (Matilda Minerals Lda and Mining Concession 9735C). As stated, the cash received helped to lift Savannah's year end cash position to £13m. During our tenure we and Rio were able to make some notable progress on the project, publishing a first economic study in 2017, and being awarded the three, 25-year, Mining

Concessions in 2019 and 2020 which covered the vast majority of the project's 4.4 billion tonne resource.

Savannah leaves the Mutamba Mining Concessions in good order for Rio Tinto with work on securing land use and utilisation agreements and EIAs progressed during 2021. We wish Rio well with their ongoing development of the project. Given Rio's long involvement with Mutamba, I have no doubt they are the most appropriate group to take the project forward. I would also like to thank our former team members for all their hard work over the years and wish them well with their new careers at Rio.

Savannah can also be proud of its legacy in Mozambique which it has left through its extensive community engagement programmes, more details of which can be found in the ESG section.

Using our market position to promote a responsible future

During 2021 we have been consciously attempting to consolidate Savannah's position in Portugal's business environment and the European and global lithium industry. To that end, we became a founder member of Portugal's new Association for the Battery Cluster, as we announced last June, and joined the country's 130-member strong Business Council for Sustainable Development. Within the lithium sector, we became one of the first 12 Associate Members of the newly formed International Lithium Association, a not-for-profit industry association created by major industry participants as a voice for the lithium industry and to promote ESG and sustainability practices within the sector.

We also continued to add to our own team across a range of disciplines such as geology and finance, and we look forward to growing our team further during 2022.

CHAIRMAN'S STATEMENT

European and Global sales of electric vehicles reached new record highs in 2021:



Source: Adobe stock images

Financial Overview

During the year the Board lifted some of the COVID-related cost control measures it had put in place in early 2020. The accompanying uptick in corporate activity resulted in a 27% increase in the Group's administrative expenses to £3.3m (2020: £2.6m). Combining this with a £0.2m loss on foreign exchange, resulted in losses from continuing operations increasing by 39% to £3.5m (2020: loss £2.5m). However, without a repeat of the £5.8m non-cash adjustments recorded last year in association with the divestment of our copper projects in Oman, losses before tax of £3.5m (2020: loss £8.3m) and the total comprehensive loss for the year of £3.3m (2020: loss £8.2m) were approximately 60% lower than 2020.

The Group's net assets increased by 33% during the year to £27.2m with the 18% reduction in intangible assets to £14.1m (2020: £17.3m) associated with the termination of the unconsolidated joint venture with Rio on the Mutamba project, more than offset by the 550% increase in the Group's year-end cash position to £13.0m (2020: £2.0m). This greatly improved cash position reflected the income received from the combination of the oversubscribed £10.3m (gross) placing, the US\$9.5m termination compensation from Rio as part of our exit from the Mutamba project, and the £0.7m received from the sale of shares in Force Commodities which Savannah had received as part of the divestment of its assets in Oman.

Outlook

2022 is shaping up to be another key year for Savannah. I am sure I speak for all in saying that our current thoughts are with the people of Ukraine at this terrible time and that our sincerest hopes are for the conflict in their country to be brought to an end as soon as possible.

Savannah has no direct exposure to Ukraine or Russian markets but given the European location of this conflict and the significance of Russia in global geopolitics and the world's energy, commodity and financial markets, ongoing impact of the invasion on international markets must be expected. As a result, Savannah will continue to monitor the situation closely and be ready to put plans in place if required. At present it is hard to accurately predict what the long-term outcomes may be, but this rapidly deteriorating situation has again shown the risk inherent in many global supply chains which are based on commodity and energy production in high sovereign risk jurisdictions. In the lithium sector at least, Savannah would like to offer Europe a low-risk alternative.

The Company is now solely focused on lithium and has the capital at hand to make meaningful progress towards development and production at the Barroso Lithium Project. Despite the current uncertainty, the market backdrop remains highly supportive with high lithium prices, global EV sales forecast to grow year-on-year, and ever greater emphasis being placed on responsible, low carbon, manufacturing techniques and products.

CHAIRMAN'S STATEMENT

All these factors mean that Savannah has real optionality available to it in regard to future commercial arrangements for the Project.

We remain hopeful that APA will approve our EIA in the coming months, and this will then allow us to finalise the Project's design and undertake the remaining work required for the DFS. APA's decision will also dispel much of the uncertainty which has bedevilled our share price and bring clarity for all the Project's stakeholders as to its future status in that it will provide assurance to our potential commercial customers that Savannah is a responsible operator and that the Project can be a future source of low carbon, lithium raw material for their operations and the wider battery value chain.

As ever, my thanks go to all our staff who continue to make their very best efforts to move Savannah towards its long-held goals of responsible production, cash flow generation, benefit sharing with stakeholders, and creating greater shareholder value.

I would also like to thank all our shareholders for their continued interest and support for Savannah and wish them well as we all try to navigate our way back towards 'normality' through the residual challenges of the pandemic and the fresh uncertainty and alarm caused by the conflict in Ukraine.

Matthew King

Chairman

Date: 5 April 2022

CHIEF EXECUTIVE'S REPORT

We have started 2022 in great shape with a strong cash balance, 100% ownership of one of Europe's most strategic lithium projects, no overriding royalties, no offtakes written at low prices and a clear and defined path to production as the pre-eminent, pure lithium play in one of the world's largest lithium consuming regions.

For the lithium sector as a whole, it was an exceptional year with the industry's three major raw materials, lithium hydroxide, lithium carbonate, and spodumene concentrate, seeing spot price rises of over 370%, 450% and 530% respectively. These large and rapid price rises show that raw material supply is a major problem in this market which, in turn, has major implications for the energy transition and the e-mobility revolution required to effectively tackle greenhouse gas emissions from the energy and transport sectors. Simply put, lithium is in great demand and the companies that supply or will supply lithium are in great demand. This is a very supportive backdrop for Savannah and its goal of becoming a major European-based lithium supplier. What Europe needs now is for the same legislators who rightly seek to affect the energy transition and cut emissions, to also facilitate the responsible supply of all the raw materials with the removal of unnecessary red tape, siloed bureaucracies and the application of project management tools to make this target achievable.

By this time, I would have liked to have been discussing the exciting phase of project development that Savannah has underway following receipt of the Project's environmental approval and completion of the DFS. However, with market conditions as they now are and with climate change being front and centre of government policy, I believe the context for the Project has never been more promising. In fact, it can be argued that the opportunity presented by the Barroso Lithium Project is greater now than at any time during our ownership, particularly bearing in mind current spot spodumene lithium prices at US\$5,000/t versus the US\$685/t assumed in our 2018 Scoping Study.

The development of the Barroso Lithium Project is designed to benefit all stakeholders

We are determined that all the relevant stakeholders benefit from the Project as it progresses. Within Portugal that means from the National Government, which will benefit from the economic growth created by a new pan-European industry, through to customers and suppliers, and individuals in the towns and villages near the Project. This latter group will see new job opportunities created, greater demand for local goods

and services, improvements to local infrastructure, and meaningful and long-term financial support given to community projects and groups. Above all, this brings to light the necessity to support regional energy autonomy.

I note that the average share price performance during 2021 amongst a large group of lithium development and production companies principally listed outside of the UK was +218% compared to the flat performance recorded by Savannah. Our shareholders should certainly benefit too as we move through value adding gateways in coming months.

Importantly, our team was agile in the face of the EIA delay and maintained and adapted plans wherever possible to ensure that not only was progress made, but that we are prepared to accelerate quickly as and when a decision from the regulator is received. The excellent progress we have seen with our metallurgical test work and our decarbonisation initiatives are key cases in point.

Preparation work on key DFS inputs underway

On a technical front, our team prepared as much as possible for the next phase of the environmental licencing process ('Relatório de Conformidade Ambiental do Projeto de Execução', 'RECAPE'). During this phase, our team and our panel of consultants will work on the final detailed design for the Project which adhere to any conditions set by the regulator.

Preparation work was also undertaken for the drilling campaigns and fieldwork which is required for input into the Definitive Feasibility Study. We plan to get back into the field with an in-fill resource drilling programme once a positive EIA decision has been received.

While we were not able to create as many of the 'fixed points' for the DFS as we may have liked during 2021 because of the need for fieldwork and input from the environmental regulator, the key elements of the processing route to produce the spodumene concentrate and associated by-products from Barroso ore have now been fixed following a successful metallurgical test work programme in Australia during the year. As announced recently, our expert consultants and in-house team have been able to design a circuit which will produce a high quality, commercial spodumene concentrate based on the use of processes and reagents which meet or exceed all relevant legislation. We have been able to achieve excellent lithium recoveries in the high 70s per cent range with

CHIEF EXECUTIVE'S REPORT

coarser grind sizes which will help reduce energy requirements and operating costs. Alongside the upcoming pilot testing on the main processing route, we are also investigating opportunities to recover additional lithium from some of the waste streams.

Our test work has also involved trade-off studies where we have examined the trade-off between grade of the product and recovery. While we can produce a nominal 6% product which is the industry standard reference, the trade-off studies show that overall revenues are maximised with a product grade of 5.5%. A 5.5% graded product is well within acceptable marketing tolerances although with an arithmetic adjustment for price from the reference price for 6% material. Rejection limits are for material less than 5.0%. And we should remember that the Barroso lithium product benefits from having one of the lowest levels of iron.

The on-going decarbonisation programme is also a key work-stream for the DFS and we have already made a great start by commissioning ECOPROGRESSO, part of the Quadrante Group, to develop our strategy and with the announcement of a collaboration with the major global group, ABB, around automation and electrification aspects.

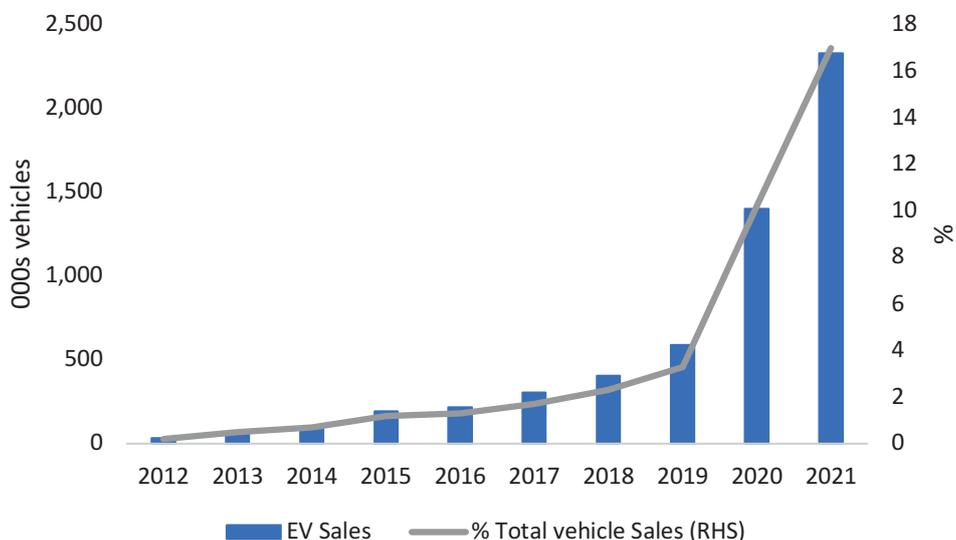
With the metallurgical work-stream for the DFS largely done and the de-carbonisation work underway we are well placed to move into the design phase of the DFS upon receiving EIA approval.

I should hasten to add that the metallurgical work outcomes are an important de-risking achievement as this area has been problematic for many of the earlier spodumene developments in Australia. This will be important from a project financing and commissioning perspective.

European EV demand is strong and growing even stronger

There is no doubt as to the level of regional demand for the product Savannah hopes to make. European car sales saw strong annual growth again to 2.33m units (+66%) as part of global sales of 6.75m (+108%, source EV-volumes.com), and the latest tally on capacity of existing or planned European battery plants is approximately 800GW. This capacity equates to over 600kt of lithium carbonate equivalent ('LCE'). At present, we estimate total future supply from European based lithium projects to be approximately 130kt of LCE, including the c.25kt provided by the Barroso Lithium Project in the form of spodumene concentrate. Hence, all future supply from Europe, including Savannah's, could easily be consumed domestically in the future. As further proof of this assumption, several of Savannah's European peers have announced offtake agreements in the past year for lithium chemical supply.

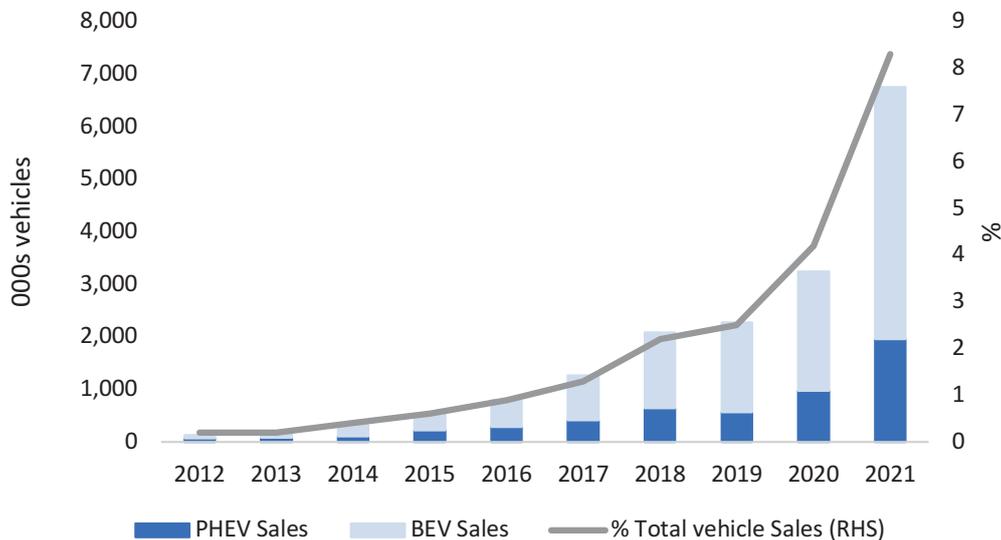
European Electric Vehicle Sales



Source: EV-volumes.com

CHIEF EXECUTIVE'S REPORT

Global Electric Vehicle Sales



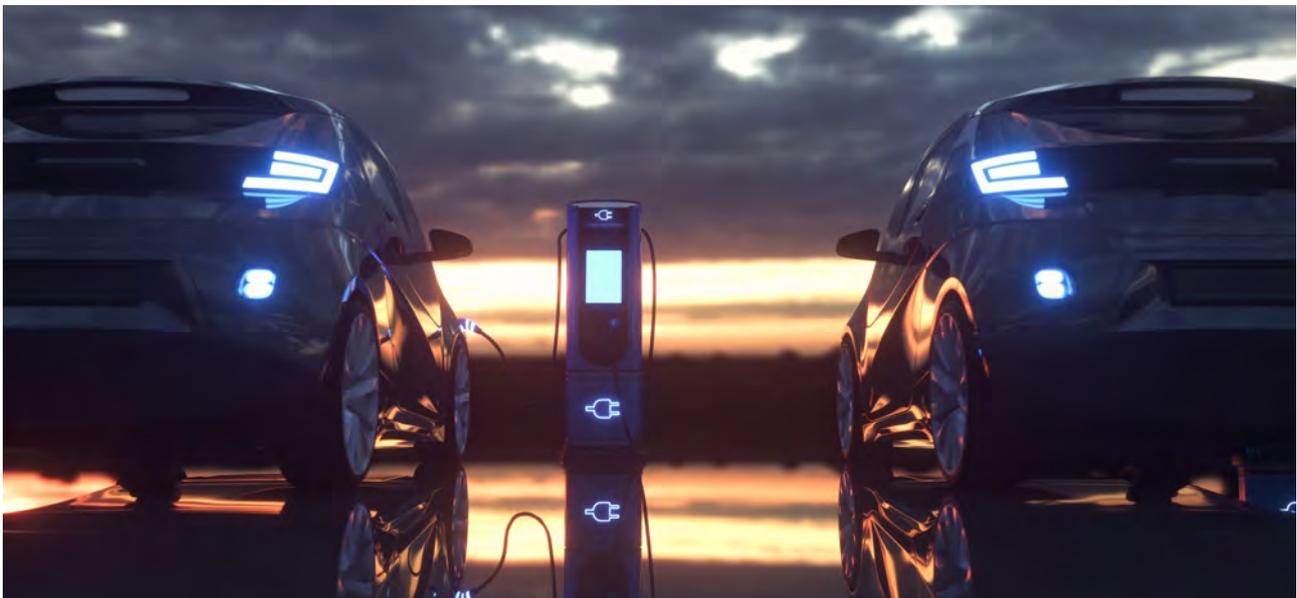
Source: EV-volumes.com

European industrial development to drive demand for spodumene concentrate

Amongst our European peer group, we believe Savannah will be the most significant future supplier of spodumene concentrate, the same material which has made Australia the world's largest supplier of lithium raw material. 2021 was the year that the concept of European 'merchant' lithium conversion plants really gathered pace. These are plants which are not integrated with a specific mine but purchase feedstock, such as spodumene concentrate,

under long term offtake agreements or in the spot market from mining companies, such as Savannah. When we originally secured the Project the major source of demand for our product was China. Europe is now looking to build out its processing capacity to help optimise its strategic autonomy, eliminate potential international bottlenecks and build a decarbonised lithium value chain in Europe. This is a major shift which has only benefited Savannah and means our low carbon spodumene lithium is highly sought after.

Over 2.3m electric vehicles were sold in Europe last year representing 17% of all new cars sold:



Source: Adobe stock images

CHIEF EXECUTIVE'S REPORT

Looking just at Portugal alone, Galp has already stated its intention of moving into lithium chemical production earlier in 2021 with such a plant, but we welcomed the news in December that it was partnering with Northvolt, the major Swedish battery manufacturer, to create Aurora, a new 50:50 joint venture, which will develop a facility in Portugal targeting 35,000tpa of lithium hydroxide production from 2026. Meanwhile, Portuguese chemical company Bondalti and Australia's Reed Advanced Materials (70% Neometals/30% Mineral Resources) are trialling Reed's Eli[®] processing technology at Bondalti's chemical plant in Estarreja. This technology can process brine or hard rock concentrate feeds, and the groups are targeting a plant capacity of 25,000tpa of lithium hydroxide or carbonate if the initial pilot plant test work goes well. Barroso's concentrate would represent a natural feedstock for these proposed plants with the added benefit that its proximity to the likely site locations would help to minimise the carbon footprint associated with the lithium chemicals produced. Having both raw material and chemical production in country would also maximise the overall economic benefit available to Portugal from its lithium natural resources. As shareholders will be aware, our discussions with Galp around possible spodumene supply continued in the second half of the year, after the expiry of the previous Heads of Agreement between the companies at the end of May.

Outside of Portugal, groups in Europe planning to build merchant plants have reached out to Savannah and a number of high quality discussions are ongoing. While transport distances would be longer to these plants than to potential sites in Portugal, any sales partnerships with these groups would still represent a wholly European endeavour, and compared to alternative sources of feed from Africa, the Americas or Australia, these plants would be producing 'low carbon' lithium chemicals if they took Barroso concentrate.

Based on our current schedule, we expect to be in production ahead of any of the conversion plants planned in Europe. If this proves to be the case, then we may need to make short-term selling arrangements for our concentrate until the conversion plants are commissioned. Metal and commodity traders may be the best placed groups to assist us with this, being able to both market the Project's concentrate on our behalf and provide financing support and assistance with logistics. Again, Savannah has already attracted significant interest from groups in this sector of the market, many of whom are looking to grow their businesses into the battery metal space.

Finally, such is the concern about raw material supply among consumers further downstream in the battery chain that we have also been contacted in recent months by some of these groups, both European and non-European. They are seeking to secure raw material supply which they can then direct through their existing supply chains. Discussions are continuing.

In summary, regarding offtake agreements, Savannah has multiple options with national, regional or international avenues remaining open to us whether it be trading directly with a conversion group, or a company from downstream in the value chain. With our strong cash balance, we are in a good position to work patiently at striking the right agreements and not to just accept the deals that are available right now.

Responsible Production is core to what we do

While continuing to push on the commercial front, we have also been preparing to further enhance the Barroso Lithium Project's environmental credentials as part of our wider formalisation of our ESG framework. Our EIA speaks for itself in terms of the commitments Savannah will put into action around either eliminating or minimising the Project's individual impacts. However, we will be happy to refine our plans as required based on feedback we receive from the environmental regulator.

We have an evolving range of programmes to support the community and the environment including:

- The Benefit Sharing Programme – provides €500,000 per annum to worthy community programmes
- Good Neighbour Plan – those things that we bring with us and can have dual use by the community e.g., water from our storages for firefighting
- Community Owned Service Providers – community owned companies to provide services to the Project e.g., progressive rehabilitation
- Land Stewardship Programme – reforestation of unused areas of Project with appropriate native species

Equally we look to all opportunities for continuous improvement of the Barroso Lithium Project.

A prime example is our major de-carbonisation initiative with our commitment made in November to move towards net zero Scope 1 and 2 emissions once the Project is in operation, and to also reduce the Scope 3 (indirect emissions, i.e., road haulage transport) as much as

CHIEF EXECUTIVE'S REPORT

possible. Following these commitments, we were pleased to announce the initiation of a Decarbonisation Strategy in March 2022, led by the Portuguese environmental consultant, ECOPROGRESSO, part of the Quadrante Group.

This initiative is only the start of the build out of a strong coalition of European industrial partnerships around the Project.

On 30 March 2022 we further strengthened our 'decarbonisation' team with the signature of a MoU with ABB, the global industrial technology business with revenues of US\$28.9b, which is providing its expertise in automation and electrification in the mineral production sector to Savannah under MoU. This will help us build out integrated digital applications for operations, maintenance, and other processes such as environmental performance optimisation. The Project will very much be a showcase of European innovation.

We have also been holding discussions with a number of major mining equipment manufacturers which are all planning on developing and commercialising zero or low

emission vehicles during the period the Project will be in operation. In regard to the electrical power the Project will use, we continue to evaluate the options available to increase the provision of renewable power above the already impressive c.60% available through the Portuguese grid. Once our suppliers and offtake partners are confirmed, we will work with them to plan reductions of scope 3 emissions associated with offsite haulage to our customers. Finalisation of the Decarbonisation Strategy is expected in Q2 2022 and we look forward to providing more follow-on news later in the year.

Following on from our commissioning of a Corporate ESMS in Spring 2021, we have now also commissioned the creation of a project specific system tailored to the Barroso Lithium Project. A tendering process was initiated in Q1 2022, and the selected consultants will work with our team to enhance and extend our existing stakeholder engagement and environmental programmes and policies to cover the current phase of project development and also the construction and operating phases of the Project.

Savannah's lithium can play an important role in reducing emissions from the European transport sector:



Source: Adobe stock images

CHIEF EXECUTIVE'S REPORT

On the ground in the Barroso

While the more formalised ESMS system for the Project is being created, we have continued wholeheartedly with a range of ESG initiatives.

While the pandemic and the associated vulnerability of the aging local populations tempered our ability to engage directly with many stakeholders in 2020 and 2021 we did maintain regular contact with the communities throughout 2021 via advertising in the local press, radio features and monthly newsletters distributed in local villages. Regular virtual and physical meetings were held with community leaders and stakeholders. We maintained a staffed information centre in the village of Covas do Barroso, supported local firefighters and helped with repairs to deteriorated local housing of villagers. We appointed a village ambassador who has been instrumental in supporting our local activities.

An online presentation of the Project was made to stakeholders on 12 May 2021 and major community consultation presentation was held in the Boticas Municipality auditorium on 19 May 2021 to present and review the Environmental Impact Assessment. This was supplemented with a site visit the following day.

So far this year we will shortly open a new office and information centre in the main street of Boticas and we have launched the "Litio do Barroso" magazine which will provide local news and information about the Project to local villages in the area of the Project. A comprehensive community mapping and opinion gathering programme was completed in the villages of Covas do Barroso and Dornelas in recent months and the results of the survey are being compiled.

We have incorporated the Barroso Lithium Foundation which will be responsible for the investment of up to €500,000 per annum, once construction has begun, in worthy community programmes and initiatives chosen by local people on the Foundation board. The Foundation will also build a corpus of capital that will be deployed following the conclusion of the Project and so provide a long-term legacy for the region.

We continue to receive excellent support from many members of the community who are excited about the opportunity that the Project will bring to their families, their livelihoods and their businesses. Local, regional and interest in the Project is underscored by the hundreds of unsolicited job applications that we are receiving.

Unfortunately, much of this has been obscured with push-back from a small group of local activists who have tucked in beneath the umbrella of a number of anti-mining groups, much of which is led from outside Portugal. This in turn has been picked up in some press articles. Despite his early support for the Project, the mayor of Boticas has aligned himself with these groups.

Nevertheless, members of the community appreciate what our Project offers. Like many parts of the Iberian Peninsula, the region is suffering from a demographic collapse. The 2011 government census shows that the population of Boticas declined by 13.0% to 5,002 people in the ten years to 2011 while the population of the village of Covas do Barroso declined by 26.7% to a total of 192 people, the vast majority of whom are elderly. The Boticas region is one of the poorest in Portugal and has suffered from the long-term flight of young people to Porto, Lisbon and points beyond. The Project will help to reverse these trends bringing prosperity and opportunity to the region, drawing young people to return or to take up residency and to build quality lives for their families.

We see strong support from people in the region whose inevitable question is "When are you going to start?". Their eagerness is matched by the hundreds of job applications we have received and the broad support and interest of the Boticas business community in seeing the Project develop.

Perhaps our most significant progress 'on the ground' was represented by our land acquisition programme across the C-100 Mining Lease area. This has required significant investigation by our team and consultants into existing land ownership and has needed to be handled and transacted with great sensitivity within the local community setting. To date we have signed 24 purchase and sale contracts and executed 15 deeds involving 67 individual blocks of land.

We were joined in litigation filed by the Parish of Covas do Barroso in the Mirandela Fiscal and Administrative Court in Portugal against the Republic of Portugal and the Ministry of Economy as defendants. The litigation seeks to nullify certain administrative actions by the defendants in June 2016 including the addition of lithium to and the expansion in the area of the C-100 Mining Lease. The C-100 Mining Lease which contains the Barroso Lithium Project is fully granted, has a term of 30 years to 2036 and remains in good standing.

CHIEF EXECUTIVE'S REPORT

Savannah's lawyers have confirmed their initial advice that the claim by the Parish is without foundation. The claim has been challenged by Savannah as the counter-interested party alongside and we will be exploring all potential options, including making a claim for damages against the plaintiff and its officers. Both the Republic of Portugal and the Ministry of Economy as defendants have now filed their defences.

The litigation neither impacts the Project's activities nor the current Environmental Impact Assessment process which we believe is moving to a conclusion.

The Environment – we care

Foremost in our plans is the responsible and innovative development of the Barroso Lithium Project while eliminating or mitigating individual impacts. Integral to this is our policy of using best available techniques (BAT) to be a global example of economy in the management of water, materials, energy and resources.

The impact assessment carried out in the EIA study, establishes the control and evolution of the more sensitive environmental aspects, such as water resources quality and potential vulnerability (surface and underground), air and sound environment, vibrations, soils (quality and geochemistry), ecological systems, landscape, social component, and local heritage.

Operations will be controlled, managed and reported to via a comprehensive Environmental and Social Management System (ESMS) to help implement and maintain Savannah's Environmental, Social and Governance (ESG) commitments for the Project. The ESMS will be aligned with internationally recognised ESG criteria, namely the requirements of the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability, as well as the World Bank Group's Environmental, Mining and General Health and Safety Standards.

Some 238 individual mitigation measures will be implemented and an estimated investment of €5-6million in road/transport infrastructure investment ensuring that the Project's traffic by-passes local villages. Water trucks will suppress dust in dryer periods while forestation and landscaping will help contain sound and visual impacts.

A programme of progressive rehabilitation will be implemented from day one and throughout the life of

the Barroso Lithium Project. We will be evaluating the potential for the use of the site for pumped storage of renewable energy generated by wind and/or solar at the end of the mineral lifecycle.

Our operating times are tailored to minimise discomfort for local communities and impact on flora and fauna. Detailed computer simulations show that the operation will meet the more demanding legal night-time noise limit of 43db at all times of the day. The only exception to this is blasting, each blast will last between 5-10 seconds and not exceed the legal limit of 55dB. Blasts will only occur between Monday and Friday, between 12pm and 3pm on 3 to 4 days per week. There will be no blasting at weekends.

The Barroso Lithium Project is specifically designed to be self-sufficient in and to minimise the amount of water that it would require to support its operations while at the same time having no impact on water available for local communities, villages or towns. Neither will it have any impact on agriculture. In Savannah's preferred model, water will not need to be abstracted from any local rivers. Water for the project will be sourced from surface water collected from part of the project's site footprint. Savannah is obliged by the Portuguese environmental regulator to capture surface water from the site footprint (contact water) in sediment control structures so as to ensure that untreated contact water does not flow into creeks, streams or rivers. Contact water collected in the sediment control structures are of the type commonly seen beside expressways which are designed to capture run off from road surfaces. There will be no impacts on the ecological flow of the Covas River in summer months.

The area of the contact water catchments to be developed to collect surface water for the Project represent only 1.7% of the area of the local Covas River watershed, 0.3% of the area of the larger Beça River watershed and an insignificant 0.2% of the main Tâmega watershed. In overall terms these numbers are not material to water volumes in the region and, in any case, potentially overstate the water volumes that will be captured in any year by the Project.

85% of the water supporting operations will be recycled. In our preferred model, contact water will be supplemented by water sourced from the de-watering of the open cuts. Again, this is not expected to impact community water supplies or local agriculture.

CHIEF EXECUTIVE'S REPORT

Questions have been raised concerning the continued status of the Barroso region as a Globally Important Agricultural Heritage Systems (GIAHS) area. This status was awarded in 2018 and was not intended to impact the integrity of existing economic activities in the area such as mineral production. It is also important to understand that the total Barroso Lithium Project concession area occupies just 0.53% of the GIAHS area in the region and, depending on the development alternative chosen by APA, the area of actual disturbance on the concession area will be less than 0.25% of the GIAHS area. The Project has no impact on the GIAHS classification. Agricultural areas represent 10% of the Mining Lease land area. Of the projected area for mining use and associated activities, agricultural land represents just 3.1% (18.3ha) of the Mining Lease area. This area is not material to agriculture in the areas around the Barroso Lithium Project development. Today, one of the main threats to this territorial dynamic is the depopulation and abandonment of land, factors that pose a major risk of degradation of the existing natural, cultural and built heritage, and which are decisive for the classification of this region as a GIAHS Site. As part of our plan we will look to implement measures with local partners to recover agrarian system areas that have deteriorated as a result of demographic changes in the area.

Preservation of fauna and flora will be a priority for Savannah. Studies we have supported have shown that the Project area does not intercept the known territory of any Iberian Wolf packs although there are packs in surrounding areas. In the case of local water mole and mussel populations particular care will be taken to eliminate or at least minimise disturbances to riverbanks.

The quality of the soil will be monitored, managed, and preserved, since the operation will not use chemical products that might alter it. Topsoil will be removed, stored, safeguarded, and cared for appropriately so that it can be re-laid during rehabilitation as a basis for revegetation of native species.

The Barroso Lithium Project will employ local farmers for progressive land rehabilitation during the life cycle of operations and we are evaluating expanding this into a community owned company to provide rehabilitation services to the Project and so build an enduring new benefit for the community.

As part of our developing Land Stewardship Programme, land we are acquiring which will not form an immediate part of the Project's developed footprint will be reforested with guidance from local authorities using native species appropriate to the area. We will also work to the recovery of the site at the conclusion of the Project's life with the requalification of these areas for traditional agro-silvan-use e.g., honey, chestnuts, meat, sausages, aromatic herbs, amongst others.

Intensive management of land is a major cause of biodiversity loss in Portugal. Creating clear initiatives for removing invasive non-native species and creating new native woodland will demonstrate to stakeholders that we have a responsible stewardship approach and our overall commitment. As part of this programme we are also developing a Stewardship Policies Handbook so it can be used in perpetuity.

Finally, as another example of both our commitment and our transparency we will be implementing a sophisticated, sensor network that will measure key environmental operating parameters that will be made available in real time to stakeholders including regulators via a mobile phone app.

EIA Progressing

The original 6,000-page EIA and Mine Plan documents were lodged with the regulator in May of 2020. A community consultation process was undertaken in May of 2021. The completion of APA's evaluation has however not been possible while it awaits the result of a treaty mandated, cross-border consultation process with Spain and the formation of a new government in Portugal following the calling of a snap General Election held on 30 January 2022.

As our chairman has said, we are hopeful that the environmental regulator in Portugal will approve our Project in coming months. Savannah's team and its large team of subject matter specialists have put in an amazing effort to design a project to international standards and best practices, and we hope that the Barroso Lithium Project will be held up as a positive case study for a new generation of mining projects in Europe which are sourcing minerals critical for European society in a responsible, low carbon, way which brings economic and social benefits for all stakeholders.

CHIEF EXECUTIVE'S REPORT

While we await the outcome of the regulator's review, there is much for us to do. In addition to remaining open to dialogue with APA, we will continue to engage with all stakeholders and elevate our position in Portuguese civil society and be as prepared as we can for when a decision is made, and the next exciting phase can begin.

Divesting Mozambique allows us to focus on our core business

We achieved our target in 2021 of bringing resolution on the future of our investment in Mozambique with the sale of our interest in the Mutamba Project to Rio Tinto. The long term and sizeable financial and resourcing commitment we would have needed to make to bring Mutamba to a final investment decision would have made it challenging to achieve alongside the imperatives of the Barroso Project's development. Our review looked at various styles of development as well as introducing alternative corporate structures around the project. After deliberation, the option to transfer the project back to Rio, and for Savannah to exit Mozambique with US\$9.5m cash termination compensation represented the best outcome.

I would like to add my sincere thanks to all our former staff members for their hard work on what has been, at times, a challenging project, and to wish them and Rio Tinto well for the exciting journey towards production.

Outlook

Now with a singular focus on lithium in Europe, a strong cash balance, strong lithium prices and a myriad of inbound investment and offtake interest makes for an excellent starting position from which we can push hard on all fronts to make the Barroso Lithium Project Europe's first major lithium raw material production centre.

It has not been an easy undertaking in the last two years, a pandemic and now deeper tension at the heart of our region, and I thank our staff for their efforts and our shareholders for their support. There remains much to do but I'm sure we are all in agreement that the prize is very much worth pursuing.

David Archer

Chief Executive Officer

Date: 5 April 2022

ESG

We first began reporting on our 'Corporate Social Responsibilities' in a dedicated section of our Annual Report in 2018. These responsibilities, along with environmental responsibilities and corporate governance – collectively referred to as 'ESG' - are now, quite rightly, receiving ever-growing attention from shareholders and other stakeholders alike. Hence this section of our Annual Report has now been renamed and expanded appropriately. Savannah's efforts to broaden its own commitment to these responsibilities including our

future ESG reporting plans was initiated last May when we announced the development of a new Corporate Environmental and Social Management System ('ESMS') to aid the implementation of our ESG commitments at a corporate level and at any projects we operate, including the Barroso Lithium Project. While we complete the adoption of the ESMS and begin to comprehensively apply it to all aspects of our business, we have provided brief summaries of relevant recent ESG activities along with our future ESG plans in Portugal.

Savannah recognises the importance of sound environmental, social and corporate governance:



Source: Adobe stock images

Environmental and Social Management System

Savannah's Board recognises the importance of sound environmental, social and corporate governance commensurate with the size and nature of the Company and the interests of its shareholders. For these reasons, whilst conducting its business worldwide, Savannah is committed to developing and maintaining a culture of integrity, and high standards across health and safety management, social responsibility, and environmental awareness and protection.

To help ensure this, Savannah has adopted an ESG Statement, which outlines the Company's high-level ESG commitments applicable to all its activities, in all countries in which it operates, on all projects and project phases.

To deliver this, Savannah is developing and will implement and maintain a Corporate Environmental and Social Management System, that it intends to incrementally roll out on all of its projects.

ESG

This ESG ‘manual’ will provide the framework for systematically identifying and managing the most potentially significant ESG risks and impacts typical of the mining industry. It also provides a roadmap for each operating subsidiary to develop their own project-specific ESMS, aligned with the Corporate ESMS, and in compliance with all applicable ESG-related laws, regulations and permits of the host country. We have initiated this process at the Barroso Lithium Project.

The ESMS is being structured to include individual sections, corresponding to the key elements outlined by the International Finance Corporation’s Performance Standards on Environmental and Social Sustainability, as well as the World Bank Group’s Environmental Health & Safety, Mining and General Guidelines. In addition, as a UK listed entity, the policy will also reflect the applicable principles and provisions of the Quoted Companies Alliance’s Corporate Governance Code.

Once adopted, the ESMS will provide a framework to ensure we plan and schedule our ESG- related activities in accordance with our Policies and the standards we adhere to. The ESMS approach supports continuous ESG performance improvement through the proactive ESG management in our day-to-day activities, and the measurement and evaluation of our performance, so as to identify improvement opportunities. We then plan how to incorporate the outcomes of that evaluation back into the ESMS (feedback loop), by reviewing our plans and procedures so as to achieve newly established ESG objectives, and work towards implementing such plans.

Portugal

We were delighted to be able to re-open our local Information Centre in May, staffed by a new recruit from the Boticas area, after its closure due to COVID-related restrictions. The Centre now features a new 3D model of the Barroso Lithium Project which is helping stakeholders to more easily visualise the Project.

The 3D model of the Project available for viewing at the local Information Centre:



Source: Pepe Nuñez

With the EIA review ongoing throughout the year, Savannah continued to keep residents informed about APA’s process, and the Benefit Sharing and the Good Neighbour Plans which have been proposed by Savannah. We also maintained our multi-channel communication

through newsletters, content in local publications, radio announcements, social media campaigns and via the project website. Further donations were made of locally purchased provisions to the area’s firefighting team, repairs were made to local housing stock to improve the

ESG

living conditions for some local residents, and sponsorship was made of local rally car and mountain biking teams. We also maintained contact and engagement with multiple local entities. Our programme of land acquisition across the Mining Lease area was also progressed during the year. We have been delighted to be able to strike mutually beneficial agreements with a number of local landowners which will allow Savannah to own, manage and remediate these areas responsibly during the Project's life, before returning them to the community once the Project has ceased operating.

At a national level, we engaged regularly with government ministers and attended a number of relevant government-sponsored events. We also ran information campaigns on national radio, in the national press and on social media. As a result, and with interest growing in the wider lithium value chain, Savannah received significant coverage in the national media which has given us a platform to communicate key messages about Savannah's role in Portugal's future lithium industry to the wider population.

Further details of other recent and future ESG related activities can be found in the tables below.

Environmental:

This includes just some of the 238 individual measures included in the Barroso Lithium Project EIA designed to eliminate, mitigate, or minimise the Project's impact.

Consideration*	Previous & Recent activities/ commitments	Future activities/commitments
Air quality management	<ul style="list-style-type: none"> Baseline monitoring of local air quality completed Annual monitoring of local air quality, during exploitation works on the NOA pit 	<ul style="list-style-type: none"> Constant monitoring of local air quality during operating phase and real-time reporting of data to stakeholders Future air quality to benefit from targeted reductions to Scope 1-2 emissions to net zero and additional reductions to Scope 3 emissions Comprehensive action plan prepared to deal with any pollution incidents
Biodiversity	<ul style="list-style-type: none"> Baseline monitoring of local flora and fauna completed Survey of local land use completed Annual monitoring for the Iberian Wolf 	<ul style="list-style-type: none"> Rehabilitation of disturbance footprint and reforestation of surrounding Savannah owned lands Continue monitoring of Iberian Wolf populations in the region
Carbon abatement	<ul style="list-style-type: none"> 3rd party Scope 1-3 emissions assessment completed Commitment to move towards net zero Scope 1&2 emissions during operating phase and target additional Scope 3 reductions announced 	<ul style="list-style-type: none"> Completion of decarbonisation strategy, expected in 2Q 2022 Execution of decarbonisation strategy to deliver on emissions targets defined through final project design, ongoing optimisation during production, and potential offset schemes during and after the operating phase

* at the Barroso Lithium Project unless otherwise stated

ESG

Consideration*	Previous & Recent activities/ commitments	Future activities/commitments
	<ul style="list-style-type: none"> • To meet the above commitments, initiated a decarbonisation strategy led by the Portuguese environmental consultant, ECOPROGRESSO, which will include: <ul style="list-style-type: none"> ○ An updated emissions assessment for the Project ○ Working with low/zero emission vehicle manufacturers, renewable energy providers, automation, electrification and other specialists to define key decarbonising initiatives ○ Defining a decarbonisation roadmap for the Project. • Signed a Memorandum of Understanding ('MoU') with ABB, the global technology leader as the first of the decarbonisation 'specialist' appointments. Under the MoU, ABB will: <ul style="list-style-type: none"> ○ Apply its industrial automation and electrification expertise to develop and co-ordinate an extensive suite of production control and process solutions for the Project ○ Work with ECOPROGRESSO and its partners to provide engineering support for the Barroso Lithium Project Definitive Feasibility Study 	
Land rehabilitation	<ul style="list-style-type: none"> • Ongoing rehabilitation of areas impacted by previous exploration activities (drill pads and access routes) • Comprehensive and progressive rehabilitation during and after operating phase included in Project plan 	<ul style="list-style-type: none"> • Continue with rehabilitation of exploration sites • Execute Project's finalised rehabilitation plans at the scheduled times

* at the Barroso Lithium Project unless otherwise stated

ESG

Consideration*	Previous & Recent activities/ commitments	Future activities/commitments
Noise & light abatement	<ul style="list-style-type: none"> • Baseline noise studies completed • Annual monitoring regarding the small exploitation works on the NOA deposit • Processing plant location selected to reduce light and noise impact on local communities • Large, vegetated earth berms included in Project design to curb noise & light emissions • Time limited, regulated blasting schedule included in Project plan 	<ul style="list-style-type: none"> • Execute Project design and plans at the relevant time • Constant monitoring of noise emissions during operating phase and real-time reporting of data to stakeholders and the environmental regulator • Noise levels may be further reduced by the introduction of zero-emission mining fleet and other equipment
Transport management	<ul style="list-style-type: none"> • Inclusion of new access road in Project design to mitigate impact on local communities and minimise use of local roads • Commitment to daily time limits on truck movements during operating phase 	<ul style="list-style-type: none"> • Refine and finalise Project design through the environmental licencing and DFS processes • Execute access road plan • Evaluate use of low/zero emission road trucks as part of decarbonisation strategy
Visual impact abatement	<ul style="list-style-type: none"> • Visual impact proactively considered in Project design (e.g. processing plant location, road layout) • Large, vegetated earth berms included in Project design to reduce the visual impact of the operation on local communities 	<ul style="list-style-type: none"> • Refine and finalise Project design through the environmental licencing and DFS processes • Execute final Project design
Waste management	<ul style="list-style-type: none"> • Waste to be minimised through sale of quartz and feldspar by-products • Project waste to be dried and stacked to avoid risks associated with wet storage in traditional tailings dams • Beginning in the operating phase, waste storage areas to contoured into existing topography and progressively re-vegetated 	<ul style="list-style-type: none"> • Refine and finalise Project design through the environmental licencing and DFS processes • Execute final Project design • Comprehensive action plan prepared to deal with any potential pollution incidents

* at the Barroso Lithium Project unless otherwise stated

ESG

Consideration*	Previous & Recent activities/ commitments	Future activities/commitments
Water management	<ul style="list-style-type: none"> Continued baseline monitoring of local water courses, including surface and underground chemical analysis 3rd party estimate of annual water requirement for operating phase Project to be self-sufficient for water usage through on-site water harvesting, and storage, wastewater recycling and recovery of water from concentrate and waste products Lithium recovery process based on use of REACH registered chemicals with low environmental toxicity; will operate at near neutral pH 	<ul style="list-style-type: none"> Refine and finalise Project design through the environmental licencing and DFS processes Execute final Project design Constant monitoring of local water quality both upstream and downstream of the process plant during operating phase and real-time reporting of data to stakeholder Comprehensive action plan prepared to deal with any potential pollution incidents

* at the Barroso Lithium Project unless otherwise stated

Social

Consideration*	Recent activities	Future activities
Community engagement	<ul style="list-style-type: none"> Information centre re-opened to the public May-21 after COVID restrictions Regular communication maintained with local communities through in-person meetings (COVID regulations applied), monthly newsletters and campaigns in local press and media Land acquisition programme continued Improvement and formalisation of draft Stakeholder Engagement Plan 	<ul style="list-style-type: none"> Finalisation of Stakeholder Engagement Plan to complement future phases of the Project as part of Project ESMS Community hearing to receive stakeholders' views on their preferred Project-related benefits Refine and finalise the Benefit Sharing and Good Neighbour Plans submitted as part of EIA based on stakeholder feedback Continue with land acquisition programme Open two further Information Centres in Boticas town and Dornelas village
Community support	<ul style="list-style-type: none"> Sponsorship of local cultural and sporting events & teams Donations to local firefighting service (forest fire mitigation) Significant repairs made to local housing stock Prepare for the establishment of a foundation as part of the Benefit Share Plan which will invest in community focused programmes 	<ul style="list-style-type: none"> Continue with current financial and resource support for local events, teams and groups; continue with support for local residents in need The Foundation will receive yearly endowments from Savannah of €500,000 per annum from the income generated during the Project's operating life

* at the Barroso Lithium Project unless otherwise stated

ESG

Consideration*	Recent activities	Future activities
Government engagement	<p>Engagement/Meetings held with:</p> <ul style="list-style-type: none"> • Portuguese Minister of Environment and Energy Transition • Portuguese Secretary of State of Energy • Environmental regulator, APA; EIA submission confirmed as compliant in April 2021 • Institute for Nature Conservation and Forests • The Northern Portugal Regional Coordination and Development Commission (CCDR-N) • The Directorate-General for Energy and Geology (DGEG) • Mayor of Boticas • Mayors of Dornelas parish, Covas do Barroso parish, Ribeira de Pena • British Ambassador to Portugal • US trade delegation at US Embassy 	<ul style="list-style-type: none"> • Continue and increase engagement with key national government ministers & departments, and local administrators • Maintain contact with British and US Embassies in Portugal • Maintain relationships with relevant EU bodies (see Membership section in Governance box below)
Health & Safety	<ul style="list-style-type: none"> • Continued to prioritise high standards of Health & Safety, including relevant COVID-related protocols • Zero Health & Safety incidents or loss time injuries reported in 2021 (2020: 0) 	<ul style="list-style-type: none"> • Maintain priority focus on Health & Safety, including COVID-safe working practices, and associated staff training
Local business engagement	<ul style="list-style-type: none"> • Became member of Mais Boticas (local Chamber of Commerce) • Preference given to local suppliers of goods & services 	<ul style="list-style-type: none"> • Maintain and increase engagement with local suppliers of goods and services • Maintain and increase engagement with suppliers of goods and services across Portugal
Other stakeholder engagement	<ul style="list-style-type: none"> • Attendance at relevant government and trade events in Portugal and elsewhere in the Europe • Active engagement with national and international press and media resulting in significant coverage of Savannah and the Barroso Lithium Project in Portugal and across Europe 	<ul style="list-style-type: none"> • Maintain presence at relevant government and industry events in Portugal, UK and across Europe • Maintain public relations campaigns across multiple media channels in Portugal and beyond to highlight importance of domestic battery raw material supply in Europe and Savannah's responsible approach to its own lithium operation

* at the Barroso Lithium Project unless otherwise stated

ESG

Consideration*	Recent activities	Future activities
	<ul style="list-style-type: none"> Public consultation phase of EIA completed (April-July 2021) including public 'in-person' meetings arranged by environmental regulator Met with the Food and Agriculture Organisation of the United Nations 	
Staff	<ul style="list-style-type: none"> 14 members of staff as at February 2022 with 60:40 male: female demographic with 12% from minority ethnic groups; currently 29% of Project staff are from the local community 	<ul style="list-style-type: none"> Add to the existing team across the range of disciplines required to develop the Project Project expected to generate over 300 construction jobs during its development, around 215 long term direct jobs during the operating phase, and 400-600 indirect jobs Continue to seek opportunities to recruit from the local population and within Portugal
Other activities	<ul style="list-style-type: none"> Maintained sponsorship of FST Lisboa, the Lisbon University student electric vehicle racing team 	<ul style="list-style-type: none"> Evaluate other sponsorship and support opportunities with relevant groups

* at the Barroso Lithium Project unless otherwise stated

Governance

Consideration*	Recent activities	Future activities
Board Composition	<ul style="list-style-type: none"> Establishment of a Nominations Committee Annual evaluation of the Board performance implemented 	<ul style="list-style-type: none"> Appointment of Directors to meet needs identified by the Nomination Committee Adoption of annual Board performance
Environmental & Social Management System	<ul style="list-style-type: none"> Process initiated to create a Corporate level ESMS, aligned with internationally recognised ESG standards Work initiated on development of a project-level ESMS for the Barroso Lithium Project 	<ul style="list-style-type: none"> Finalise Corporate ESMS and initiate use Finalise Barroso Lithium Project ESMS to provide complementary framework for environmental management and social engagement alongside licence commitments
ESG Reporting	<ul style="list-style-type: none"> Completion of ESG questionnaires for institutional investors and lithium industry analysts Joined Digbee ESG™, an open access online ESG disclosure platform for the mining industry which is aligned to key global standards 	<ul style="list-style-type: none"> Commence reporting to specific ESG standards Provision of relevant data into the Digbee system for public disclosure

* at the Barroso Lithium Project unless otherwise stated

ESG

Consideration*	Recent activities	Future activities
Membership of industry Trade bodies & Associations	<p>Lithium Industry:</p> <ul style="list-style-type: none"> International Lithium Association British Standards Institute Technical Committee on Lithium Industry Standardisation (UK is a participant member of the International Standards Organisation's Technical Committee on Lithium Industry Standardisation) <p>European Union Associated initiatives:</p> <ul style="list-style-type: none"> Business Investment Platform managed by EIT InnoEnergy European Battery Alliance EIT Raw Materials European Raw Materials Alliance <p>Portuguese initiatives:</p> <ul style="list-style-type: none"> Association for the Battery Cluster (founding member) Mineral Resources Cluster Business Council for Sustainable Development Mais Boticas (Chamber of Commerce in Boticas area) Forest Association of Trás-os-Montes Forestry Association <p>UK:</p> <ul style="list-style-type: none"> Quoted Company Alliance 	<ul style="list-style-type: none"> Maintain current memberships and evaluate membership of additional initiatives which would support our efforts to follow industry best practices and complement other ESG and corporate goals
Policies and Procedures	<ul style="list-style-type: none"> Implementation of software to manage training and certification for Group polices Review and update of the Group's Code of Conduct and Anti-Bribery Code (including face-to-face and webinar training, and translation of these into Portuguese) 	<ul style="list-style-type: none"> Introduction of policies to reflect the Group's growing maturity and transition to building and operating a mine

* at the Barroso Lithium Project unless otherwise stated

ESG

Consideration*	Recent activities	Future activities
Risk Management	<ul style="list-style-type: none"> Review and update of Group's Code internal audit procedures Risk register and Board Risk workshop facilitated by Institute of Director's adviser Refinement of Group's insurance coverage in conjunction with leading global brokers, Marsh Nomad's attendance at Board Meeting to keep the Directors abreast of governance developments Investment in creation of Governance and Compliance Officer role Enhancement of IT security protocols 	<ul style="list-style-type: none"> Review and update of Group's Financial Reporting Procedure Adoption of annual Board Risk workshop Ongoing review of Risk Register and other items detailed as actioned in 2021

* at the Barroso Lithium Project unless otherwise stated

Mozambique

In what was Savannah's last year operating the Mutamba Project in Mozambique, the Company made COVID-19 vaccinations available to all staff and their adult family members, and also purchased and donated 200 double vaccines to the Ministry of Health in Inhambane Province to help protect vulnerable individuals. We were also delighted to provide support to the Provincial Environment Day which helped to raise awareness of Environmental issues in the Province and we remained committed to, and supportive of, other community interventions in Jangamo and Inharrime districts.

Savannah is particularly proud of the extensive community engagement programmes it undertook during its eight years in Mozambique, which covered infrastructure, agriculture, trade, education and public health. Our enduring legacies include the establishment of infrastructure that continues to provide clean drinking water for around 1,200 families and off grid solar power for 5,300 families. Over 600 local farmers were able to derive higher income from the sale of donated crops, while 430 graduates benefited from the vocational training centres established in Jangamo and Inhambane with the majority quickly finding employment related to their training.

STRATEGIC REPORT

Section 414A of the Companies Act 2006 (the “Act”) requires that the Group inform members as to how the Directors have performed their duty to promote the success of the Group, by way of a Strategic Report.

Set out below are the applicable reporting requirements under the Act for the purposes of the Strategic Report, together with guidance to other applicable sections of the 2021 Annual Report, which are incorporated by reference into the Group’s Strategic Report.

Principal Activities, Fair Review of the Business and Future Developments

The following table provides summary reviews of the principal activities of the Group in the year, financial results and potential future developments. The comments below build on the commentary provided in the Chairman’s Statement and Chief Executive’s Report:

Asset & location	Ownership	Activities undertaken
The Barroso Lithium project, Portugal	100%	<ul style="list-style-type: none"> • Exploration and Evaluation: Fieldwork in Portugal was limited during the first half of the year by COVID-19 related restrictions and in the second half by Savannah’s choice not to re-initiate the programme until a positive decision on the Environmental Impact Assessment was received from APA, the environmental regulator. In the interim, the technical team’s work focused on providing the additional information requested by APA (see EIA section below), making advanced preparations for the second, RECAPE phase of the environmental licencing process and for the return to the field to complete the outstanding work required for the Definitive Feasibility Study. • Environmental Impact Assessment (“EIA”): The Group submitted the EIA to APA on 1 June 2020 along with an accompanying Mine Plan. To date in its review, APA has made two requests for clarifying information to be supplied. Savannah made its first submission of additional material in November 2020 and made its second submission in March 2021. The conformity of the content of the EIA was declared by APA on 16 April 2021 and the public consultation period began on 22 April and ended on 16 July 2021. Savannah has remained engaged with APA during its ongoing review of the EIA and the submissions received during the public consultation period. Savannah believes that the calling of a snap general election in Portugal in early November 2021 for 30 January 2022 impacted the decision-making processes in government agencies such as APA during that period. The Board remains hopeful that the Environmental Impact Declaration (‘DIA’) for the Project will be made in coming months. <p>The EIA evaluates the Project’s environmental and social impact during its implementation, exploitation, deactivation and post-deactivation phases. The outcomes of the assessment are a set of actions to be undertaken throughout all the operating phases of the Project to minimise its impact.</p> <ul style="list-style-type: none"> • Definitive Feasibility Study (“DFS”): The Company and its consultants continued to revise and refine some key inputs to the DFS. With fieldwork limited, the major advance made in DFS-related workstreams was in metallurgical test work which resulted

STRATEGIC REPORT

Asset & location	Ownership	Activities undertaken
		<p>in the process flowsheet for the concentrator plant being finalised in Q1 2022. The EIA process once finalised will provide more key inputs, as will the outstanding fieldwork programme. The DFS will include: JORC resource and reserve estimates; final designs and schedules for (i) site layout, (ii) mining, (iii) processing and (iv) storage of processed materials and (v) infrastructure; capital and operating cost estimation; labour studies; commodity market studies; and a project risk review. Assuming no further COVID-related delays, we expect the DFS to be completed no later than 12 months following APA's approval of the EIA.</p> <ul style="list-style-type: none"> • Licencing process: The DIA award is the first approval in a multi-stage environmental licencing process. Receipt of the DIA would allow the approval process to move on to the subsequent RECAPE and Environmental Licence stages during which approval of the Project's detailed final designs are received ('DCAPE') and the Project's environmental title (Título Único Ambiental, 'TUA') is awarded. These stages are expected to run in parallel. <p>Once the DCAPE declaration has been made and environmental licence received, Savannah will then be able to apply for the remainder of the licences required for the Project's development and operation. These licences cover permissions for construction and use of services on site such as power and water.</p> <p>During the period Savannah remained engaged with key stakeholders in the licencing process such as the environmental regulator, the Minister for the Environment and Climate Action, and local authority leaders.</p> <ul style="list-style-type: none"> • Community Engagement: To observe COVID-related restrictions & guidance, the Group adapted its active community engagement plan during 2021, reducing direct contact with the local communities in favour of communication through indirect channels such as newsletters, social media, and via local TV and radio. The Group believes that with considerate and intelligent management, the development of the Barroso Lithium Project has the potential to provide multiple long-term benefits for the area. Further details on our community engagement activities can be found in the ESG section. • Commercial discussions: In January 2021 Savannah announced a non-binding Heads of Agreement announcement with Galp in January 2021 regarding an offtake agreement for up to 100,000tpa of spodumene concentrate and a US\$6.4m investment in the Project for a 10% stake. The HoA expired on 31 May 2021 and discussions in relation to a strategic investment and offtake agreement have continued outside of the exclusive terms of the HoA. Discussions also continued with other groups focused on lithium chemical production and traders.

STRATEGIC REPORT

Asset & location	Ownership	Activities undertaken
Mutamba Heavy Mineral Sands, Mozambique	20% of consortium with Rio Tinto	<ul style="list-style-type: none"> Licence management: Savannah's in-country team worked during the year to ensure the ongoing obligations associated with the 3 Mining Concessions awarded in 2019/20 were met. This included continuing with land access studies and agreements, and EIAs for each of the licences. Savannah and Farview Solutions completed the strategic review initiated in October 2020 in December 2021. As announced, the review concluded with the cancellation of Savannah's unincorporated joint venture agreement on the Mutamba project with Savannah's former project partner, Rio Tinto, assuming full responsibility for the project going forward and taking on Savannah's in-country staff. Savannah received US\$9.5m termination compensation from Rio Tinto and is now in the process of divesting its residual interests in Mozambique (primarily Matilda Minerals and Mining Concession 9735C).
Fair review of business		<ul style="list-style-type: none"> A review of the Group's performance during the period and prospects is included in the Chairman's Statement and the Chief Executive's Report.

Principal Risks and Uncertainties

The Board has identified various risk factors which taken individually or together may have a materially adverse effect on the Group's business. The principal risks and how they are managed are as follows:

Environmental Impact Assessment Approval Risk

As noted in the Licence and Title Risk and Social Licence Risk sections below, the Group understands and takes proactive steps in order to mitigate or eliminate those risks, and an intersection of these is demonstrated in the Environmental Impact Assessment ("EIA") approval process, the failure to do so could result in the Project's approval being delayed or withheld. Specifically, in June 2020 the Group submitted the EIA to APA along with an accompanying Mine Plan. To date in its review, APA has made two requests for clarifying information to be supplied. Savannah made its first submission of additional material in November 2020 and made its second submission in March 2021. The conformity of the content of the EIA was declared by APA on 16 April 2021 and the public consultation period began on 22 April and ended on 16 July 2021. Savannah has remained engaged with APA during its ongoing review of the EIA and the submissions received during the public consultation period. Savannah believes that the calling of a snap general election in early November 2021 for 30 January 2022 impacted the decision-making processes in government agencies such as APA during that period. The Board remains confident that the Environmental Impact Declaration ('DIA') for the Project will be made during 2022. The Group's innovative Benefit Sharing Plan ("BSP") and Good Neighbour Plan ("GNP") were part of the overall EIA submission. Both plans have been designed after extensive analysis by the Group and with input from key local stakeholders to address a number of area specific social, economic, and environmental themes. Via the BSP and GNP, Savannah is demonstrating its desire to become a valued member of the local community through the commitments it is making to operate the Barroso Lithium Project in a responsible and sustainable way and to share with stakeholders the many benefits the Project can bring.

Natural Resource Project Development & Construction Risk

There can be no guarantee that mineral exploration and evaluation programmes will result in the delineation of a commercially viable project. However, to reduce this risk, the Group focused its activity primarily on brownfield locations, previously delineated resources or established exploration targets. Notably, the Barroso Lithium Project in Portugal which already has a granted Mining Lease following exploration work done by previous owners.

STRATEGIC REPORT

When a commercially viable project is delineated, the Group will then be exposed to construction and project delivery risk factors. These risk factors will include: project financing (see Future Funding Requirements section below); licence and permitting (see Licence and Title Risk section below); key person (see Attraction and Retention of Key People section below); and contractor and contract fulfilment/cost overrun. Risk relating to the main project contractors will be mitigated by comprehensive tendering and due diligence processes being performed to identify competent and financially robust service providers. Contract fulfilment and cost management will be mitigated by structuring of contracts to include adequate penalty and incentive clauses.

Attraction and Retention of Key People

The success of the Group is dependent on the expertise and experience of the Directors and Senior Management and the loss of one or more could have a material adverse effect on the Group. The Board, supported by the Remuneration Committee and professional advisers, has adopted a remuneration framework aimed at rewarding performance, encouraging retention of key staff, and aligning their interests with those of shareholders, including its Long-Term Incentive Plan.

Future Funding Requirements

The Group has an ongoing requirement to fund its exploration and mine development activities and will need to obtain additional finance to execute its plans. Potential sources of finance include the established debt and equity capital markets (which themselves may be impacted by macro-economic, political or environmental trends), offtake or other industrial partners which could provide prepayment and working capital facilities in exchange for long term supply contracts, commodity based royalty and stream finance groups which can also provide prepayments in exchange for exposure to future revenue or production streams, major suppliers, and grants or other facilities from government or other centralised bodies (e.g. EU which is focusing particularly on the clean energy revolution the Barroso Lithium Project helps to underpin). Finance could also be raised through the sale of a stake in a project. Senior Management and the Board closely monitor the cashflows of the Group. Cashflow projections are presented regularly to the Board for review and this assists in ensuring expenditure is focused on areas of greatest development potential. Overheads and administration costs are carefully managed.

Country Risk

A greater or lesser degree of sovereign and political risk exists in all countries. At the reporting date, the Group carried out a combination of exploration and mine development work in Portugal. Being a member of the EU, Portugal operates within the framework of the EU, and in January 2022 elected a majority government for the first time since 2005, and it is a pro-lithium industry government. Country risk is further mitigated by ensuring the Group prioritises local in-country employment and maintains working relationships at all levels with government, administrative bodies, local communities, and other stakeholders. The Board actively monitors relevant political and regulatory developments.

Licence and Title Risk

The granting, maintaining and renewal of the appropriate licence or licence equivalent is essential to the Group's exploration, mineral development, and mining activities, and is usually at the discretion of the relevant government authority. The Group seeks to ensure that its activities are always in compliance with the relevant licences and associated standards, laws and regulations and will attempt to respond in a timely manner to any changes in licence regulations. The costs associated with maintaining and renewing licences and complying with all related licence requirements, together with delays experienced in the issuance of licences or conversion of exploration licences into mining licences, may have a financial impact on the Group through additional costs or extensions to work programmes. The mining licence relating to the Barroso Lithium Project has been the subject of legal due diligence in order to establish valid legal title. It is in good standing and regular communication is maintained with the relevant government authority (Direção-Geral de Energia e Geologia (DGEG)). Such actions mitigate the risks posed by challenges from anti-mine groups in respect of licence and title risk, as do the actions taken in respect of Social Licence Risk.

STRATEGIC REPORT

Social Licence Risk

In parallel with obtaining the necessary licences and permits to operate from national and local administrators, natural resource companies must also operate in a way that is acceptable to local community stakeholders and broader civil society. Obtaining social acceptance is deemed by the industry to be the one of the most significant risk factors it faces, and failure to achieve and maintain broad social acceptance could have a temporary or permanent material adverse impact on the ability of a business to operate. The Group places great importance on its relationships with its neighbouring communities and wider stakeholder groups and looks to mitigate 'social licence' risk through its proactive, community engagement programmes, and through its wider group policies, including those relating to environmental standards, corporate governance, conduct, and reporting and communication. See ESG section for more details.

Commodity Price Risk

The Group's commodity focus is lithium and the price movement in this commodity can be volatile. This volatility can be caused by numerous factors beyond the Group's control. A sustained period of significant price volatility has the potential to adversely affect the Group operations.

Assuming all previously highlighted development and construction related risks have been mitigated and production is established at the Barroso Lithium Project, specific commodity price risk can be more actively managed. This could be achieved in the case of the Barroso Lithium Project, where spodumene lithium and its co-products are not currently exchange traded commodities and entering into off-take agreements as part of the Project financing is an attractive option.

Global and Regional External Shocks

Operating in an increasingly globally mobile economy and population, the Group may be affected by global or regional shocks such as pandemics, energy crisis, inflation, or military conflicts. The worldwide COVID-19 pandemic impacted the Group's day to day operations (e.g. ability to perform field-work) to undertake a variety of activities), although, the rapid approval and distribution of multiple vaccines provides an improved back-drop for future activity. Global or regional shocks potentially impact the worldwide economy and the Group's financial outlook (e.g. in the event of a global depression impacting demand for commodities), thus the Group maintains a minimum cash balance to mitigate any such adverse impacts. However, actions by the EU and governments show that funds designed to generate economic recovery will be targeted at projects which are deemed to have a positive impact on climate goals, such as the Barroso Lithium Project.

Analysis of the Development and Performance of the Business

This information is contained in the Chairman's Statement, and the Chief Executive's Report.

Analysis of the Position of the Business

This information is contained in the Chairman's Statement, and the Chief Executive's Report.

Key Financial Performance Indicators and Milestones

Our key performance indicators ("KPIs") help the Board and executive Management assess performance against our strategic priorities and business plans.

STRATEGIC REPORT

Analysis Using Key Financial Performance Indicators and Milestones

KPIs	Description	Performance
Cash balance (for exploration, development and going concern purposes)	Cash balance available to continue with the activity of the Group.	At the reporting date the Group's cash balance was £13m (2020: £2.0m). The major sources of cash funding during the year were an oversubscribed £10.3m equity placing and subscription in April 2021 and the US\$9.5m termination compensation from Rio Tinto on cancellation of the unconsolidated Mutamba joint venture in December. The Directors have reviewed the cashflow projection for the Group and consider that it has sufficient ability to meet its financial commitments for at least 12 months and that it is appropriate to prepare the Financial Statements on a going concern basis.
Subscription and placing of shares	To continue with its operating activities as an active and growing mineral development group, the Group has raised funds from the market.	During 2021 the Company raised gross cash proceeds of £10.3m (2020: £2.3m) via the issuance of ordinary shares in relation to a significantly oversubscribed equity fundraise.
Share price	The price reflects the value of the Group as determined by the free trading of its ordinary shares on public stock exchanges such as the AIM.	From an opening at 4.4p, and despite some volatility, Savannah's share price enjoyed a strong period of growth through to mid-March, breaking through the 5p for the first time since 2019 and reaching the year's high at 5.46p. This period of increasing value coincided with the continuing improvement in the prices of spodumene and lithium chemicals, which had begun in H2 2020, and the announcement of Savannah's Heads of Agreement with Galp. Following some further volatility during late March and April, the share price was reset at 4p by the £10.3m oversubscribed fundraise in late April. This period also saw the largest trading volumes of the year. During the summer with the Environmental Impact Assessment review process extended by the Portuguese regulator, the price remained below 4p, reaching a low of 3.2p in late July. September saw a brief return to the 4p level, but it wasn't until mid-October that a meaningful move above 4p was achieved again. Despite the continuing improvement in lithium raw material pricing, the Savannah share price continued to remain volatile, ranging from 4.61p in mid-November to a low for Q4 2021 of 3.81p in mid-December. Pleasingly, from this point the share price rallied again to end the year at 4.35p, all but flat with the year's opening price.

STRATEGIC REPORT

KPIs	Description	Performance
Investment in Exploration & Evaluation Assets ("E&E Assets") and Property, Plant and Equipment ("PPE")	As an active and expanding mine development group, the investment in E&E Assets and PPE Assets show the volume of activity which is adding value.	During 2021 the Company continued its investment in exploration activity, but with field work still relatively limited the increase in E&E Assets was only 13% higher year-on-year at £1.8m (2020: £1.6m). As in 2020, there was no significant equipment purchasing required during the year, but with £0.6m committed to land acquisition at the Barroso Lithium Project, PPE investment increased to £0.63m (2020: £0.02m).

Analysis Using Other Key Performance Indicators and Milestones

KPIs	Description	Performance
Project pipeline	As an active mine development group, Management is up to date on the changes in the market and looking for new opportunities to increase the potential of the Company.	In recent years there has been (and continues to be) an increase in the importance of the lithium-ion battery markets, impacting on global lithium demand with projections showing significant increases in demand. In 2016 the Group started its investment in lithium projects with the acquisition of exploration licences in Finland (subsequently relinquished). Following the acquisition of the Barroso lithium Project in the north of Portugal in 2017 (100% ownership achieved in 2019), the Group has the potential to become the first significant lithium spodumene producer in Europe. As the Company moves the Barroso Lithium Project towards production it plans to further develop its lithium business in the Iberian Peninsula and has been assessing potential lithium exploration targets accordingly.
Mining Lease Applications	As a mineral development company, the grant of mining leases as a precursor to commencement of production is a significant milestone.	<p><i>Portugal:</i> A 30-year Mining Lease (the C-100 Lease) was granted on the Project in 2006. To be allowed to execute its plan of developing a large scale spodumene mine and concentrator operation of the Lease, Savannah is required to obtain a new environmental licence for the Project and associated licences covering areas such as construction and use of services on site (power, water, etc).</p> <p>In June 2020, the Group submitted a new Environmental Impact Assessment and Mine Plan to APA, the Portuguese environmental regulator, for the Barroso Lithium Project as part of the overall licencing process for the Project. The conformity of the content of the EIA was declared by APA on 16 April 2021 and the public consultation period began on 22 April and ended on 16 July 2021. To date APA has not completed its review of EIA and is yet to award the DIA, the first major milestone in the overall environmental licencing process. Savannah expects to receive the DIA during 2022.</p>

STRATEGIC REPORT

KPIs	Description	Performance
		<p><i>Mozambique:</i> As part of the cancellation of Savannah’s unincorporated joint venture with Rio Tinto on the Mutamba project, Mining Concessions 9228C and 9229C were transferred to sole ownership of Rio Tinto, along with the Mining Concession application, 9230C. Savannah is now in the process of divesting its residual interest in Mozambique which includes Mining Concession 9735C.</p>
Mineral resources	As a mineral development company the reporting of satisfactory mineral resource estimates is a key indicator of the potential of the Group and its projects.	<p><i>Portugal:</i> There was no update to the 2019 JORC resource estimates made in 2021. Hence the JORC resource estimates remained at:</p> <ul style="list-style-type: none"> Lithium: Measured Resources of 6.6Mt @ at 1.1% Li₂O; Indicated Resources of 8.4Mt @ at 1.0% Li₂O; and Inferred Resources of 12.0Mt @ at 1.1% Li₂O for a total of 27.0Mt at 1.06% Li₂O containing 285,900t of Li₂O. In addition to the JORC Mineral Resource estimate, the Exploration Target¹ also remained unchanged from 2019 at 11.0-19.0Mt at 1.0%-1.2% Li₂O. Co-products (Grandao deposit only): Measured resources of 7.1Mt at 32.6% quartz and 42.8% feldspar, Indicated Resources of 6.3Mt at 34.6% quartz and 42.6% feldspar; and Inferred resources of 1.0Mt at 30.9% quartz and 40.3% feldspar for a total Mineral Resource of 14.4Mt at 33.4% quartz and 42.6% feldspar contained 4.79Mt of quartz and 6.11Mt of feldspar. <p><i>Mozambique:</i> There was no update to the 2017 JORC resource estimate on the Mutamba JV during the year. Hence the JORC resource estimate remained at:</p> <ul style="list-style-type: none"> Indicated Resource of 1.78 billion tonnes @ 3.8% Heavy Minerals (“HM”); Inferred Resources of 2.57 billion tonnes @ 4.0% HM for a total Mineral Resource of 4.4 billion tonnes at 3.9% HM (ilmenite represents 60% of the total HM contained)
Economic Studies	Satisfactory completion of economic studies is a key indicator of the viability of the Group’s mine development projects.	<p><i>The Barroso Lithium Project, Portugal:</i> Fieldwork in Portugal was limited during the year by COVID-19 related restrictions and its interdependency with the Environmental Impact Assessment’s pending approval. With fieldwork limited, the major advance made in DFS-related workstreams was in metallurgical test work which resulted in the process flowsheet for the concentrator plant being finalised in Q1 2022. The EIA process once finalised</p>

¹ Cautionary Statement: The potential quantity and grade of the Additional Resource Targets is conceptual in nature, there has been insufficient prospecting work to estimate a mineral resource and it is uncertain if further prospecting will result in defining a mineral resource.

STRATEGIC REPORT

KPIs	Description	Performance
		will provide more key inputs, as will the outstanding fieldwork programme. Assuming no further COVID-related delays, we expect the DFS to be completed no later than 12 months following APA's approval of the EIA.

Section 172(1) Statement

The following disclosure describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the directors' statement required under section 414CZA of the Companies Act 2006.

Information is presented below on a number of 'principal decisions' which the Board made during the course of 2021. Principal decisions are not defined in legislation, but are considered material by the Board from the perspective of the Company, impacted stakeholder group, or both.

The table below sets out our key stakeholder groups and how we engaged with them during the year:

Stakeholder Group	Importance of engagement	How did the Board and/or management engage
<p>Industry trade bodies & associations</p> <p>A list of the relevant industry trade bodies and associations of which Savannah is pleased to be a member can be found in the Governance table in the ESG section</p>	<p>For Savannah:</p> <ul style="list-style-type: none"> Trade association can offer industry specific networking, training and education, technical advice, and support in interactions with governments, government departments, agencies, regulators, the media, and other stakeholders <p>For trade associations:</p> <ul style="list-style-type: none"> Interacting with Savannah offers a trade association another source of industry expertise; an opportunity to extend its network and reach, and an additional source of income and sponsorship 	<p>During the year members of the Savannah team regularly attended meetings, and interacted with relevant trade associations. The Company also joined the following trade associations during the year:</p> <p>Lithium Industry trade associations:</p> <ul style="list-style-type: none"> International Lithium Association <p>Portuguese trade associations:</p> <ul style="list-style-type: none"> Association for the Battery Cluster (founding member) Business Council for Sustainable Development Mais Boticas (Chamber of Commerce in Boticas area) Trás-os-Montes Forestry Association <p>UK trade associations: Quoted Company Alliance</p>

STRATEGIC REPORT

Stakeholder Group	Importance of engagement	How did the Board and/or management engage
<p>Shareholders/Investors</p> <p>A table of significant shareholders can be found on the Report of the Directors section and on the Company's website.</p> <p>Key metrics are:</p> <ul style="list-style-type: none"> • Cash • Investment in Exploration & Evaluation Assets • Share price <p>The Company has not issued additional investment instruments beyond shares and share-related warrants, such as corporate bonds, and therefore has no other class of investors.</p>	<p>For Savannah:</p> <ul style="list-style-type: none"> • To maintain access to capital in support of achieving the Group's stated business goals • To receive feedback/advice/assistance on performance and execution of the Company's business plan <p>For the Shareholder/Investor:</p> <ul style="list-style-type: none"> • To be kept informed on the Company's performance, changes to strategy and other developments • To assist ongoing investment decision making 	<p>The key means of engagement with shareholders include:</p> <ul style="list-style-type: none"> • AGM (held online in 2021) • Investor roadshows (held online in 2021) • Ad hoc meetings in relation to key news/questions (largely held online in 2021) • Social media including Twitter and LinkedIn • Presentations at investor-focused events (largely held online in 2021) • Attending industry-related conferences and events (largely held online in 2021) • Regular video interviews with Proactive Investors • Maintenance of a corporate website and a website for the Barroso Lithium Project
<p>Workforce</p> <p>The average number of monthly staff employed by the Company during 2021 was 46 (2020: 53) – see Note 3 for further details.</p>	<p>The Company's day to day running and long-term development relies on the recruitment, retention and incentivisation of staff, and provision of a safe working environment.</p>	<p>The key means of engagement with staff include:</p> <ul style="list-style-type: none"> • Regular internal calls, meetings (largely held online in 2021) and visits to project sites by members of the Board and executive team (with COVID regulations observed) • Remuneration framework including Long Term Incentive Plan

STRATEGIC REPORT

Stakeholder Group	Importance of engagement	How did the Board and/or management engage
<p>Joint Venture Partners</p>	<p>For Savannah:</p> <ul style="list-style-type: none"> Partnering can help reduce project-related risks across a number of disciplines, and/or provide exposure to projects or commodity sectors which may be difficult for Savannah to access when acting alone Effective engagement with a project partner ensures shared goals and challenges can be met most efficiently through a combination of each parties' skills and resources <p>For the partner:</p> <ul style="list-style-type: none"> Partnering can help reduce project-related risks across a number of disciplines, and/or provide exposure to projects or commodity sectors which may be difficult for the partner to access when acting alone Effective engagement with a project partner ensures shared goals and challenges can be met most efficiently through a combination of each parties' skills and resources 	<p>As part of its strategic review exercise on the Mutamba Mineral Sands Project, Savannah engaged regularly with Rio Tinto, its project partner, regarding technical, commercial and legal matters relating to the future of the project.</p> <p>As announced in December 2021, the strategic review was concluded by the partners amicably agreeing to cancel their unincorporated joint venture agreement on the project with Rio Tinto, assuming full responsibility for the project going forward and taking on Savannah's in-country staff. Savannah received US\$9.5m termination compensation from Rio Tinto and is now in the process of divesting its residual interests in Mozambique.</p>

STRATEGIC REPORT

Stakeholder Group	Importance of engagement	How did the Board and/or management engage
<p>Community Savannah works alongside communities at all its project sites and has active community programmes underway in each location. The Company aims to act with integrity, transparency and honesty in its dealings with stakeholders and communities and wishes for its host communities to benefit from its projects.</p>	<p>For Savannah:</p> <ul style="list-style-type: none"> • To ensure that Health & Safety standards and other regulations relating to Savannah’s interaction with the general public and public services are being met • To ensure it secures and maintains social acceptance of its business activities among the communities it works alongside through effective community engagement programmes • To ensure that indirect benefits from its operations are maximised among the local community • To receive feedback/advice/assistance on these above topics <p>For Communities:</p> <ul style="list-style-type: none"> • Opportunity to receive up to date information on Savannah’s business activities and programmes relevant to communities • To register for and to take part in relevant community programmes • To provide feedback on relevant topics 	<p>Full details of the Group’s community-related activities across its businesses can be found in the ESG section.</p>

STRATEGIC REPORT

Stakeholder Group	Importance of engagement	How did the Board and/or management engage
<p>Suppliers</p> <p>Savannah requires a wide range of services to maintain its business activities and uses a wide range of domestic and overseas suppliers to meet its needs. When Savannah moves into the development and production phases at one or more of its operations, supplier numbers are expected to rise significantly in-line with the scale up of the project concerned.</p>	<p>For Savannah:</p> <ul style="list-style-type: none"> To maintain good working relationships and credit terms with suppliers to ensure the timely and cost-effective delivery of services and supplies To aid planning for future supply requirements and to identify suitable suppliers <p>For Suppliers:</p> <ul style="list-style-type: none"> To maintain a working relationship with its customer and provide product information To identify future business opportunities with an existing client 	<p>The Company's engagement with current and potential service suppliers has been widespread during the year. For example, considerable time has been spent working with existing suppliers of goods and services to the Barroso Lithium Project, and identifying and evaluating other groups which may provide key contract services during the construction and/or production phases of the operation. Additionally, the Company is a member of the local chamber of commerce in Portugal and where possible the use of local service providers will be prioritised.</p>
<p>Customers</p> <p>As a pre-production business, Savannah is yet to start generating revenue from sales of product to customers. However, the Company expects to supply products to a number of industrial customers over time, beginning with customers buying its lithium and co-product concentrate products from the Barroso Lithium Project.</p>	<p>For Savannah:</p> <ul style="list-style-type: none"> To identify and build relationships with future customers to ensure our projects become viable commercial businesses To access capital for project development either directly from customers, or from other investors which view the establishment of customer relationships as a key de-risking factor in an investment decision <p>For Customers:</p> <ul style="list-style-type: none"> To build a working relationship with a well-managed, long term raw material supplier To secure a long-term sustainable supply of product from a responsible producer in markets where the outlook is for increasing global competition for supply, such as lithium and mineral sands 	<p>Management maintained its efforts to build relationships with multiple potential customers for its lithium and co-product concentrates from the Barroso Lithium Project as discussed in the Chairman's Statement and CEO's Report.</p> <p>A Heads of Agreement ('HoA') was announced in January 2021 with Galp around a lithium concentrate offtake and a project level investment. This HoA expired on 31 May 2021 and discussions in relation to a strategic investment and offtake agreement with Galp have continued outside of the exclusive terms of the HoA alongside discussions with other potential customers.</p>

STRATEGIC REPORT

Stakeholder Group	Importance of engagement	How did the Board and/or management engage
<p>Lenders</p> <p>Savannah currently has no corporate bonds or project finance loans but expects project finance to be a part of the financing mix for the development of its projects, such as the Barroso Lithium Project.</p>	<p>For Savannah:</p> <ul style="list-style-type: none"> To identify and build relationships with future lenders to ensure sufficient finance can be secured to support project development <p>For Lenders:</p> <ul style="list-style-type: none"> To secure a future lending agreement with a listed mining company 	<p>Management maintained a dialogue with potential project lenders in relation to the Barroso Lithium Project during the year. Discussions with these groups is expected to increase as the once the DFS is completed as that study will be a key part of a lending bank's evaluation of the Project.</p>
<p>Regulators/Government</p> <p>Depending on the jurisdiction, multiple departments and agencies of national, regional and/or local government can be involved in the licencing and monitoring of mining activities.</p>	<p>For Savannah:</p> <ul style="list-style-type: none"> To build strong and supportive, working relationships with all relevant government departments and to ensure that the Company receives and complies with the required licences and authorities to operate its projects <p>For governments:</p> <ul style="list-style-type: none"> To ensure that the Company is meeting its responsibilities as per its licences To understand the needs of Savannah as an operating entity with respect to relevant legislation 	<p>As outlined in the Chairman's Statement and CEO's Report, Management has had regular interaction with the relevant departments and personnel in the various levels of government in both countries where it had operations during the period. Savannah views the establishment of active, two-way, relationships with government stakeholders as critical in the successful development of its projects and in its decision-making regarding the Company's long-term commitment to any jurisdiction.</p>

STRATEGIC REPORT

Stakeholder Group	Importance of engagement	How did the Board and/or management engage
<p>Environment</p> <p>Savannah is committed to minimising the environmental impact of its operations through design, monitoring, mitigation and remediation.</p>	<p>For Savannah:</p> <ul style="list-style-type: none"> Savannah places great emphasis on minimising the environmental impact of its operations and also realises the importance placed on good environmental management by all project stakeholders including governments, communities, customers, investors and lenders. 	<p>In parallel with all our project stakeholders, a priority for Savannah's management is to minimise the Company's environmental impact, and work undertaken across all its project sites to date has been completed in accordance with the relevant environmental regulations. Having collected baseline data and engaged with relevant groups since 2018, Savannah submitted the EIA for the Barroso Lithium Project in June 2020 to the Portuguese regulator, APA. Savannah subsequently received requests from APA for additional information, which it responded to accordingly. APA subsequently declared conformity of the EIA on 16 April 2021. The public consultation phase of the process then began on 22 April 2021 and ended on 16 July 2021. Savannah has remained engaged with APA during its ongoing review of the EIA and the submissions received during the public consultation period. Savannah believes that the calling of a snap general election in early November 2021 for 30 January 2022 impacted the decision-making processes in government agencies such as APA during that period. The Board remains confident that the Environmental Impact Declaration ('DIA') for the Project will be made during 2022.</p>

STRATEGIC REPORT

Principal decisions

Savannah defines principal decisions as those which are material to the Group and its key stakeholder groups detailed above.

In making the following principal decisions during the year the Board considered the outcome based on the relevant stakeholders as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the Group:

Principal decision 1: Agreement to amicably cancel Unincorporated Joint Venture with Rio Tinto

The Group completed the strategic review on its mineral sands operations in Mozambique, and in December 2021 exited the Consortium Agreement with Rio Tinto (entered into in October 2016), and the Group will also exit its remaining assets in Mozambique. Rio Tinto agreed a termination compensation of US\$9.5m cash to the Group in respect of the termination of the Consortium Agreement and the transfer of the in-country Savannah team to Rio Tinto.

In making the decision the Board considered:

- **Shareholders:** Considering the global focus increasingly on decarbonisation and the role that lithium can play in the fast-growing electric vehicles and storage systems industries which play a major role in achieving that, the Barroso Lithium Project had become the Group's flagship project. The exit from Mozambique allows the Group's existing cash resources, plus \$9.5m additional cash, to be focused on lithium and eliminates the need for cash resources and ongoing management time to be devoted to what had become a non-core asset for the Group.
- **Mozambique: Workforce, Community, and Government:** The Board believes in Mutamba's potential as a world-class asset and is confident that, given its long involvement with Mutamba, Rio Tinto is the most appropriate group to take the project forward for the benefit of the local communities and Mozambique. Rio Tinto has provided an excellent partnership and support over the past five years and the Group wishes them every success in the future development of Mutamba. With the Group's in country team transferring to Rio Tinto they will benefit from having a new, responsible, blue-chip employer.

The Group is also particularly proud of the extensive community engagement programmes it has undertaken, which covered infrastructure, agriculture, trade, education and public health and which Rio Tinto are well placed to continue. The Group's enduring legacies include the establishment of infrastructure that continues to provide clean drinking water for around 1,200 families and off grid solar power for 5,300 families; over 600 local farmers deriving higher income from the sale of donated crops; and the 430 graduates that have benefited from the vocational training centres established in Jangamo and Inhambane, the majority of which quickly found employment related to their training.

- **Portugal Workforce: Community, and Government:** The exit from Mozambique will allow reduced complexity for staff previously engaged on both the Barroso Lithium Project and the Mozambique project, and the Barroso Lithium Project, the local community and the Portuguese Government will benefit from this.

Principal decision 2: £10.3m equity placing

In April 2021 the Company completed a significantly oversubscribed equity issue which took place through an accelerated book-building process managed by Clarksons Platou Securities AS, finnCap Group Plc and WH Ireland Group Plc, raising £10.3m before expenses. In consultation with Management and the Group's capital market advisers, the Board decided that a £10m equity fundraise should be undertaken to allow the achievement of the activities detailed subsequently. This fundraise was duly completed, with investment from new and existing shareholders, in a significantly oversubscribed offering extended to £10.3m to accommodate a small portion of the oversubscriptions. Alongside Savannah's existing working capital, the majority of the net proceeds raised were allocated to progressing and enhancing the Barroso Lithium Project the Company's flagship asset. Including expanding the Project's team in preparation for the upcoming development phase, conducting further exploration on the Project to increase its resources, and evaluating opportunities to maximise its ESG credentials. With the

STRATEGIC REPORT

balance of funds allocated to further developing Savannah's lithium business in the Iberian Peninsula, completing the technical and corporate appraisal exercise on the Mutamba mineral sands project in Mozambique, and for general corporate purposes.

In making the decision the Board considered:

- All stakeholders: Maintaining the Group as a going concern in the interest of all its stakeholders.
- Shareholders: The impact on existing shareholders of raising additional equity was considered with the Board weighing up the need to maintain the Group as a going concern and to be well-placed to take advantage of the strong market conditions and opportunities in the lithium sector, against the resulting equity dilution. The fundraising was also seen as an opportunity to attract new institutional equity investors into the Group which was considered a benefit to the Group's long-term financial stability, with the introduction of Clarksons Platou Securities AS into the fundraising process providing an introduction for Savannah to a variety of European investors.

The funds raised provided a greater position of strength from which to develop Savannah's lithium amid the backdrop of the global lithium industry experiencing a period of strong recovery after a two-year period of falling prices. Savannah was already one of the leading players in Europe's new lithium raw material supply industry and is able to leverage its hard-earned position to further expand its lithium supply business in Europe to maintain and grow its future share of the market.

- Employees and Suppliers: The Board also concluded that securing more working capital would help the Group to retain key staff and suppliers who can help the Group achieve its business objectives.

Principal decision 3: Heads of Agreement with Galp for strategic investment & offtake

In January 2021 Savannah entered into a Heads of Agreement ('HoA') with Galp around a 100,000tpa offtake agreement and project level investment. This provided proof of concept that the Barroso Lithium Project could attract commercial partners for its spodumene concentrate, but as the first and second quarters progressed and sentiment and prices within the lithium sector improved, Savannah received more and more commercial inquiries. The HoA expired on 31 May 2021 and discussions in relation to a strategic investment and offtake agreement have continued outside of the exclusive terms of the HoA, and have commenced with other groups focused on lithium chemical production and traders. This includes European and non-European groups either looking for a new source of spodumene for existing or new conversion plants, or potential strategic partners looking for exposure to the lithium battery value chain.

In making the decision the Board considered:

- Shareholders: Amongst our European peer group, Savannah stands alone as a future supplier of spodumene concentrate, the same material which has made Australia the world's largest supplier of lithium raw material. 2021 was the year that the concept of European 'merchant' lithium conversion plants really gathered pace. These are plants which are not integrated with a specific mine but purchase feedstock, such as spodumene concentrate, under long term offtake agreements or in the spot market from mining companies, such as Savannah. While we had targeted conclusion of a first offtake agreement by the end of 2021, it is not a concern to the Board that this self-imposed deadline was not met. The developments we have seen in the past eighteen months in the European and global lithium markets, and the growing concern around future supply among consumers of lithium feedstock, leads us to believe that securing offtakes and/or partnerships will be well within Savannah's grasp in the days ahead. This is particularly true once a positive decision on the EIA has been received. In addition to these 'direct' commercial relationships and associated financing, Savannah continues to assess its options on other sources of finance such as government or European grants, which may become available.

STRATEGIC REPORT

- Customers: The HoA provided a proof of concept that the Barroso Lithium Project could attract commercial partners for its spodumene concentrate and, Savannah received has more and more commercial inquiries since.

Principal decision 4: Matching the ICMM's Net Zero Scope 1 & 2 Commitments

In November 2021, whilst the 26th UN Climate Change Conference of the Parties (“COP26”) was underway, Savannah took the opportunity to endorse the recent commitment made to a goal of net zero Scope 1 and 2 greenhouse gas emissions by the members of the International Council on Mining and Metals (“ICMM”) by 2050 or sooner. Savannah is committed to moving towards the same Scope 1 and 2 net zero emissions goals but doing this in the 2020s and 2030s during the operating phase of its wholly owned Barroso Lithium Project. Furthermore, in line with the ICMM membership, Savannah is additionally targeting the reduction of its Scope 3 emissions. Producing a ‘net zero’ lithium product at the Barroso Lithium Project would help to ensure that lithium entering the European value chain generates the maximum environmental benefit it can when operating in batteries.

In making the decision the Board considered:

- Shareholders: The roadmap to Net Zero established by Savannah further emphasises the strong ESG credentials of Savannah, and in addition to its own Net Zero plans, Savannah estimates that the lithium from the Barroso Lithium Project could help to remove approximately 100 million tonnes of CO₂ from the EU transport sector once it is active in electric vehicle batteries. The groups developing greener technologies, which Savannah could adopt, are doing so using innovations that are designed to be both environmentally friendly and cost competitive, so this, combined with the prospects of increasing financial burdens (taxes and duties) relating to CO₂ equivalent emissions, provide an opportunity for reduced operational costs compared to traditional mining operations.
- All stakeholders: For the Barroso Lithium Project Environmental Impact Assessment study, consultancy Ecoprogresso estimated that, when operating, the Project would produce a maximum of c.62,000t CO₂ equivalent emissions per annum across Scopes 1 and 2, and a maximum of 96,200t CO₂ equivalent emissions per annum across Scopes 1-3. By reducing the Project's Scope 1 and 2 emissions to zero, Savannah would reduce the Project's overall emissions during its operating phase by over 60%.

Principal decision 5: Grant of Share Options under Long-Term Incentive Plan

In June 2021, announced that upon the recommendation of the Company's Remuneration Committee it had granted share options under the Company's existing long-term incentive plan (the “LTIP”) which is designed to incentivise the Company's Executive Directors, Executive Management team and other key individuals.

In making the decision the Board considered:

- Shareholders: The LTIP was established in 2019 to encourage long-term value creation for Savannah's shareholders and to align the interests of the participants with shareholders. Awards under the LTIP take the form of options over the Company's ordinary shares. The LTIP is a share option scheme of the kind commonly adopted by listed companies and the Remuneration Committee took advice and recommendations from leading remuneration consultancy, Alvarez and Marsal, which formed the basis of quantum and key commercial features of the share options granted.
- Workforce: The Board believes the LTIP will incentivise the Participants and will also help Savannah to attract and retain talented individuals in the future as the Company expedites the development of its Barroso Lithium Project.

STRATEGIC REPORT

Approval of the Board

This Strategic Report contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with mineral development businesses. While the Directors believe the expectation reflected herein to be reasonable in view of the information available up to the time of the Board's approval of this Strategic Report, the actual outcome may be materially different owing to factors either beyond the Group's control or otherwise within the Group's control but, for example, resulting from a change of strategy. Accordingly, no reliance may be placed on the forward-looking statements.

On behalf of the Board:

David Archer

Chief Executive Officer

Date: 5 April 2022

BARROSO LITHIUM PROJECT OVERVIEW

The Barroso Lithium Project, Portugal

Located less than 2 hours' drive northeast of the city of Porto, the Barroso Lithium project covers an area of 8.36km² in the Barroso hills of northeast Portugal and consists of the C-100 Mining Lease² (5.42km²) and an adjacent, three block, Mining Lease Application area (2.94km²). Through Savannah's successful exploration programme, the Barroso Lithium Project (the 'Project') has been defined as the most significant source of spodumene lithium in western Europe. In recent years, spodumene lithium deposits have surpassed brine deposits as the major source of lithium raw material production globally, and Savannah believes that The Barroso Lithium Project can become an important source of this 'conventional' lithium mineral for Europe's burgeoning domestic lithium battery industry.

Savannah Resources has operated the Project since May 2017 when an initial 75% stake was acquired (with all the milestones relating to purchase completed by October 2018). Savannah became the sole owner of the project in June 2019 following the acquisition of the residual 25% stake from the project's minority shareholders in an all-share transaction. June 2019 also saw the Group exercise the option it had taken in September 2018 to acquire the adjacent three block Mining Lease Application area from the Portuguese company Aldeia & Irmão, S.A. ("Aldeia") following a period of technical and legal due diligence. This increased the tenement portfolio footprint by over 50% to its current size.

Drilling on the Barroso Lithium Project:



Source: Company photo

Western Europe's most significant spodumene lithium resource

To date Savannah's extensive exploration programme, which includes over 31,000m of drilling, has identified 8 deposits bearing spodumene lithium mineralisation on the project. From being a 'pre-resource' project when acquired, JORC compliant Mineral Resources have now been estimated on five of these deposits (4 on the C-100 licence and 1 on Aldeia Block A) which, as of May 2019, totalled 27.0Mt at 1.06% Li₂O (containing 285.9kt of Li₂O or 707kt of lithium carbonate equivalent), representing the most significant spodumene lithium resource in Western Europe.

Many of the lithium deposits on the project remain open to possible extensions through further exploration and an Exploration Target³ ranging from 11-19Mt at 1.0-1.2% Li₂O has been estimated on three of the deposits as of May 2019. The project currently has a combined resource and exploration target of 38-48Mt at 1.0 to 1.2% Li₂O hence, Savannah believes significant exploration upside remains with the potential to significantly extend the Project's operational life.

² The existing mining lease was granted to the previous project owners in 2006 and is valid for 30 years, but will need amendment or replacement for Savannah's proposed mine and concentrator development.

³ Cautionary Statement: The potential quantity and grade of the Additional Resource Targets is conceptual in nature, there has been insufficient prospecting work to estimate a mineral resource and it is uncertain if further prospecting will result in defining a mineral resource.

BARROSO LITHIUM PROJECT OVERVIEW

The Barroso Lithium Project's Lithium JORC Mineral Resource Estimate & Exploration Target⁴:

JORC Mineral Resource Estimate (May 2019, 0.5% Li ₂ O cut-off)					
Deposit	Resource Category	Tonnes (Mt)	Li ₂ O grade (%)	Fe ₂ O ₃ grade (%)	Li ₂ O contained (t)
Grandao	Measured	6.6	1.1	0.7	71,600
	Indicated	6.4	1.0	0.8	65,300
	Inferred	4.8	1.0	0.7	48,900
	Sub-total	17.7	1.04	0.7	181,800
Reservatorio	Measured	–	–	–	–
	Indicated	–	–	–	–
	Inferred	3.2	1.0	1.4	32,000
	Sub-total	3.2	1.0	1.4	32,000
Pinheiro	Measured	–	–	–	–
	Indicated	–	–	–	–
	Inferred	2.0	1.0	0.7	20,000
	Sub-total	2.0	1.0	0.7	20,000
NOA	Measured	–	–	–	–
	Indicated	0.4	1.2	0.8	4,200
	Inferred	0.3	1.0	0.9	2,900
	Sub-total	0.6	1.1	0.9	7,100
Aldeia	Measured	–	–	–	–
	Indicated	1.6	1.3	0.5	21,300
	Inferred	1.8	1.3	0.4	23,700
	Sub-total	3.5	1.3	0.4	45,000
All Deposits	Measured	6.6	1.1	0.7	71,600
	Indicated	8.4	1.0	0.7	86,700
	Inferred	12.0	1.1	0.9	127,600
	Grand Total	27.0	1.06	0.8	285,900

Rounding discrepancies may occur

Source: May 2019 JORC Resource update RNS

⁴ Cautionary Statement: The potential quantity and grade of the Additional Resource Targets is conceptual in nature, there has been insufficient prospecting work to estimate a mineral resource and it is uncertain if further prospecting will result in defining a mineral resource.

BARROSO LITHIUM PROJECT OVERVIEW

Exploration Target ⁵ Summary (May 2019)			
Deposit	Tonnage Range (Mt)		Li ₂ O grade (%)
	Low	High	
Reservatorio	5.0	7.0	1.0-1.2
Grandao	4.0	8.0	1.0-1.2
Aldeia	2.0	4.0	1.0-1.3
Total	11.0	19.0	1.0-1.2

Rounding discrepancies may occur

Source: May 2019 JORC Resource update RNS

Not just a lithium project

In addition to the production of significant volumes of spodumene lithium concentrate, The Barroso Lithium Project also has the potential to produce large volumes of feldspar and quartz which is in demand from the large ceramics and glass industries in Portugal and Spain. Sales of these 'co-products' would have the dual benefits of reducing the amount of processed material which the project must store on-site and provide additional revenue which could significantly improve the net production costs of the lithium concentrate.

During 2019 the Group estimated its first co-product resource on the project, based only on pegmatite material located inside the proposed Grandao pit (i.e., wholly within the existing lithium mineral resource model). Hence, this resource is expected to increase further once similar estimates are performed on the NOA, Reservatorio, Pinheiro and Aldeia deposits. Savannah also completed marketing and test work studies during 2019 to confirm the co-products' suitability for various applications within the ceramic and glass industries.

The Barroso Lithium Project's Co-product JORC Mineral Resource Estimate:

JORC Mineral Resource Estimate (September 2019, no lithium cut-off grade applied)						
Deposit	Resource Category	Tonnes (Mt)	Quartz		Feldspar	
			Grade (%)	Mt	Grade (%)	Mt
Grandao	Measured	7.1	32.6	2.32	42.8	3.05
	Indicated	6.3	34.6	2.17	42.6	2.67
	Inferred	1.0	30.9	0.30	40.3	0.39
	Sub-total	14.4	33.4	4.79	42.6	6.11

Rounding discrepancies may occur

Source: September 2019 JORC Resource update RNS

This independent work, completed on separate quartz and feldspar samples and a mixed bulk tail product, confirmed that all three materials were suitable for commercial use. Specifically, the test work showed that both the separate quartz and feldspar products could be used in a variety of applications in both industries such as hotel-ware quality ceramics and container glass while the mixed bulk tail product could be used in ceramic applications, such as vitrification and bone china. Encouragingly, the marketing study confirmed that prices for all the products could be potentially higher (in the range of US\$40-100/t) than had been assumed in the 2018 Scoping Study (US\$39 per tonne for feldspar and US\$33 per tonne for quartz) as summarised below. Furthermore, production of the bulk material would also potentially eliminate approximately US\$15m from the estimated processing plant capex that would otherwise be required to produce separate quartz and feldspar co-products.

⁵ Cautionary Statement: The potential quantity and grade of the Additional Resource Targets is conceptual in nature, there has been insufficient prospecting work to estimate a mineral resource and it is uncertain if further prospecting will result in defining a mineral resource.

BARROSO LITHIUM PROJECT OVERVIEW

Positive Scoping Study completed in 2018

Based on the rapid delineation of an initial JORC Mineral Resource estimate and Exploration Target during late 2017 and early 2018, Savannah commissioned a Scoping Study on the project. This was completed in June 2018 and reported very positive project economics based on a 1.3Mtpa operation producing an average of 175ktpa of spodumene concentrate and associated co-products over an 11-year life.

The Barroso Lithium Project 2018 Scoping Study Key Facts:

Operating Parameters and assumptions	
Mineable resource (June 2018)	14.4Mt at 1.07% Li ₂ O. All open pit. Life of mine strip ratio (waste: ore): 5.2: 1, years 1-4: 1.6:1
Initial life of mine	11 years at 1.3Mtpa throughput rate
Processing route & recovery rate	Crush-grind-Dense Media Separation-flotation (80% recovery)
Concentrate production & spec	175ktpa (minimum), 6% spodumene
Concentrate production as LCE/Lithium Hydroxide Equivalent (net of assumed processing losses in a chemical conversion plant)	~22ktpa; ~25.5ktpa. Sufficient for ~0.5M 60kWh car battery packs per annum
Co-products	Feldspar (~276ktpa), quartz (~173ktpa) for use in the ceramics and other industries
Initial capex	US\$109m (Additional contingency of US\$24.9m, included in financial model)
Sustaining capital & closure costs	US\$17.2m
LoM C1 Cash Operating cost (US\$/t conc)	US\$271/t (US\$210/t average in Years 1-4). Costs include all mining, processing, transport, shipping/freight, corporate, admin, marketing & royalty costs and are net of co-product credits (included in gross revenue).
Financial & economic outcomes	
Pricing assumptions (Average life of mine)	Spodumene concentrate: US\$685/t; Feldspar US\$39/t; Quartz US\$33/t
Gross Revenue (LoM; Avg pa)	US\$1,555m; US\$140m (includes co-product revenue)
EBITDA (LoM, Avg pa)	US\$805m; US\$73m
Pre-tax FCF (LoM; Avg pa)	US\$651m; US\$59m
Net FCF (LoM; Avg pa)	US\$458m; US\$41m
NPV (8% discount rate)	Pre-tax US\$356m; Post-tax US\$241m
IRR	Pre-tax 63.2%; Post-tax 48.6%
Payback	Pre-tax 1.7 years; Post-tax 2.1 years

Source: June 2018 Scoping Study and subsequent company press releases

BARROSO LITHIUM PROJECT OVERVIEW

Definitive Feasibility Study and Environmental Impact Assessment

As a result of the positive Scoping study, Savannah commissioned a Definitive Feasibility study (DFS) and associated Environmental Impact Assessment (EIA)⁶ study on the project in the second half of 2018.

The EIA study, which identifies all the potential environmental and social impacts the Project may have and details how Savannah would monitor and minimise these, was submitted along with a comprehensive 'Mine Plan' for review and approval by the Portuguese Environmental Authority, APA in June 2020. Approval of the EIA is a key part of the overall licencing process for the expanded project, and Savannah expects to receive the project's 'Environmental Impact Declaration' ('DIA') from the regulator in 2022. The DIA award is the first approval in a multi-stage environmental licencing process. Receipt of the DIA would allow the approval process to move on to the subsequent RECAPE and Environmental Licence stages during which approval of the Project's detailed final designs are received ('DCAPE') and the Project's environmental title (Título Único Ambiental, 'TUA') is awarded. These stages are expected to run in parallel. The conditions set by the DIA and the agreement of the Project's final designs in the RECAPE phase will also provide important input parameters for the DFS.

Once the DCAPE declaration has been made and environmental licence received, Savannah will then be able to apply for the remainder of the licences required for the Project's development and operation. These licences cover permissions for construction and use of services on site such as power and water.

Subject to any further COVID-related delays to the outstanding fieldwork required, Savannah expects to complete the DFS no later than 12 months receipt of the DIA. The DFS will draw upon the latest JORC Mineral Resource estimate available as a basis for the project's maiden JORC Reserve estimate and final mine plan. To maximise the reserve tonnage, which can only be drawn from the Measured and Indicated categories (currently 15Mt) of the JORC resource, a programme of infill drilling is planned to upgrade sections of the existing 12Mt Inferred resource. As a result of the c.90% increase in overall resources defined since the 2018 scoping study, the DFS is considering the possibility of increasing the annual throughput rate to 1.5Mtpa resulting in an average annual output of c.200ktpa lithium concentrate.

Developing and commercialising the project

A final investment decision on the project's development will be taken by the Company once the DFS has been completed. Alongside receiving the necessary regulatory approvals and social acceptance of the project, Savannah also needs to secure the capital required to fund the project's construction. The Company expects to obtain the capital it needs from multiple sources including the debt capital markets in the form of a project finance loan, new strategic partners investing directly in the project or Savannah's equity, finance linked to offtake agreements for the project's lithium concentrate, government and/or EU grants or loans, and from the equity capital markets.

⁶ An EIA on the project was submitted and approved alongside the 2006 Mining Lease award, but a new study is required in-line with Savannah's proposed mine and concentrator development

BARROSO LITHIUM PROJECT OVERVIEW

Drillcore from the Grandao orebody:



Source: Company photo

The Barroso Lithium Project – a first for Portugal in the new lithium battery industry

Portugal is already established as Europe's 'largest' lithium producer with approximately 800t produced in 2020. However, all of the country's current lithium production is used in the domestic ceramics and glassware industries, and not in lithium battery production. Significant lithium mineralisation exists in Portugal, including at Barroso Lithium Project, and in 2018 the Portuguese Government announced its 'lithium strategy' to support the development of a new national manufacturing industry to service the growing lithium battery market in Europe.

As part of this strategy, the Portuguese Government has identified eight areas prospective for lithium mineralisation which will be made available for exploration via a public tender process in due course. This follows the publication of strategic environmental assessments on these areas and a public consultation round which was completed in December 2021. As the most advanced lithium development company in the country, Savannah plans to participate in the tender process when it is initiated.

In parallel with its plans to develop its lithium mining industry the government published new legislation relating to mineral deposits in 2021, Decree-Law 30/2021 from 7th May, which sets more demanding standards of environmental sustainability, the sharing of economic benefits with the populations and gives more powers to municipality-level administrators in regard to mineral project development. This new Regulatory Decree is designed to ensure that the exploration and development of mineral deposits complies with the principles of 'green mining'.

BARROSO LITHIUM PROJECT OVERVIEW

Given its own focus on low impact project design and maximising the benefits which can flow from mineral project development to stakeholders, Savannah welcomes this new legislation. The Company is already committed to developing The Barroso Lithium Project in a responsible way and by applying the best international practices that minimise the impact associated with the operation so that the maximum overall environmental benefit is gained from the lithium once it is incorporated into a battery. It also means that Savannah is dedicated to ensuring the best outcomes for the project's stakeholders in terms of social, demographic and economic benefits.

While larger scale lithium mining alone would represent a new industry for Portugal, the government has stated that it wants to develop a domestic lithium industry that goes beyond mining and features downstream stages such as lithium chemical production. Hence, the Barroso Lithium Project must be seen as part of the first phase in the development of a much larger national concern as demonstrated recently by the large lithium chemical production plant proposals announced by two partnerships in December 2021. As a result of these objectives, the Barroso Lithium Project has received strong support at national government level. When lithium production is achieved at the Barroso Lithium Project, Portugal will be placed at the centre of the new European lithium battery supply chain which the European Commission is so keen to establish as part of its efforts to combat climate change while maintaining the region's large automotive industry. The transport sector is the second largest generator of emissions (CO2 equivalent) in the EU behind energy supply, and the transition to mass adoption of zero or low emission vehicles is a key part of the European Commission's target of achieving a net zero carbon economy by 2050.

REPORT OF THE DIRECTORS

The Directors present their report with the Financial Statements of the Company and the Group for the year ended 31 December 2021.

Dividends

The Directors do not recommend the payment of a dividend (2020: £nil).

Events Since the Reporting Date

This information is contained in Note 25 to the Financial Statements.

Directors

The Directors who have held office during the period from 1 January 2021 to the date of this report (unless otherwise stated) are as follows:

David Stuart Archer

Dale John Ferguson

Matthew James Wyatt King

James Gerald Leahy

Imad Kamal Abdul Redha Sultan

Maqbool Ali Sultan

Manohar Pundalik Shenoy¹

Murtadha Ahmed Sultan¹

¹ Alternate Director

Directors' Indemnity

The Group has agreed to indemnify its Directors against third party claims which may be brought against them and has in place a Directors and Officers' insurance policy.

Financial Instruments Risk

This information is contained in Note 18 to the Financial Statements.

Future Development

This information is contained in the Chairman's Statement and the Chief Executive's Report.

Going Concern

This information is contained in the Strategic Report in the Key Financial Performance Indicators and Milestones section.

Streamlined Energy & Carbon Reporting ('SECR')

The Group does not meet the SECR requirements and therefore is not required to perform this reporting.

Statement as to Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors

The auditors, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

REPORT OF THE DIRECTORS

The Directors' beneficial interests (including the beneficial interests of their immediate family) in the ordinary shares of the Company are as follows:

	No. of shares held at 31 December 2021	No. of shares held at 31 December 2020
David Stuart Archer	40,656,649	39,756,649
Dale John Ferguson	49,581,604 ²	49,581,604 ²
James Gerald Leahy	1,150,000	1,150,000
Matthew James Wyatt King	2,916,528	2,604,028
Imad Kamal Abdul Redha Sultan ¹	–	–
Maqbool Ali Sultan ¹	–	–
Manohar Pundalik Shenoy ¹	5,809,524	5,809,524
Murtadha Ahmed A Sultan ¹	–	–

¹ The Directors indicated are representatives of Al Marjan Ltd which held 268,262,589 shares at the reporting date (2020: 268,262,589 shares).

² 45,993,750 shares (2020: 45,993,750 shares) held indirectly through Slipstream Resources Investments Pty Ltd.

Details of Directors' remuneration are disclosed in Note 3.

Details of Directors' interests in Share Options and Investor Warrants are disclosed in Note 23.

Substantial Shareholding

At the date of this report the Company has been notified or is aware of the following interest in the shares of the Company of 3% or more of the Company's total issued Share Capital¹:

Name of Shareholder	No. of shares	%
Al Marjan Ltd (Directors ²)	268,262,589	15.88%
Slipstream Resources Investments Pty Ltd	147,180,000	8.71%

¹ Except those exempts under DTR 5.1.5 regulation.

² Two Directors are representatives of Al Marjan.

On behalf of the Board:

David Archer

Chief Executive Officer

Date: 5 April 2022

CORPORATE GOVERNANCE STATEMENT

The Company strives to ensure that its corporate governance policies and procedures which are in place across the Group are of a high standard. The Board acknowledges the importance of good corporate governance and in light of the Group's size and rate of progression, decided to adopt the provisions of the QCA Corporate Governance Code in September 2018 ("the Code").

The Corporate Governance Statement in relation to the principles of the QCA Corporate Governance Code is provided on the Company website at <http://www.savannahresources.com/investor-relations/corporate-governance/>.

The Code is described as a practical, outcome orientated approach to corporate governance that is tailored for small and mid-size companies. It is a valuable reference for growing companies wishing to follow good governance practice. The Company has adopted the Code because it allows it to take a flexible yet adequate approach to corporate governance, ensuring that the Company places the right people in the right roles and to ensure that right things are being done to deliver value for all its stakeholders.

Following the appointment to the Board of James Leahy as an independent non-executive Director in November 2018, the Company's Chairman relinquished his roles as Chairman of the Remuneration Committee and Chairman of the Audit and Risk Committee, and subsequently left both Committees, thus strengthening the independence of those Committees from the Board itself.

In February 2021, the Company established a Nominations Committee, prior to that the Board itself was responsible for the matters falling under the responsibility of this Committee, and on an annual basis had reviewed the need for a Nominations Committee. The rationale for the creation of the Committee is to reflect the Company's growing maturity and its planned transition from explorer / developer into mine operator.

The Board of Directors

The Board comprises of two executive Directors, four non-executive Directors and two alternate Directors. Ordinarily, the Board formally meets approximately every quarter, however owing to the unique challenges and opportunities presented in 2021 the Board met more regularly to focus on priority matters. The Board is responsible for setting and monitoring group strategy,

reviewing budgets and financial performance, ensuring adequate funding, examining major portfolio management matters, formulating policy on key issues and reporting to the shareholders.

Internal Financial Control

The Board is responsible for establishing and maintaining the Group's system of internal financial controls. Internal financial control systems are designed to meet the particular needs of the Group and the risk to which it is exposed, and by its very nature can provide reasonable, but not absolute, assurance against material misstatement or loss. The Directors continue to review the effectiveness of the procedures presently in place to ensure that they are appropriate to the nature and scale of the operations of the Group.

The Audit and Risk Committee

The Audit and Risk Committee comprises one non-executive Director and one alternate Director – James Leahy (who chairs the Committee), and Manohar Shenoy.

The Committee's key responsibilities with respect to audit are for ensuring that the financial performance of the Group is properly reported on and monitored, and for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal controls. It also reviews the Group's annual and interim Financial Statements before submission to the Board for approval.

The Committee's key responsibilities with respect to risk are supporting the Board in its assessment of enterprise risk and the determination of risk appetite as part of the overall setting of strategy for the Group. It also assists the Board in its oversight of the Group's risk management framework including monitoring its effectiveness. The Group operates a Risk Register, with the intention of allowing risks to be identified, tracked and addressed in order to mitigate any potential damage to the Group or its businesses. The Committee facilitates the management of the Risk Register, in conjunction with the Board, senior managers and appropriate professional advisers. The Committee also reviews any items reported under the Company's Code of Conduct and whistleblowing procedure.

The Remuneration Committee

The Remuneration Committee comprises one non-executive Director and one alternate Director – James Leahy (who chairs the Committee) and Manohar Shenoy. It is responsible for reviewing the performance

CORPORATE GOVERNANCE STATEMENT

of the executive Directors and for setting the scale and structure of their remuneration, paying due regard to the interests of shareholders as a whole and the performance of the Group. The remuneration of the Chairman and any non-executive Director is determined by the Board as a whole, based on a review of the current practices in other companies.

AIM Rule Compliance Committee

The AIM Rule Compliance Committee comprises one non-executive and one executive Director – Matthew King (who chairs the Committee) and David Archer, the CEO. It is responsible for ensuring that resources and procedures are in place to ensure the Company is at all times in compliance with the AIM Rules for Companies and the Market Abuse Regulations. The Committee is responsible for the Company's Corporate Governance Code management. The Committee is also responsible for ensuring that the executive Directors and Management are communicating effectively with the Company's Nominated Adviser.

Furthermore, the Committee is responsible for monitoring the Company's compliance with the Market Abuse Regulations.

Nominations Committee

The Nominations Committee, established in February 2021, comprises two non-executive Directors – Matthew King (who chairs the Committee) and Imad Sultan. It is responsible for reviewing the structure, size, and composition of the Board of Directors, giving consideration to succession planning for Directors and senior executives, and identifying and nominating candidates for the approval of the Board as required. It is also responsible for monitoring the performance of the Board of Directors.

Anti-Bribery and Corruption

It is the Group's policy to conduct business in an honest way, and without the use of corrupt practices or acts of bribery to obtain an unfair advantage in line with the UK Bribery Act 2010. The Group takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates and implementing and enforcing effective systems to counter bribery.

The necessary controls and procedures required in order to comply with the UK Bribery Act 2010 were updated by the Board in 2021 and will continue to be monitored for appropriateness and effectiveness.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Report of the Directors and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors are required to prepare the Group and Company Financial Statements in accordance with UK adopted international accounting standards. Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website Publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website (www.savannahresources.com) in accordance with legislation in the United Kingdom

governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Savannah Resources Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Assessing the reasonableness of Directors' forecast expenditure for a period of at least twelve months from the date of approval of the financial statements by reference to Directors' budgeted activity and actual expenditure in 2021.
- Agreeing the current cash resources to supporting documentation.
- Obtaining and reviewing management's downside sensitivity analysis which included modelling the impacts of increasing forecast costs and/or delaying approval of the mining licence and confirming that liquidity is maintained under such scenarios.
- We considered the mitigating actions available to management, which included deferring uncommitted capital expenditure on the Portugal Lithium Project, and confirmed that these are reasonable and within management's control.
- Reviewing the adequacy of the disclosures within the financial statements in respect of going concern in respect of the key judgements made by the Directors.

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	100% (2020:100%) of Group profit before tax 100% (2020: 99%) of Group total assets		
Key audit matters	2021	2020	
	Carrying value of Exploration and Evaluation assets	✓	✓
	Going concern	x	✓
	Following receipt of funds from the relinquishment of the Group's Mozambique project and the equity fund raise carried out in 2021, going concern is no longer considered to be a key audit matter.		
Materiality	Group financial statements as a whole £430,000 (2020: £320,000) based on 1.5% (2020: 1.5%) of total assets		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Our Group audit scope focused on the Group's principal operating location being the Mina do Barroso lithium project in Portugal held in Savannah Lithium Unipessoal Lda, and the Parent Company, both of which were subject to full scope audits. These represent the significant components of the Group.

The remaining components of the Group were considered non-significant and these components were principally subject to analytical review procedures by the Group Engagement team, together with additional substantive testing over UK components subject to a statutory audit where applicable.

BDO LLP performed the audit of the Parent Company and the Portuguese component, Savannah Lithium Unipessoal Lda, was audited by a BDO network member firm in Portugal.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Detailed Group reporting instructions were sent to the component auditor, which included the significant areas to be covered by the audit (including areas that were considered to be key audit matters as detailed below), and set out the information required to be reported to the Group audit team.

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

- The Group audit team was actively involved in the direction of the audits performed by the component auditor for the Group reporting purposes along with the consideration of findings and determination of conclusions drawn.
- The Group audit team reviewed the component auditor's work papers remotely, including review of group reporting documents, attended clearance meetings virtually for the significant component and engaged with the component auditor regularly during their fieldwork and completion phases.
- The Group audit team performed additional procedures in respect of the significant risk areas that represented Key Audit Matters in addition to the procedures performed by the component auditor.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Carrying value of the Exploration and Evaluation Assets (note 1 and 8)

The Group now holds one exploration and evaluation asset being the lithium project in Portugal. Accounting standards require Management to carry out an assessment at least annually for any indicators of impairment. This requires significant management judgements, which are explained in the section on key judgements relating to Exploration and Evaluation assets in note 1 to the financial statements, and we therefore considered this to be a key audit matter.

How the scope of our audit addressed the key audit matter

Management's impairment indicator review indicated that no impairment charge was required.

We reviewed and challenged Management's assessment of the indicators of impairment, which was prepared in accordance with the requirements of IFRS 6, Exploration for and Evaluation of Mineral Resources, by performing the following procedures:

- We agreed management's assessment to third party supporting documentation, including:
 - Technical data relating to mineral resources
 - Scoping studies where available
 - Exploration and mining licence permits
- We read the key licence agreements and confirmed that the Group has contractual rights for exploration in the licence areas. We assessed and obtained evidence regarding the commitments and obligations associated with the licences and read correspondence with local authorities to determine compliance with the licences.
- We reviewed Management's plans and budgets to establish whether the Group is committed to the development of the projects and that substantive expenditure on further exploration for and evaluation of mineral resources in the area is budgeted and planned.
- We considered whether the asset would be commercially viable with reference to the finalised process flowsheet and future lithium prices as per forecasts by Consensus Economics.
- We reviewed RNS announcements, minutes from the meetings of Directors and press releases to check whether there were any other potential impairment indicators.

Key observations:

We consider the judgements made in the assessment of the impairment indicators assessment of Exploration and Evaluation Assets prepared by Management to be reasonable.

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Materiality	430	320	340	270
Basis for determining materiality	1.5% of total assets	1.5% of total assets	79% of Group materiality	84% of Group materiality
Rationale for the benchmark applied	We consider total assets to be the most significant determinant of the Group's financial performance for users of the financial statements as the Group continues to bring its mining assets through to production.		Calculated as a percentage of Group materiality for Group reporting purposes given the assessment of aggregation risk	
Performance materiality	322	240	255	202
Basis for determining performance materiality	75% of Group materiality considering the nature of activities and historic value of audit adjustments.		75% of Group materiality considering the nature of activities and historic value of audit adjustments.	

Component materiality

We set materiality for each component of the Group based on a percentage of between 64% and 81% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £270,000 to £340,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £8,600 (2020: £6,400). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Report of the Directors' have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Report of the Directors'.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Holding discussions with management and the audit committee to understand the laws and regulations relevant to the Group and Parent Company. These included elements of financial reporting framework,

Companies Act 2006, tax legislation and environmental regulations in the UK, Portugal and Mozambique;

- Holding discussions with management and the audit committee and considering any known or suspected instances of non-compliance with laws and regulations or fraud identified by them;
- Assessing the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. In addressing the risk of fraud including the management override of controls, we tested the appropriateness of journal entries made throughout the year by applying specific criteria such as unusual account combinations, performing a detailed review of the Group's year end adjusting entries and investigating any that appear unusual as to nature or amount;
- Assessing whether the judgements made in accounting estimates were indicative of a potential bias (refer to Carrying value of the Exploration and Evaluation Assets KAM);
- Reviewing minutes from board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations;
- Communicating relevant identified laws and regulations and potential fraud risks to all engagement team members and remaining alert to any indications of fraud or non-compliance with laws and regulations throughout the audit; and
- Directing the component auditor to ensure an assessment is performed on the extent of the components compliance with the relevant local and regulatory framework.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Acloque (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London

Date: 5 April 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Notes	2021 £	2020* £
CONTINUING OPERATIONS			
Revenue		–	–
Other Income		–	26,099
Administrative Expenses		(3,305,649)	(2,595,738)
Foreign exchange (loss)/gain		(213,088)	37,580
OPERATING LOSS		(3,518,737)	(2,532,059)
Finance Income		671	4,819
Finance Costs		(139)	(765)
LOSS FROM CONTINUING OPERATIONS BEFORE AND AFTER TAX	4	(3,518,205)	(2,528,005)
GAIN/(LOSS) ON DISCONTINUED OPERATIONS BEFORE AND AFTER TAX	24	2,371	(5,797,753)
LOSS BEFORE AND AFTER TAX ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT		(3,515,834)	(8,325,758)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Net change in Fair Value Through Other Comprehensive Income of Equity Investments		82,006	320,151
Items that will or may be reclassified to profit or loss:			
Exchange Losses arising on translation of foreign operations		154,815	(163,284)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		236,821	156,867
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT		(3,279,013)	(8,168,891)
Loss per share attributable to equity owners of the parent expressed in pence per share:			
Basic and diluted			
From Operations	7	(0.22)	(0.62)
From Continued Operations	7	(0.22)	(0.19)
From Discontinued Operations	7	0.00	(0.43)

* The disclosures as at 31 December 2020 have been re-presented so that the operations that are discontinued at the end of the 2021 financial year are classified as discontinued.

The notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Notes	2021 £	2020 £
ASSETS			
NON-CURRENT ASSETS			
Intangible Assets	8	14,137,817	17,246,222
Right-of-Use Assets	21	5,390	21,709
Other Intangible Assets		–	6,682
Property, Plant and Equipment	9	676,536	973,528
Other Non-Current Assets	15	69,542	73,530
Bank Deposits	15	–	590,175
TOTAL NON-CURRENT ASSETS		14,889,285	18,911,846
CURRENT ASSETS			
Equity instruments at FVTOCI	11	31,575	606,245
Trade and Other Receivables	13	962,058	194,301
Other Current Assets	15	19,300	13,670
Cash and Cash Equivalents	14	13,002,084	2,000,209
TOTAL CURRENT ASSETS		14,015,017	2,814,425
TOTAL ASSETS		28,904,302	21,726,271
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share Capital	16	16,889,598	14,309,910
Share Premium		41,693,178	34,474,884
Merger Reserve		6,683,000	6,683,000
Foreign Currency Reserve		(38,726)	(193,541)
Warrant Reserve	23	–	12,157
Share Based Payment Reserve	23	305,095	393,865
FVTOCI Reserve		(21,437)	276,712
Retained Earnings		(38,284,665)	(35,450,713)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		27,226,043	20,506,274
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease Liabilities	21	–	1,130
TOTAL NON-CURRENT LIABILITIES		–	1,130
CURRENT LIABILITIES			
Lease Liabilities	21	1,132	11,608
Trade and Other Payables	17	1,677,127	1,207,259
TOTAL CURRENT LIABILITIES		1,678,259	1,218,867
TOTAL LIABILITIES		1,678,259	1,219,997
TOTAL EQUITY AND LIABILITIES		28,904,302	21,726,271

The Financial Statements were approved and authorised for issue by the Board of Directors on 5 April 2022 and were signed on its behalf by:

David Archer

Chief Executive Officer

Company number: 07307107

The notes form part of these Financial Statements.

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

ASSETS	Notes	2021 £	2020 £
NON-CURRENT ASSETS			
Investments in Subsidiaries	10	333,831	621,582
Other Intangible Asset		–	5,948
Other Receivables	13	26,184,402	32,995,016
Other Non-Current Assets	15	6,776	6,776
TOTAL NON-CURRENT ASSETS		26,525,009	33,629,322
CURRENT ASSETS			
Equity instruments at FVTOCI	11	31,575	604,136
Trade and Other Receivables	13	207,129	47,908
Cash and Cash Equivalents	14	11,085,944	1,237,876
TOTAL CURRENT ASSETS		11,324,648	1,889,920
TOTAL ASSETS		37,849,657	35,519,242
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share Capital	16	16,889,598	14,309,910
Share Premium		41,693,178	34,474,884
Merger Reserve		6,683,000	6,683,000
Warrant Reserve	23	–	12,157
Share Based Payment Reserve	23	305,095	393,865
FVTOCI Reserve		(21,437)	276,712
Retained Earnings		(28,707,640)	(21,455,793)
TOTAL EQUITY		36,841,794	34,694,735
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	17	1,007,863	824,507
TOTAL LIABILITIES		1,007,863	824,507
TOTAL EQUITY AND LIABILITIES		37,849,657	35,519,242

The Company total comprehensive loss for the financial year was £7,851,723 (2020: £4,833,165) (Note 6).

The Financial Statements were approved and authorised for issue by the Board of Directors on 5 April 2022 and were signed on its behalf by:

David Archer

Chief Executive Officer

Company number: 07307107

The notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Share Capital £	Share Premium £	Merger Reserve £	Foreign Currency Reserve £	Warrant Reserve £	Share Based Payment Reserve £	FVTOCI Reserve £	Retained Earnings £	Total Equity £
At 1 January 2020	12,974,598	33,511,787	6,683,000	(30,257)	975,679	410,121	(43,439)	(28,163,712)	26,317,777
Loss for the year	-	-	-	-	-	-	-	(8,325,758)	(8,325,758)
Other Comprehensive Income	-	-	-	(163,284)	-	-	320,151	-	156,867
Total Comprehensive Income for the year	-	-	-	(163,284)	-	-	320,151	(8,325,758)	(8,168,891)
Issue of share capital (net of expenses)	1,300,113	920,537	-	-	-	-	-	-	2,220,650
Shares issued in lieu	20,199	16,160	-	-	-	-	-	-	36,359
Share based payment charges	-	-	-	-	-	58,979	-	-	58,979
Exercise of options	15,000	26,400	-	-	-	(16,650)	-	16,650	41,400
Lapse of options	-	-	-	-	-	(58,585)	-	58,585	-
Lapse of warrants	-	-	-	-	(963,522)	-	-	963,522	-
At 31 December 2020	14,309,910	34,474,884	6,683,000	(193,541)	12,157	393,865	276,712	(35,450,713)	20,506,274
Loss for the year	-	-	-	-	-	-	-	(3,515,834)	(3,515,834)
Other Comprehensive Income	-	-	-	154,815	-	-	82,006	-	236,821
Total Comprehensive Income for the year	-	-	-	154,815	-	-	82,006	(3,515,834)	(3,279,013)
Issue of share capital (net of expenses) (Note 16)	2,579,688	7,218,294	-	-	-	-	-	-	9,797,982
Share based payment charges	-	-	-	-	-	200,800	-	-	200,800
Lapse of options	-	-	-	-	-	(289,570)	-	289,570	-
Lapse of warrants	-	-	-	-	(12,157)	-	-	12,157	-
Disposal of FVTOCI investments	-	-	-	-	-	-	(380,155)	380,155	-
At 31 December 2021	16,889,598	41,693,178	6,683,000	(38,726)	-	305,095	(21,437)	(38,284,665)	27,226,043

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	Description and purpose
Share Capital	Amounts subscribed for share capital at nominal value.
Share Premium	Amounts subscribed for share capital in excess of nominal value less costs of fundraising.
Merger Reserve	Amounts subscribed for share capital in excess of nominal value in respect of the consideration paid in an acquisition arrangement, when the issuing company takes its interest in another company from below 90% to 90% or above equity holding.
Foreign Currency Reserve	Gains/losses arising on retranslating the net assets of group operations into Pound Sterling.
Warrant Reserve	Fair value of the warrants issued.
Share Based Payment Reserve	Represents the accumulated balance of share based payment charges recognised in respect of asset acquired and share options granted by Savannah Resources Plc, less transfers to retained losses in respect of options exercised, lapsed and forfeited.
FVTOCI Reserve	Cumulative changes in fair value of equity investments classified at fair value through other comprehensive income (FVTOCI).
Retained Earnings	Cumulative net gains and losses recognised in the Consolidated Statement of Comprehensive Income and other transactions recognised directly in Retained Earnings.

The notes form part of these Financial Statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Share Capital £	Share Premium £	Merger Reserve £	Warrant Reserve £	Share Based Payment Reserve £	FVTOCI Reserve £	Retained Earnings £	Total Equity £
At 1 January 2020	12,974,598	33,511,787	6,683,000	975,679	410,121	(43,439)	(17,341,234)	37,170,512
Loss for the year	–	–	–	–	–	–	(5,153,316)	(5,153,316)
Other Comprehensive Income	–	–	–	–	–	320,151	–	320,151
Total Comprehensive Income for the year	–	–	–	–	–	320,151	(5,153,316)	(4,833,165)
Issue of share capital (net of expenses)	1,300,113	920,537	–	–	–	–	–	2,220,650
Shares issued in lieu	20,199	16,160	–	–	–	–	–	36,359
Share based payment charges	–	–	–	–	58,979	–	–	58,979
Exercise of options	15,000	26,400	–	–	(16,650)	–	16,650	41,400
Lapse of options	–	–	–	–	(58,585)	–	58,585	–
Lapse of warrants	–	–	–	(963,522)	–	–	963,522	–
At 31 December 2020	14,309,910	34,474,884	6,683,000	12,157	393,865	276,712	(21,455,793)	34,694,735
Loss for the year	–	–	–	–	–	–	(7,933,729)	(7,933,729)
Other Comprehensive Income	–	–	–	–	–	82,006	–	82,006
Total Comprehensive Income for the year	–	–	–	–	–	82,006	(7,933,729)	(7,851,723)
Issue of share capital (net of expenses) (Note 16)	2,579,688	7,218,294	–	–	–	–	–	9,797,982
Share based payment charges	–	–	–	–	200,800	–	–	200,800
Lapse of options	–	–	–	–	(289,570)	–	289,570	–
Lapse of warrants	–	–	–	(12,157)	–	–	12,157	–
Disposal of FVTOCI investments	–	–	–	–	–	(380,155)	380,155	–
At 31 December 2021	16,889,598	41,693,178	6,683,000	–	305,095	(21,437)	(28,707,640)	36,841,794

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	Description and purpose
Share Capital	Amounts subscribed for share capital at nominal value.
Share Premium	Amounts subscribed for share capital in excess of nominal value less costs of fundraising.
Merger Reserve	Amounts subscribed for share capital in excess of nominal value in respect of the consideration paid in an acquisition arrangement, when the issuing company takes its interest in another company from below 90% to 90% or above equity holding.
Warrant Reserve	Fair value of the warrants issued.
Share Based Payment Reserve	Represents the accumulated balance of share based payment charges recognised in respect of asset acquired and share options granted by Savannah Resources Plc, less transfers to retained losses in respect of options exercised, lapsed and forfeited.
FVTOCI Reserve	Cumulative changes in fair value of equity investments classified at fair value through other comprehensive income (FVTOCI).
Retained Earnings	Cumulative net gains and losses recognised in the Consolidated Statement of Comprehensive Income and other transactions recognised directly in Retained Earnings.

The notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	Notes	2021 £	2020 £
Cash flows used in operating activities			
Loss for the year		(3,515,834)	(8,325,758)
Depreciation and amortisation charges	9,21	35,369	44,663
Impairment of other assets		5,948	–
Share based payment charge	4,23	200,800	58,979
Shares issued in lieu of payments to suppliers	16	–	36,359
Finance income		(671)	(38,747)
Finance expense		139	765
Exchange losses / (gains)	4	213,088	(37,580)
Loss on sale of discontinued operations		–	5,373,633
Gain on relinquishment of the rights and obligations of discontinued operations	24	(627,078)	–
Cash flow used in operating activities before changes in working capital			
		(3,688,239)	(2,887,686)
(Increase) /Decrease in trade and other receivables		(267,267)	176,312
Increase in trade and other payables		451,801	443,541
Net cash used in operating activities			
		(3,503,705)	(2,267,833)
Cash flow used in investing activities			
Purchase of intangible exploration assets	8	(1,603,208)	(1,577,532)
Purchase of right-to-use assets	21	(798)	–
Purchase of tangible fixed assets	9	(633,090)	(2,721)
Proceeds from sale of investments	11	654,347	3,272
Bank deposits for mining licences		–	57,319
Interest received		671	38,747
Proceeds from sale of discontinued operations		–	27,543
Proceeds from relinquishment of the rights and obligations of discontinued operations	24	6,506,852	–
Net cash from/(used in) investing activities			
		4,924,774	(1,453,372)
Cash flow from financing activities			
Proceeds from issues of ordinary shares (net of expenses)	16	9,797,982	2,220,650
Proceeds from exercise of share options	16	–	41,400
Principal paid on lease liabilities	21	(11,607)	(18,310)
Interest paid on lease liabilities	21	(139)	(765)
Net cash from financing activities			
		9,786,236	2,242,975
Increase/(Decrease) in Cash and Cash Equivalents			
		11,207,305	(1,478,230)
Cash and Cash Equivalents at beginning of year			
	14	2,000,209	3,484,781
Exchange losses on cash and cash equivalents		(205,430)	(6,342)
Cash and Cash Equivalents at end of year			
	14	13,002,084	2,000,209

The notes form part of these Financial Statements.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	Notes	2021 £	2020 £
Cash flows used in operating activities			
Loss for the year		(7,933,729)	(5,153,316)
Impairment of financial assets	13	39,215	(404,684)
Impairment of other assets		5,948	–
Share based payment reserve charge	4,23	200,800	58,979
Shares issued in lieu of payments to suppliers	16	–	36,359
Finance income		(671)	(4,819)
Exchange losses / (gains)		1,756,702	(1,289,781)
Loss on sale of subsidiaries		–	5,438,172
Loss on relinquishment of the rights and obligations of discontinued operations		4,439,229	–
Cash flow used in operating activities before changes in working capital		(1,492,506)	(1,319,090)
(Increase)/Decrease in trade and other receivables		(181,160)	258,071
Increase in trade and other payables		34,184	439,527
Net cash used in operating activities		(1,639,482)	(621,492)
Cash flow used in investing activities			
Investment in subsidiaries		–	(36,180)
Loans to subsidiaries		(4,784,700)	(3,658,442)
Proceeds from repayment of loans to subsidiaries		6,014,021	–
Proceeds from sale of investments	11	654,347	–
Proceeds from sale of subsidiaries		–	27,543
Interest received		671	4,819
Net cash from/(used in) investing activities		1,884,339	(3,662,260)
Cash flow from financing activities			
Proceeds from issues of ordinary shares (net of expenses)	16	9,797,982	2,220,650
Proceeds from exercise of share options	16	–	41,400
Net cash from financing activities		9,797,982	2,262,050
Increase/(Decrease) in Cash and Cash Equivalents		10,042,839	(2,021,702)
Cash and Cash Equivalents at beginning of year	14	1,237,876	3,277,943
Exchange losses on cash and cash equivalents		(194,771)	(18,365)
Cash and Cash Equivalents at end of year	14	11,085,944	1,237,876

The notes form part of these Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. ACCOUNTING POLICIES

Basis of Preparation

These Consolidated Financial Statements and the Company Financial Statements have been prepared in accordance with UK adopted international accounting standards. The Consolidated Financial Statements and the Company Financial Statements have been prepared under the historical cost convention with the exception of FVTOCI investments.

Presentational and Functional Currency

The functional currency of the Company is Pound Sterling. Each entity in the Group determines its own functional currency and items included in the Financial Statements of each entity are measured using that functional currency. The presentational currency of the Group is Pound Sterling.

Going Concern

In common with many mineral exploration companies, the Company has raised equity finance to fund its activities. The Group had cash balance of £13m at 31 December 2021.

The Directors have reviewed the cash-flow projection for the Group and concluded that it has sufficient finance in place to meet its financial commitments for at least 12 months from the date of approval of the financial statements.

In forming their view, the directors have considered the impacts of COVID-19 related restrictions and potential future delays on the work schedule. Whilst the potential future impacts are unknown, the Board has considered the effect that additional delays in the work schedule could have on the Group's available cash resources. Similarly, the Directors also considered the impact of the conflict in Ukraine and its potential impacts, which is likely to accelerate the EU's move to renewable energy sources and away from carbon fuels, assisting the ongoing transition to EVs and the related need for lithium. Having factored in reasonably plausible scenarios and reasonable mitigating actions (for example, the ability to reduce its uncommitted future expenditure), the directors consider sufficient cash balance are maintained under each scenario and that the Company will be able to meet its obligations as they fall due.

Accordingly, the Directors have concluded that these circumstances form a reasonable expectation that the Group has adequate resources to continue in operational existence, for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Basis of Consolidation

Where the company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The Group accounts consolidate the accounts of Savannah Resources Plc and its domestic and foreign subsidiaries, refer to Note 10. The foreign subsidiaries have been consolidated in accordance with IFRS 10 "Consolidated Financial Statements" and IAS 21 "The effects of Foreign Exchange Rates".

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. ACCOUNTING POLICIES continued

Equity Investments

Equity investments, excluding subsidiaries, are classified at fair value through other comprehensive income (FVTOCI). They are carried at fair value with changes in fair value recognised in Other Comprehensive Income and accumulated in the Fair Value Through Other Comprehensive Income Reserve. Upon disposal any balance within Fair Value Through Other Comprehensive Income Reserve is reclassified directly to Retained Earnings and is not reclassified to the Statement of Comprehensive Income.

All equity investments, excluding subsidiaries, held are quoted and traded in an active market. The change in market value represents the fair value of shares held at the reporting date less the cost or fair value at the start of the financial year.

An impairment is recognised for equity investments where there is a significant and sustained decrease in the market value of the investment.

Investments in Subsidiaries and Associates

Investments in subsidiaries, associates and jointly controlled entities are accounted for at cost within the individual accounts of the parent company. These investments are classified as Non-Current Assets on the Statement of Financial Position of the parent company.

Foreign Currencies

Transactions in foreign currencies are initially recorded in the functional currency by applying spot exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

The income statements of individual group companies with functional currencies other than Pound Sterling are translated into Pound Sterling at the average rate for the period, on the basis the average rate is a reasonable approximation of the spot rates throughout the year, and the Statement of Financial Position translated at the rate of exchange ruling on the reporting date. Exchange differences which arise from retranslation of the opening net assets and results of such subsidiary undertakings are taken to equity ("Foreign Currency Reserve").

On disposal of such entities, the deferred cumulative amount recognised in equity relating to that particular operation is transferred to the Consolidated Statement of Comprehensive Income as part of the profit or loss on disposal.

Intangible Assets

Exploration and Evaluation Assets

Once an exploration licence or an option to acquire an exploration licence has been obtained, all costs associated with mineral property development and investments are capitalised on a project-by-project basis pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If a mining property development project is successful, the related expenditures will be transferred to Property, Plant and Equipment and subsequently amortised over the estimated life of the commercial ore reserves on a unit of production basis. Where a licence is relinquished, a project is abandoned, or is considered to be of no further commercial value to the Group, the related costs will be written off.

Unevaluated mineral properties are assessed annually at reporting date for indicators of impairment in accordance with IFRS 6. For the purposes of assessing indicators of impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units) as disclosed in Note 8.

If commercial reserves are developed, the related deferred development and exploration costs are then reclassified as development and production assets within Property, Plant and Equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. ACCOUNTING POLICIES continued

Acquisitions of Mineral Exploration Licences

Acquisitions of Mineral Exploration Licences through acquisition of non-operational corporate structures that do not represent a business, and therefore do not meet the definition of a business combination, are accounted for as the acquisition of an asset. Related future cash consideration is contingent and is not recognised as an asset or liability.

Property, Plant and Equipment

Tangible non-current assets used in exploration and evaluation are classified within Tangible Non-Current Assets as Property, Plant and Equipment. To the extent that such tangible assets are consumed in exploration and evaluation the amount reflecting that consumption is recorded as part of the cost of the intangible asset.

Depreciation is provided on all items of Property, Plant and Equipment in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant & Machinery	4 – 10 years
Office Equipment	1 – 4 years
Motor Vehicles	4 years

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets

Trade and Other Receivables

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Under IFRS 9, impairment provisions are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

There is no significant difference between carrying value and fair value of trade and other receivables.

Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash in hand and balances held with banks. Cash equivalents are short term, highly liquid accounts that are readily converted to known amounts of cash.

Bank Deposits

Bank Deposits represents deposits that are not expected to be converted into cash within less than a year and therefore are classified as Non-Current Assets. Bank Deposits are measured at cost, less any impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. ACCOUNTING POLICIES continued

Guarantees

Guarantees represents deposits held as security required by the local mining / environmental authorities in relation to exploration / mining licences and applications thereof. They are not expected to be converted into cash within less than a year and therefore are classified as Other Non-Current Assets and considered restricted assets. Guarantees are measured at cost, less any impairment.

Financial Liabilities

Other Liabilities

Other liabilities consist of loan and borrowings and trade and other payables, which are initially recognised at fair value and subsequently carried at amortised cost, using the effective interest method.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or has expired. When a financial liability is derecognised, the cumulative gain or loss in equity (if any) is transferred to the Consolidated Statement of Comprehensive Income.

There is no significant difference between the carrying value and fair value of other liabilities.

Taxation

Current taxes are based on the results shown in the Financial Statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which timing differences can be utilised.

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. ACCOUNTING POLICIES continued

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Amounts payable for leases covered by the short-term exemption are charged to the income statement on a straight-line basis over the term of the relevant lease.

Share-Based Payments

Where equity settled share options are awarded to Directors and employees, the fair value of the options at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the change in the fair value of the options, measured immediately before and after the modification, is also charged to the Consolidated Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees for goods and services received, the fair value of goods and services received is recognised in either the Statement of Comprehensive Income or the Statement of Financial Position in accordance with the Group's relevant accounting policies. Where it is not possible to reliably value the goods or services received, the fair value is measured by valuing the equity instruments granted using an option pricing model. The probability of non-vesting conditions being satisfied are included in the fair value recognised at the measurement date.

On lapse of the share options and warrants the cumulative fair value registered in the Share Based Payment Reserve and Warrant Reserve respectively is transferred to Retained Earnings.

Joint Arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either: (a) Joint ventures: where the Group has rights to only the net assets of the joint arrangement; (b) Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers: (a) The structure of the joint arrangement; (b) The legal form of joint arrangements structured through a separate vehicle; (c) The contractual terms of the joint arrangement agreement; and (d) Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. ACCOUNTING POLICIES continued

Non-Current Assets Held for Sale and Discontinued Operations

Non-Current Assets Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Discontinued Operations

The results of operations disposed during the year are included in the Consolidated Statement of Comprehensive Income up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the Consolidated Statement of Comprehensive Income as a single line which comprises the Post-Tax Profit or Loss of the discontinued operation along with the Post-Tax Gain or Loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

Contingent Consideration

The Group measures Contingent Consideration at the date of disposal at fair value and recognises the relevant financial asset. The Group measures the Contingent Consideration at fair value at each reporting date and changes in fair value are recognised in profit and loss.

Key Accounting Estimates and Judgements

The preparation of financial information in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial information and the reported amounts of expenses during the reporting periods. Although these estimates are based on Management's best knowledge of the amounts, event or actions, actual results ultimately may differ from those estimates.

The key judgements are set out below:

(a) Going concern

In determining the Group's ability to continue as a going concern the Directors consider a number of factors including cashflow forecasts prepared by Management. The detail of these factors are set out in Note 1 Going Concern heading.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. ACCOUNTING POLICIES continued

(b) *Exploration and evaluation costs*

The Group has to apply judgement in determining whether exploration and evaluation expenditure should be capitalised within intangible assets as exploration and evaluation costs or expensed. The Group has a policy of capitalising all costs which relate directly to exploration and evaluation costs (as set out above). The total value of exploration and evaluation costs capitalised as at each of the reporting dates is set out in Note 8. When the Group has applied for exploration and mining licences and these have not been granted at the reporting date the Management apply judgement in determining if this should be considered as an impairment indicator. Management takes into account historic information about the timing of granting licences by the relevant ministers and governments, and the information provided by the Group's local teams based on communications with these bodies.

(c) *Carrying value of Exploration and Evaluation Assets*

The Group assesses at each reporting period whether there is any indication that these assets may be impaired. If such indication exists, the Group estimates the recoverable amount of the asset. In the early stages of exploration an indication of impairment may arise from drilling and assay results or from Management's decision to terminate the project. Further details are set out in Note 8.

(d) *Impairment of Amounts due from Subsidiaries*

When applying the expected credit loss model under IFRS 9 Management apply judgement to evaluate if there was a significant increase in the credit risk of the loans since initial recognition to determine the stage of these loans to conclude if need to be calculated the 12-months expected credit losses or the lifetime expected credit losses. To calculate the expected credit losses Management apply judgement to define several scenarios and their likelihood with the expected cash flows associated to the recovery of the loans, which are compared with the present value of the loans to calculate the expected credit losses.

(e) *Classification of Joint Arrangement*

In determining the accounting treatment of the agreements signed with other non-group companies (Note 12) Management needed to determine if joint control exists and therefore apply IFRS 11 Joint Arrangements. Also, when applying IFRS 11 it was necessary to evaluate the rights and obligations relating to the agreements to conclude if it was a Joint Operation or a Joint Venture. During 2020 and until the termination of the Consortium Agreement in December 2021 Management concluded that there were no relevant changes affecting the relationship between the Group and the other parties and therefore there were no changes to the initial accounting treatment of these agreements. In December 2021 the consortium agreement was terminated (Note 24).

(f) *Fair Value Consideration of Disposed Operations*

The Management applied judgement in the calculation of the fair value of the contingent consideration received on disposal of the Omani Operations in 2020. The Management defined several scenarios and their likelihoods with the expected cash flows associated to the recovery of the third-party loan and amounts receivable from the royalty rights. There has not been changes during 2021 affecting the conclusion from prior year and the fair value is still nil.

Accounting Developments During 2021

The accounting policies adopted are consistent with those of the previous financial year. New standards and amendments to IFRS effective as of 1 January 2021 have been reviewed by the Group and there has been no material impact on the Financial Statements as a result of these standards and amendments.

Accounting Developments Not Yet Effective

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the Group has decided not to adopt early. The Group is currently assessing the impact of these new accounting standards and amendments and does not expect a material impact on the Group Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

2. SEGMENTAL REPORTING

The Group complies with IFRS 8 Operating Segments, which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, which the Company considers to be the Board of Directors. In the opinion of the Directors, the operations of the Group comprise of exploration and development in Portugal, headquarter and corporate costs, the Company's third party investments and the discontinued operation in Mozambique.

Based on the Group's current stage of development there are no external revenues associated to the segments detailed below. For exploration and development in Portugal and the discontinued operation in Mozambique the segments are calculated by the summation of the balances in the legal entities which are readily identifiable to each of the segmental activities. In the case of the Investments, this is calculated by analysis of the specific related investment instruments. Recharges between segments are at cost (although a transfer pricing markup is required) and included in each segment below. Intercompany loans are eliminated to zero and not included in each segment below.

	Discontinued Operation Mozambique Mineral Sands	Portugal Lithium	HQ and corporate	Investments	Elimination	Total
	£	£	£	£	£	£
2021						
Revenue ¹	–	1,654,567 ²	1,032,274	–	(2,686,841)	–
Impairment of other assets	–	–	(5,948)	–	–	(5,948)
Finance Costs	–	(139)	–	–	–	(139)
Interest Income	–	–	671	–	–	671
Share based payments	–	–	(200,800)	–	–	(200,800)
Gain/(Loss) for the year	2,371	(1,643,426)	(1,874,779)	–	–	(3,515,834)
Total Assets	676,357	15,487,686	12,708,684	31,575	–	28,904,302
Total Non-Current Assets	1,483	14,881,026	6,776	–	–	14,889,285
Additions to Non-Current Assets	–	1,891,109	–	–	–	1,891,109
Total Current Assets	674,874	606,660	12,701,908	31,575	–	14,015,017
Total Liabilities	(130,940)	(299,648)	(1,247,671)	–	–	(1,678,259)

	Discontinued Operation Oman Copper	Discontinued Operation Mozambique Mineral Sands	Portugal Lithium	HQ and corporate	Investments	Elimination	Total
	£	£	£	£	£	£	£
2020							
Revenue ¹	–	57,607	1,110,830 ²	926,819	–	(2,095,256)	–
Finance Costs	–	–	(765)	–	–	–	(765)
Interest Income	–	33,928	–	4,819	–	–	38,747
Share based payments	–	–	–	(58,979)	–	–	(58,979)
Loss for the year	(5,401,176)	(396,577)	(1,219,127)	(1,308,878)	–	–	(8,325,758)
Total Assets	–	5,403,090	13,917,231	1,799,705	606,245	–	21,726,271
Total Non-Current Assets	–	5,274,621	13,624,502	12,723	–	–	18,911,846
Additions to Non-Current Assets	–	86,342	1,095,311	–	–	–	1,181,653
Total Current Assets	–	128,469	292,729	1,786,982	606,245	–	2,814,425
Total Liabilities	–	(65,977)	(260,023)	(893,997)	–	–	(1,219,997)

¹ Revenues included the intercompany recharges within the Group which are eliminated.

² Included in the Portugal Lithium segment is £1,654,567 (2020: £1,110,830) relating to intercompany recharges within this segment and therefore eliminated in Elimination column.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

3. EMPLOYEES AND DIRECTORS

The average monthly number of employees (including Directors that receive remuneration) during the year was as follows:

	Group		Company	
	2021 No	2020 No	2021 No	2020 No
Operational	28	34	1	1
Non-operational	18	19	7	6
	46	53	8	7

Staff Costs (excluding Directors)	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Salaries	1,248,268	1,247,351	484,426	367,571
Bonus	245,549 ¹	187,622 ¹	112,196 ¹	118,800 ¹
Social security and other employee expenses	179,784	176,435	74,545	60,655
Pension	58,056	48,620	58,056	48,620
Share based payment expense (Note 23)	93,195	36,159	93,195	36,159
	1,824,852	1,696,187	822,418	631,805

¹ Bonuses unpaid as at 31 December 2021 and 31 December 2020

The Group numbers in the above table includes £245,799 (2020: £472,569) which was capitalised as an intangible asset.

Directors' Remuneration	2021 £	2020 £
Salaries	564,837	478,401
Bonus	206,556 ¹	287,876 ¹
Social security and taxes	70,484	71,432
Pension	43,400	45,725
Share based payment expense (Note 23)	86,854	21,190
	972,131	904,624

¹ Bonuses unpaid as at 31 December 2021 and 31 December 2020

The numbers in the above table include £181,854 (2020: £240,337) of Directors' Remuneration which was capitalised as an intangible asset in relation to the provision of specific technical services.

In 2020 a gross loss (before taxes) of £5,400 on the exercise of share options was attributable to the Directors. The costs related to these exercised share options were charged in the Consolidated Statement of Comprehensive Income when the options were vested in prior years. No share options were exercised during 2021.

The Directors' remuneration is paid by the Company.

The Directors are considered to be the key management of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

3. EMPLOYEES AND DIRECTORS continued

The remuneration of Directors who held office during the year was as follows:

	Directors' emoluments 2021					Directors' emoluments 2020				
	Salary	Bonus	Pension	Non-cash share options	Total	Salary	Bonus	Pension	Non-cash share options	Total
	£	£	£	£	£	£	£	£	£	£
Executive Directors										
Dale Ferguson	149,837	82,556 ¹	–	35,071	267,464	125,651	94,126 ¹	–	21,190	240,967
David Archer	310,000	124,000 ¹	43,400	51,783	529,183	263,500	193,750 ¹	45,725	–	502,975
Non-Executive Directors										
Matthew King	65,000	–	–	–	65,000	55,250	–	–	–	55,250
James Leahy	40,000	–	–	–	40,000	34,000	–	–	–	34,000
Maqbool Sultan	–	–	–	–	–	–	–	–	–	–
Imad Sultan	–	–	–	–	–	–	–	–	–	–
Manohar Shenoy	–	–	–	–	–	–	–	–	–	–
Murtadha Sultan	–	–	–	–	–	–	–	–	–	–
	564,837	206,556	43,400	86,854	901,647	478,401	287,876	45,725	21,190	833,192

¹ Bonuses unpaid as at 31 December 2021 and 31 December 2020

In response to the coronavirus pandemic, all the Directors (who receive remuneration) volunteered to a temporary salary reduction of 20% effective from March 2020. Salaries were returned to their original levels as and from 31 December 2020. This is the only driver (except for foreign exchange rate differences) of the year over year increase in the Salary numbers in the above table.

As in 2020, the bonus amount payable to the Chief Executive Officer for 2021 financial year related to performance against key, previously agreed objectives. These objectives included corporate and strategic initiatives; Barroso Lithium Project progress; strategic outcome for Mutamba; DFS progress for Barroso Lithium Project; community relations; development of the Company's ESG agenda; senior management team development and succession; development of a collaborative, goal oriented, ethical company with harmonious working relationships and personal contribution. Performance against these criteria was assessed by the Remuneration Committee, against a maximum potential bonus of 150% of base salary, at 40% of £310,000 (2020: 62.5% of £310,000). Notably, none of the 2021 bonus related to the pending matters of the EIA and the offtake agreement(s) relating to the Barroso Lithium Project.

As in 2020, the amount payable to the Technical Director for 2021 bonus related to performance against key, previously agreed objectives. These objectives included progress on the Barroso Lithium Project EIA and DFS; commercial development support, a strategic outcome for Mutamba and personal commitment. Performance against these criteria was assessed by the Remuneration Committee, against a maximum potential bonus of 100% of base salary, at 55% of AUD 275,004 (£149,837) (2020: 63.75% of AUD 275,004 (£147,824)). Notably, none of the 2021 bonus related to the pending matter of the EIA for the Barroso Lithium Project.

Remuneration Policy and Long-Term Incentive Plan

In 2019, the Remuneration Committee undertook a review of remuneration packages and developed a new remuneration policy aimed at rewarding performance, encouraging retention of key staff and aligning their interests with those of shareholders. This resulted in a long-term incentive plan ("LTIP") intended to support this policy being implemented in March 2019 which is designed to incentivise the Company's executive Management Team and other key employees. Along with the implementation of the LTIP, the Remuneration Committee established an overall remuneration policy which included benchmarking exercises, feedback institutional shareholders and engaging internationally recognised consulting firm Alvarez and Marsal. This resulted in a remuneration policy for the executive Directors which combines short term incentives ("STI" – cash bonus which is assessed against key business objectives) and long-term incentives ("LTI" – under the Company's LTIP). The STI is based upon maximum potential bonus of 150% / 100% of base salary for the CEO / Technical Director respectively and is assessed against key business objectives. The LTI element of the remuneration policy is currently being addressed and will be guided by recommendations from Alvarez and Marsal, with related awards under it expected to be issued under the Company's existing LTIP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

3. EMPLOYEES AND DIRECTORS continued

The LTIP was established to encourage long-term value creation for Savannah's shareholders and to align the interests of the participants with shareholders. Awards under the LTIP take the form of options over the Company's ordinary shares of 1 pence each, (the "Options"). The Board believes that the implementation of the LTIP will incentivise the participants and will also help Savannah to attract and retain talented individuals in the future as the Company expedites the development of its mining projects. The LTIP allows for up to 7.5% of the Company's issued share capital to be allocated to employees. The Remuneration Committee adopted a policy whereby up to 5% of the Company's issued share capital should be made available via the LTIP to the Executive Management Team only, with the balance being available to other employees. These percentages are reviewed annually by the Company's Remuneration Committee and did not change between 2020 and 2021. The LTIP also includes malus and clawback clauses.

The LTIP is a share option scheme of the kind commonly adopted by listed companies. The Remuneration Committee took advice and recommendations from leading remuneration consultancy, Alvarez and Marsal, which formed the basis of quantum and key commercial features of the share options granted in 2021. Specifically, in June 24,485,000 Options were issued with an exercise price of 4.68p and 24,485,000 with an exercise price of 6.24p, and in October 2021 3,840,000 Options were issued with an exercise price of 4.74p and 3,840,000 Options with an exercise price of 6.32p (Note 23). The 4.68p and 4.74p exercise prices represented a 20% premium and the 6.24p and 6.32p represented a 60% premium, both to the closing share price on the preceding business day to the grant of the Options. The Company does not expect to issue further Options for the roles relating to the Options issued in 2021 for three years following their issue. No share options were issued in 2020 under the LTIP. The detail of the LTIP share options granted to the Executive Directors in 2021 is as follows:

Executive Directors	Share Options Quantity
Dale Ferguson	7,250,000
David Archer	20,000,000
Total	27,250,000

No share options under the LTIP were granted to the Non-Executive Directors.

4. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging

	2021 £	2020 £
Depreciation and amortisation	35,369	44,663
Auditors' remuneration:		
– Statutory audit of the Group Financial Statements	62,074	59,970
– Non-audit services (tax advice)	24,348	34,968
Fees payable to associated firms of the auditor for audit of subsidiaries	19,473	16,009
Fees payable to associated firms of the auditor for non-audit services of subsidiaries – tax services	9,021	8,638
Fees payable to associated firms of the auditor for non-audit services of subsidiaries – Research services	5,503	–
Professional fees	1,044,713	771,712
Foreign exchange loss / (gain)	213,088	(37,580)
Short term lease payments (Note 21)	11,593	72,612
Share based payments	200,800	58,979

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

5. INCOME TAX

Analysis of the Tax Charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2021 nor for the year ended 31 December 2020.

Factors Affecting the Tax Charge

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to the result for the year are as follows:

	2021 £	2020 £
Loss on ordinary activities before tax	(3,515,834)	(8,325,758)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(668,009)	(1,581,894)
Effects of:		
Expenses not deductible for tax purposes	1,280,750	1,401,351
Different tax rates applied in overseas jurisdictions	173,218	(31,917)
Tax losses carried forward	(785,959)	212,460
Total Income Tax	–	–

Deferred Tax

The Group has carried forward losses amounting to £12,111,229 as at 31 December 2021 (2020: £15,272,189¹). As the timing and extent of taxable profits are uncertain, the deferred tax asset arising on these losses has not been recognised in the Financial Statements.

¹ In the previous year the comparative figure was stated as £14,884,544 and following submission of definitive tax computations for the year ended 31 December 2020 has been updated.

Tax losses related to the subsidiaries in Mozambique can be carried forward for a 5 year period. Tax losses related to the subsidiaries in Portugal can be carried forward for a 14 year period for losses related to the 2016-2019 tax years and for a 12 year period for losses related to the 2020-2021 tax years. There is no expiry date for tax losses carried forward in the UK. The aging of the tax losses carried forward in Portugal and Mozambique is as follows:

Valid until	2021 £
2022	388,564
2023	148,404
2024	298,979
2025	226,425
2026	689,023
2027	–
2028	–
2029	–
2030	21,562
2031	133,665
2032	445,575
2033	899,209
2032	1,060,981
2033	1,475,968
No expiry date	6,322,874
Total	12,111,229

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

6. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these Financial Statements. The parent company's Total Comprehensive Loss for the financial year was £7,851,723 (2020: £4,833,165).

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

In accordance with IAS 33 as the Group is reporting a loss for both this and the preceding year the Share Options and Investor Warrant are not considered dilutive because the exercise of these would have the effect of reducing the loss per share.

Reconciliations are set out below:

	2021 £	2020 £
Basic Loss Per Share		
Losses attributable to ordinary shareholders:		
Total loss for the year	(3,515,834)	(8,325,758)
Total loss for the year from continuing operations	(3,518,205)	(2,528,002)
Total gain/ (loss) for the year from discontinued operations	2,371	(5,797,753)
Weighted average number of shares	1,609,019,120	1,343,743,432
Loss per share – total loss for the year	(0.00219)	(0.00620)
Loss per share – total loss for the year from continuing operations	(0.00219)	(0.00188)
Gain/(Loss) per share – total loss for the year from discontinued operations	0.00000	(0.00432)

8. INTANGIBLE ASSETS

	Exploration and Evaluation £
Cost	
At 1 January 2020	21,208,400
Additions	1,508,794
Transfer to Assets classified as Held for Sale	(5,649,981)
Disposal assets on liquidation	(140,024)
Foreign exchange movements	319,033
At 31 December 2020	17,246,222
Additions	1,817,570
Disposal assets on relinquishment of rights and obligations (Note 24)	(4,702,323)
Foreign exchange movements	(223,652)
At 31 December 2021	14,137,817

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

8. INTANGIBLE ASSETS continued

	Exploration and Evaluation £
Amortisation and impairment	
At 1 January 2020	140,024
Reverse on disposal of assets on liquidation	(140,024)
Impairment charged in the year	5,370,130
Transfer to Assets classified as Held for Sale	(5,370,130)
At 31 December 2020	–
Impairment charged in the year	–
At 31 December 2021	–
Net Book Value	
At 1 January 2020	21,068,376
At 31 December 2020	17,246,222
At 31 December 2021	14,137,817

Included in additions is capitalised Plant and Machinery depreciation amounting to £107,136 (2020: £99,189) (Note 9).

In December 2021 a Deed of Termination was signed with Rio Tinto in relation to the Consortium Agreement signed in October 2016. Under this Deed of Termination the rights and obligations provided to Savannah Group on Rio Tinto's licences under the Consortium Agreement were relinquished, and agreed that no exploration or development activities should be undertaken by any Savannah Group entity. Therefore all exploration and evaluation assets related to the Mozambique licences are registered as disposed (Note 24).

In 2020 the Intangible Assets related to the disposed Omani operations were transferred to Assets classified as held for sale. Intangible Assets classified as held for sale were measured at the lower of their carrying amount and fair value less costs to sell. Management concluded that the fair value of the consideration and other payments less costs to sell was lower than the carrying amount and therefore an impairment loss of £5,370,130 was recognised on the date of the transfer.

The Exploration and Evaluation Assets referred to in the table above comprise expenditure in relation to exploration licences in Portugal. The Directors consider that for the purposes of assessing impairment, the above exploration and evaluation expenditure is allocated to the following licence areas:

	2021 £	2020 £
Portugal Lithium	14,137,817	13,457,655
Mozambique Minerals Sands	–	3,788,567
	14,137,817	17,246,222

The Directors have reviewed the carrying value of the CGUs and have not identified any indicators of impairment for the assets allocated to the licences in Portugal, and therefore there is no impairment charge in 2021 or 2020 for Portugal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

9. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles £	Office Equipment £	Plant and Machinery £	Land £	Total £
Cost					
At 1 January 2020	87,902	43,026	1,241,756	53,332	1,426,016
Additions	1,662	1,059	–	–	2,721
Transfer to Assets classified as Held for Sale	(36,770)	(10,293)	–	–	(47,063)
Foreign exchange movements	5,432	(1,378)	(249,869)	3,005	(242,810)
At 31 December 2020	58,226	32,414	991,887	56,337	1,138,864
Additions	–	22,126	–	610,964	633,090
Disposal assets on relinquishment of rights and obligations (Note 24)	–	(16,784)	(1,182,880)	–	(1,199,664)
Foreign exchange movements	(3,825)	(8)	190,993	(18,121)	169,039
At 31 December 2021	54,401	37,748	–	649,180	741,329
Depreciation					
At 1 January 2020	54,548	34,239	–	–	88,787
Charge for year	14,399	7,908	99,189	–	121,496
Transfer to Assets classified as Held for Sale	(36,770)	(10,293)	–	–	(47,063)
Foreign exchange movements	3,691	(1,575)	–	–	2,116
At 31 December 2020	35,868	30,279	99,189	–	165,336
Charge for year	11,959	7,359	107,136	–	126,454
Disposal assets on relinquishment of rights and obligations (Note 24)	–	(18,645)	(224,012)	–	(242,657)
Foreign exchange movements	(1,494)	(533)	17,687	–	15,660
At 31 December 2021	46,333	18,460	–	–	64,793
Net Book Value					
At 1 January 2020	33,354	8,787	1,241,756	53,332	1,337,229
At 31 December 2020	22,358	2,135	892,698	56,337	973,528
At 31 December 2021	8,068	19,288	–	649,180	676,536

Plant and Machinery depreciation charged for the year amounting to £107,136 (2020: £99,189) is capitalised in Exploration and Evaluation assets (Note 8).

As consequence of the signature of the Deed of Termination with Rio Tinto in relation to the Consortium Agreement signed in October 2016 all property, plant and equipment related to the Mozambique licences are registered as disposed (Note 24).

The additions in land reflect the land acquisition program that Savannah has in place in Portugal to acquire the land required for the future development of the Barroso Lithium project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

9. PROPERTY, PLANT AND EQUIPMENT continued

The above Property, Plant and Equipment is allocated to the following licence areas, representing the Group's Cash Generating Units ("CGUs"):

	2021	2020
	£	£
Mozambique Minerals Sands	–	892,695
Portugal Lithium	676,536	80,833
	676,536	973,528

Management has evaluated the existence of impairment indicators of the Property, Plant and Equipment allocated to the licence areas together with the impairment review performed for the Exploration and Evaluation Assets, and it has concluded that there are no indicators of impairment, and therefore there is no impairment charge in 2021 or 2020 for Portugal.

10. INVESTMENT IN SUBSIDIARIES

Company

	Investment in subsidiaries
	£
Non-Current	
At 1 January 2020	894,993
Additions	3,776,651
Disposals	(4,050,062)
At 31 December 2020	621,582
Additions	–
Impairment charge	(30)
Disposal on relinquishment of rights and obligations (Note 24)	(287,721)
At 31 December 2021	333,831

The disposal on relinquishment of rights and obligations reflects the write-off of assets associated to the historical acquisition of the Mozambique project after the signing of the Deed of Termination with Rio Tinto (Note 24).

The Company had the following subsidiary undertakings, either directly or indirectly, at 31 December 2021, which have been included in the Consolidated Financial Statements:

Subsidiary	Registered office	Nature of business	Class of share	% Holding
Savannah Advisory Services Limited ¹	United Kingdom ⁵	Holding Company	Ordinary	100%
AME East Africa Limited ¹	United Kingdom ⁵	Holding Company	Ordinary	100%
Matilda Minerals Limitada ³	Mozambique ⁶	Mining & exploration	Ordinary	100%
Panda Recursos Limitada ²	Mozambique ⁷	Mining & exploration	Ordinary	99.99%
African Mining & Exploration Limited ¹	United Kingdom ⁵	Dormant	Ordinary	100%
Savannah Resources Portugal B.V. ¹	Netherlands ⁸	Holding Company	Ordinary	100%
AME Portugal Pty Ltd ²	Australia ⁹	Holding Company	Ordinary	100%
Slipstream PORT Pty Ltd ²	Australia ⁹	Holding Company	Ordinary	100%
Savannah Lithium Unipessoal Limitada ^{2,4}	Portugal ¹⁰	Mining & exploration	Ordinary	100%
Savannah Resources Lithium B.V. ¹	Netherlands ⁸	Holding Company	Ordinary	100%
Savana Matinal – Mining, Unipessoal Limitada ²	Portugal ¹⁰	Mining & exploration	Ordinary	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

10. INVESTMENT IN SUBSIDIARIES continued

¹ Directly held by Savannah Resources Plc

² Indirectly held by Savannah Resources Plc

³ 99.99% Indirectly held by AME East Africa Limited and 0.01% Directly held by Savannah Resources Plc.

⁴ Formerly Slipstream Resources Portugal Limitada, and formerly Savannah Lithium Limitada

⁵ Salisbury House, London Wall, London, EC2M 5PS, United Kingdom

⁶ Damiao de Gois, no 438, Sommerschield, Maputo, Mozambique

⁷ Rua 1301, Num 97, Sommerschield, Maputo, Mozambique

⁸ Herikerbergweg 88, 1101 CM, Amsterdam, The Netherlands

⁹ Level 20, 16 Carrington Street, Sydney, NSW 2000, Australia

¹⁰ Rua Jose Eigenmann, No 90, parish of Nogueira, municipality of Braga, Portugal, 4715-199

11. EQUITY INSTRUMENTS AT FVTOCI

Group

	Shares in Investments at FVTOCI £
At 1 January 2020	36,762
Additions at cost	252,604
Disposals	(3,272)
Change in market value of investment	320,151
At 31 December 2020	606,245
Reclassification to Other current assets	(2,109)
Disposals	(654,347)
Change in market value of investment	81,786
At 31 December 2021	31,575

Company

	Shares in Investments at FVTOCI £
At 1 January 2020	33,935
Additions at cost	250,050
Change in market value of investment	320,151
At 31 December 2020	604,136
Additions at cost	–
Disposals	(654,347)
Change in market value of investment	81,786
At 31 December 2021	31,575

Equity Investments are designated as Fair Value Through Other Comprehensive Income (FVTOCI).

In 2020 the Company received 46 million shares (net of costs) in Force Commodities Limited ('Force'), a listed company on the Australian Stock Exchange (AXS), as part of the consideration for the disposal of the Omani operations in October 2020. In May 2021 Force changed its name to Critical Resources Limited ('Critical Resources'). During 2021 the Company sold all the shares held in Critical Resources (formerly Force Commodities Limited).

The fair value of the shares held by the Company is the quoted value at the reporting date. The fair value hierarchy in 2021 and 2020 for these shares is level 1 as the valuation is based wholly on quoted prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

12. JOINT ARRANGEMENTS

Unincorporated consortium Mutamba Project

In December 2021 Savannah through its subsidiary AME East Africa Limited ('AME') signed a Deed of Termination with Rio Tinto Mining and Exploration Limited (Rio Tinto) to terminate the Consortium Agreement signed between these entities in 2016 (Note 24).

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Non-Current:				
Amounts due from Subsidiaries	–	–	26,184,402	32,995,016
Total Non-Current Trade and Other Receivables	–	–	26,184,402	32,995,016
Current:				
VAT Recoverable	66,867	98,852	12,744	–
Other Receivables	895,191	95,449	194,385	47,908
Total Current Trade and Other Receivables	962,058	194,301	207,129	47,908

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

The Group and the Company applies the expected credit loss model to measure expected credit losses for amounts due from subsidiaries and amounts due from third parties. The Group and the Company considered the probability of a default. The loans to subsidiaries are interest free and are repayable on demand.

The Company expects that the carrying value of the intercompany loans receivable may not be fully recoverable as the subsidiaries may not generate sufficient future profits to settle the amounts owing and accordingly, these amounts have been partially impaired. Repayment of the intercompany loans is subject to the Directors' assessment of the Group's requirements and availability of appropriate liquid resources. Among other things, the Company's expected credit loss model includes consideration of various risks affecting the success of underlying projects of its subsidiaries. When determining the expected credit losses Management has taken into account that the intercompany loans are related to projects that are in the exploration stage. Management has concluded that the success of the projects is the most important factor that will drive credit losses. This will be affected by the results in mineral resources, the commodity prices, the capability of the Parent company to obtain funds to develop the projects and the success in obtaining or renewing exploration and mining licences. Several scenarios and their likelihood have been considered to calculate the expected cash flows for the loans associated to each project and the expected credit losses as at the reporting date. In the current period the Company estimates that an expected credit loss calculated of £4.0m (2020: reversal of £0.4m) arises on the receivables from the subsidiaries, increasing the 2020 balance of £0.6m for the expected credit loss.

The Group has a receivable from Gentor Resources Limited, a subsidiary of Critical Resources, which represents contingent consideration from the disposal of the Oman operations in 2020 and has been valued at £nil as at 31 December 2021 and 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

13. TRADE AND OTHER RECEIVABLES continued

Movements in the impairment allowance for the year ended 31 December 2021 is as follows:

Company	Impairment from Subsidiaries £
At 1 January 2020	2,917,871
Reversed during the year	(404,684)
Reversal of loan written-off on disposal of discontinued operations	(1,749,148)
Reversed on liquidation of subsidiary	(168,884)
At 31 December 2020	595,155
Impairment charge	4,047,901
Foreign exchange movements	(61,915)
At 31 December 2021	4,581,141

Of the impairment charge for the year £4,008,685 is related to the exit of the Mozambique Mineral Sands project.

The breakdown of the Amounts due from Subsidiaries as at 31 December 2021 is as follows:

	Company	
	2021 £	2020 £
Amounts due from Subsidiaries:		
Outstanding amount	30,765,543	33,590,171
Impairment	(4,581,141)	(595,155)
	26,184,402	32,995,016

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Cash at Bank and in Hand	13,002,084	2,000,209	11,085,944	1,237,876

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

15. OTHER CURRENT AND NON-CURRENT ASSETS

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Non-Current:				
Guarantees	61,284	65,592	–	–
Bank Deposits	–	590,175	–	–
Other	8,258	7,938	6,776	6,776
Total Other Non-Current Assets	69,542	663,705	6,776	6,776
Current:				
Other	19,300	13,670	–	–
Total Other Current Assets	19,300	13,670	–	–

The Non-Current Assets - Guarantees are deposits required by the local mining / environmental authorities in relation to exploration / mining licences and applications thereof.

Non-Current Assets – Bank Deposit of £nil (2020: £590,175) is a bank deposit with maturity lower than 3 months as of the signing date but with the obligation to be renewed on the termination date and therefore classified as Non-Current Assets. This cash is associated to the bank guarantee necessary for the grant of mining licences in Mozambique and is restricted cash until the end of the bank guarantee in 2023. This bank deposit has been impaired after the signing of the Deed of Termination (Note 24).

16. SHARE CAPITAL

	2021		2020	
	£0.01 ordinary shares number	£	£0.01 ordinary shares number	£
Allotted, issued and fully paid				
At beginning of year	1,430,991,035	14,309,910	1,297,459,820	12,974,598
Issued during year:				
Share placements	257,968,785 ¹	2,579,688	130,011,270 ¹	1,300,113
Exercise of share options	–	–	1,500,000 ²	15,000
In lieu of cash for professional services	–	–	2,019,945 ³	20,199
At end of year	1,688,959,820	16,889,598	1,430,991,035	14,309,910

¹ In respect of the Share placements in 2021 the net proceeds were £9,797,982 (2020: £2,220,650) of which £7,218,294 (2020: £920,537) has been recorded in Share Premium. The gross proceeds were £10,320,901 (2020: £2,340,203) and the costs of the Share placements £522,919 (2020: £119,553).

² Refer to Note 23 for details of exercise of share options. £26,400 was recorded in Share Premium.

³ In respect of shares issued in lieu of cash for payment of professional fees. £16,160 was recorded in Share Premium.

The par value of the Company's shares is £0.01.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Current:				
Trade Payables	866,053	357,247	501,283	178,901
Other Payables	79,236	136,935	46,260	110,841
Accruals	731,838	713,077	460,320	534,765
Total Current Trade and Other Payables	1,677,127	1,207,259	1,007,863	824,507

In 2021 and 2020 accruals represent mainly bonuses to be paid to employees, insurance, and professional fees in the Group for which invoices have not been received at the reporting date.

Part of Trade and other payables amounts relate to work performed in the projects which balances are capitalised and therefore these are included in Investing not Operating cash flows.

18. FINANCIAL INSTRUMENTS

Financial Instruments - Risk Management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these Financial Statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal Financial Instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Intercompany Loan Receivables
- Trade and Other Receivables
- Cash and Cash Equivalents
- Trade and Other Payables
- Loans and Borrowings
- Leases Liabilities
- Investments
- Other Non-Current Assets – Guarantees

Trade and other payables fall due for payment within 3 months from the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

18. FINANCIAL INSTRUMENTS continued

Liquidity Risk

At the reporting date the Group's cash balance was £13m (2020: £2m). This, in conjunction with the raising of future cash through different options, which the Directors believe can be secured, will allow the Group to continue working on its development / exploration activities and to meet its financial commitments for at least 12 months. In common with many non-revenue generating companies, the Company routinely raises funds for its development activities. The Group's policy continues to be to ensure that it has adequate liquidity by careful management of its working capital.

Foreign Exchange Risk

The Group is exposed through its operations to foreign exchange risk which arises because the Group has overseas operations located in Portugal whose functional currency is Euro and in Mozambique whose functional currency is MZN.

Foreign exchange risk also arises when individual group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency (Euro, MZN or Pound Sterling) with the cash remitted to their own operations in that currency where practical. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In addition, the Group is exposed through the cash held in foreign currencies. To mitigate this risk the Group's policy is to review the cash flow forecast identifying the currencies that will be required to settle liabilities in future and hold the cash balances in the required currencies. From time to time when there is no certainty about the currencies that will be required for future expenditure the Group spreads its cash balances across globally recognised reserve currencies to mitigate against adverse changes in exchange rates, and the Company monitors this regularly.

Market Risk

The Group holds equity investments in companies traded on active markets (Note 11). The Directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances.

The effect of a 10% increase in the value of the equity investments held at the reporting date would, all other variables held constant, have resulted in an increase in other comprehensive income and net assets of £3,157 (2020: increase in other comprehensive income and net assets of £60,414). A 10% decrease in their value would, on the same basis, have decreased other comprehensive income and net assets by the same amount.

Credit Risk

The Group and the Company are exposed to credit risk on its receivables from its subsidiaries and third parties. The subsidiaries are exploration and development companies with no current revenue and therefore, whilst the receivables are due on demand, they are not expected to be paid until there is a successful outcome on a development project resulting in revenue being generated by a subsidiary. The third-party receivable is due when its related mining project generate positive cash flow, the project is in the exploration phase and the Group has calculated the expected credit loss from these receivables (Note 13).

The Group is exposed to credit risk in cash and cash equivalents and deposits with banks and financial institutions. Only reputable banks and financial institutions which are rated by recognised rating agencies are accepted by the Company in the UK. The Group policy is to maintain the majority cash and cash equivalents within the Company in the UK and funds are remitted to other group entities on a monthly basis to settle liabilities as they fall due, to avoid credit risk associated to foreign jurisdictions banks. The Group policy is also to operate at least with two banks in each country when possible.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

18. FINANCIAL INSTRUMENTS continued

Financial instruments by category (Group)

Financial Assets

	Amortised Cost £	Fair Value Through Other Comprehensive Income £	Total £
As at 31 December 2021			
Investments	–	31,575	31,575
Other Non-Current Assets	69,542	–	69,542
Trade and Other Receivables	696,430	–	696,430
Other Current Assets	19,300	–	19,300
Cash and Cash Equivalents	13,002,084	–	13,002,084
Total Financial Assets	13,787,356	31,575	13,818,931
As at 31 December 2020			
Investments	–	606,245	606,245
Other Non-Current Assets	73,530	–	73,530
Cash Deposits	590,175	–	590,175
Trade and Other Receivables	34,752	–	34,752
Other Current Assets	13,670	–	13,670
Cash and Cash Equivalents	2,000,209	–	2,000,209
Total Financial Assets	2,712,336	606,245	3,318,581

See review of the fair value hierarchy of fair value through other comprehensive income assets in Note 11.

Financial Liabilities

	Financial Liabilities at Amortised Cost £	Total £
As at 31 December 2021		
Trade and Other Payables	1,677,127	1,677,127
Lease Liabilities	1,132	1,132
Total Financial Liabilities	1,678,259	1,678,259
As at 31 December 2020		
Trade and Other Payables	1,207,259	1,207,259
Lease Liabilities	12,738	12,738
Total Financial Liabilities	1,219,997	1,219,997

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

18. FINANCIAL INSTRUMENTS continued

The Group's net exposure to foreign exchange at the reporting date was as follows:

	Functional Currency of Entity							
	GBP	MZN	EUR	Total	GBP	MZN	EUR	Total
	2021	2021	2021	2021	2020	2020	2020	2020
	£	£	£	£	£	£	£	£
Foreign currency financial assets								
USD	7,466,462	69,649	317	7,536,428	99,575	26,865	22,184	148,624
EUR	3,958,196	–	–	3,958,196	423,988	–	–	423,988
AUD	307,035	–	4,184	311,219	874,112	–	5,523	879,635
OMR	8,558	–	–	8,558	8,558	–	–	8,558
GBP	–	–	–	–	–	–	821	821
Total	11,740,251	69,649	4,501	11,814,401	1,406,233	26,865	28,528	1,461,626

	Functional Currency of Entity			
	GBP	Total	GBP	Total
	2021	2021	2020	2020
	£	£	£	£
Foreign currency financial liabilities				
USD	71,383	71,383	29,699	29,699
AUD	225,086	225,086	173,072	173,072
EUR	103,604	103,604	16,429	16,429
OMR	6,900	6,900	6,900	6,900
Total	406,973	406,973	226,100	226,100

The effect of changes in foreign currencies exchange rates against GBP at the reporting date on the foreign currency denominated Cash and Cash Equivalents carried at that date would, all other variables held constant, have resulted in the following:

As at 31 December 2021	USD		EUR		AUD	
	£	£	£	£	£	£
Movement exchange rates against GBP	+10%	-10%	+10%	-10%	+10%	-10%
Pre-tax loss for the year	(775,904)	634,831	(434,386)	355,407	(31,072)	25,422
Net assets	775,904	(634,831)	434,386	(355,407)	31,072	(25,422)

As at 31 December 2020	USD		EUR		AUD	
	£	£	£	£	£	£
Movement exchange rates against GBP	+10%	-10%	+10%	-10%	+10%	-10%
Pre-tax loss for the year	(16,300)	13,336	(46,511)	38,054	(30,611)	25,045
Net assets	16,300	(13,336)	46,511	(38,054)	30,611	(25,045)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

18. FINANCIAL INSTRUMENTS continued

Financial instruments by category (Company)

Financial Assets

	Amortised Cost £	Fair Value Through Other Comprehensive Income £	Total £
As at 31 December 2021			
Other Receivables	26,184,402	–	26,184,402
Other Non-Current Assets	6,776	–	6,776
Investments	–	31,575	31,575
Trade and Other Receivables	12,105	–	12,105
Cash and Cash Equivalents	11,085,944	–	11,085,944
Total Financial Assets	37,289,227	31,575	37,320,802
As at 31 December 2020			
Other Receivables	32,995,016	–	32,995,016
Other Non-Current Assets	6,776	–	6,776
Investments	–	604,136	604,136
Trade and Other Receivables	15,883	–	15,883
Cash and Cash Equivalents	1,237,876	–	1,237,876
Total Financial Assets	34,255,551	604,136	34,859,687

See review of the fair value hierarchy of fair value through other comprehensive income assets in Note 11.

Financial liabilities

	Financial Liabilities at Amortised Cost £	Total £
As at 31 December 2021		
Trade and Other Payables	1,007,863	1,007,863
Total Financial Liabilities	1,007,863	1,007,863
As at 31 December 2020		
Trade and Other Payables	824,507	824,507
Total Financial Liabilities	824,507	824,507

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

18. FINANCIAL INSTRUMENTS continued

The Company's net exposure to foreign exchange risk at the reporting date was as follows:

	Functional Currency of Entity			
	GBP	Total	GBP	Total
	2021	2021	2020	2020
	£	£	£	£
Foreign currency financial assets				
USD	6,876,165	6,876,165	3,939,068	3,939,068
EUR	29,552,010	29,552,010	23,324,327	23,324,327
AUD	224,044	224,044	808,618	808,618
OMR	8,558	8,558	8,558	8,558
Total	36,660,777	36,660,777	28,080,571	28,080,571

	Functional Currency of Entity			
	GBP	Total	GBP	Total
	2021	2021	2020	2020
	£	£	£	£
Foreign currency financial liabilities				
USD	–	–	–	–
AUD	94,825	94,825	104,001	104,001
EUR	11,134	11,134	2,155	2,155
OMR	6,900	6,900	6,900	6,900
Total	112,859	112,859	113,056	113,056

Capital Disclosures

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or seek other financial structures such as debt (project finance), royalties, streaming, mezzanine finance, or combinations thereof.

19. GROUP CONTINGENT LIABILITIES

Details of contingent liabilities where the probability of future payments is not considered remote are set out below, as well as details of contingent liabilities, which although considered remote, the Directors consider should be disclosed. The Directors are of the opinion that provisions are not required in respect of these matters, as at the reporting date it is not probable that a future sacrifice of economic benefits will be required and the amount is not capable of reliable measurement.

Consideration payable in relation to the acquisition of the Aldeia Mining Lease Application for lithium, feldspar and quartz (Portugal lithium project)

In June 2019 the Company exercised its option to acquire a Mining Lease Application for lithium, feldspar and quartz from private Portuguese company, Aldeia & Irmão, S.A.. The total purchase price for the acquisition is EUR €3,250,000 (~GBP £2,730,000), which will only become due once the Mining Lease Application has been granted and the Mining Rights transferred to an entity within the Group, at which point the agreed payment schedule will consist of an initial EUR €55,000 (~GBP £46,000) payment with the balance due in 71 equal monthly instalments. Upon delivery of the request for transfer of the Mining Rights to an entity within the Group, the Group shall provide with a bank guarantee of EUR €3,195,000 (~GBP £2,680,000) that will be reduced in accordance with the 71 monthly instalments. As at 31 December 2021 the mining lease has not been granted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

20. RELATED PARTY DISCLOSURES

Details of Directors' remuneration are disclosed in Note 3. During the year £214,413 (2020: £204,735) was payable to Blue Bone Consulting Pty Ltd (a company controlled by Dale Ferguson) for consultancy fees of which £93,303 (including bonus) (2020: £103,170 (including bonus)) remained unpaid. The amounts payable to Blue Bone Consulting Pty Ltd have been included in the Directors' remuneration in Note 3.

During the year Matthew King acquired 312,500 shares as part of the April 2021 fundraise for a consideration of £12,500. No shares were acquired by the management in 2020.

21. LEASES

Right-of-Use Assets

	Vehicles £
Cost	
At 1 January 2020	64,925
Additions	–
Foreign exchange movements	3,658
At 31 December 2020	68,583
Additions	798
Foreign exchange movements	(4,524)
At 31 December 2021	64,857
Depreciation	
At 1 January 2020	27,140
Charge for year	18,008
Foreign exchange movements	1,726
At 31 December 2020	46,874
Charge for year	16,051
Foreign exchange movements	(3,458)
At 31 December 2021	59,467
Net Book Value	
At 1 January 2020	37,785
At 31 December 2020	21,709
At 31 December 2021	5,390

Lease Liabilities

	Vehicles £
At 1 January 2020	31,049
Additions	–
Lease payments	(19,843)
Foreign exchange movements	1,532
At 31 December 2020	12,738
Additions	–
Lease payments	(11,108)
Foreign exchange movements	(498)
At 31 December 2021	1,132

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

21. LEASES continued

	2021 £	2020 £
Current Liabilities	1,132	11,608
Non-Current Liabilities	–	1,130
Total lease liabilities	1,132	12,738

The right-of-use assets and related lease liabilities are for the lease of motor vehicles. Total 2021 cash flow outflow amount is £11,746 (2020: £19,075).

Other Leases

The Group has registered £11,593 (2020: £72,612) in the Statement of Comprehensive Income related to short-term leases. Short-term leases meet the requirements to not be accounted for by recognising a right-of-use asset and a lease liability, having a duration of 12 months or less and without reasonable certainty about their renewal.

At 31 December 2021 the Other Lease commitments for the next 12 months is £12,385 (2020: £13,024).

These leases are for business premises in Mozambique and Portugal.

22. GROUP COMMITMENTS

As a condition of being granted with mining licence 9735C in Mozambique the Group, through Matilda Minerals Lda, signed a bank guarantee of MZN 60,143,680 (~GBP £697,340) to be assigned to the Ministério Dos Recursos Minerais e Energia (Ministry of Natural Resources and Energy). The guarantee is valid until the 28 November 2023 and Matilda Minerals Lda is obligated to maintain funds for the same amount as the guarantee in a bank account (Note 15).

23. SHARE OPTIONS AND INVESTOR WARRANTS

Share Options and Investor Warrants to subscribe for Ordinary Shares in the Company are granted to certain employees, Directors and investors. Some of the options issued vest immediately and others over a vesting period and may include performance conditions. Options are forfeited if the employee leaves the Group before the options vest.

	2021 Weighted average exercise price	Weighted remaining life		2020 Weighted average exercise price	Weighted remaining life
	Number		Number		
Share Options					
Opening Balance	20,150,000	8.5p	1.41	24,750,000	8.0p
Granted	58,650,000	5.5p	7.43	–	–
Lapsed	(11,200,000)	7.5p	–	(3,100,000)	7.4p
Exercised	–	–	–	(1,500,000)	2.8p
Closing Balance	67,600,000	6.0p	6.71	20,150,000	8.5p

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

23. SHARE OPTIONS AND INVESTOR WARRANTS continued

	2021			2020		
	Number	Weighted average exercise price	Weighted remaining life	Number	Weighted average exercise price	Weighted remaining life
Investor Warrants						
Opening Balance	343,432	11.3p	0.62	48,713,979	6.1p	0.74
Lapsed	(343,432)	11.3p	–	(48,370,547)	6.0p	–
Closing Balance	–	–	–	343,432	11.3p	0.62

Share schemes outstanding as at 31 December 2021 are as follows:

	Outstanding 31 December 2021	Exercisable 31 December 2021	Outstanding 31 December 2020	Exercisable 31 December 2020	Exercise Price	Expiry Date
Share Options						
March 2017	–	–	10,700,000	10,700,000	7.6p	28/02/21
August 2017	–	–	500,000	500,000	6.2p	17/08/21
January 2018	1,000,000	1,000,000	1,000,000	1,000,000	8.0p	25/01/22
March 2019	7,950,000	–	7,950,000	–	10.0p	11/03/24
June 2021	750,000	750,000	–	–	4.7p	30/06/26
June 2021	750,000	750,000	–	–	6.2p	30/06/26
June 2021	24,485,000	–	–	–	4.7p	30/06/29
June 2021	24,485,000	–	–	–	6.2p	30/06/29
October 2021	250,000	250,000	–	–	4.7p	01/10/26
October 2021	250,000	250,000	–	–	6.3p	01/10/26
October 2021	3,840,000	–	–	–	4.7p	01/10/29
October 2021	3,840,000	–	–	–	6.3p	01/10/29
	67,600,000	3,000,000	20,150,000	12,200,000		
Investor Warrants						
August 2018	–	–	343,432	343,432	11.3p	13/08/21
	–	–	343,432	343,432		

All of the Share Options granted attract a share based payment charge.

The fair value of the Share Options and Investor Warrants at the date of grant have been measured using the Black-Scholes pricing model that takes into account factors such as the option life, share price volatility and the risk free rate. Volatility was calculated with reference to the Company's historical share price volatility up to the grant date to reflect a term approximate to the expected life of the option.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

23. SHARE OPTIONS AND INVESTOR WARRANTS continued

The Directors' interests in the Share Options and Investor Warrants of the Company are as follows:

At 31 December 2021

	Options/ Warrants at 1 Jan 2021	Quantity granted during the year	Exercised during the year	Lapsed during the year	Options/ Warrants at 31 Dec 2021	Exercise price	Date of the grant	First date of exercise	Final date of exercise
Share Options									
Dale Ferguson	2,000,000	–	–	(2,000,000)	–	7.59p	01/03/17	01/03/17	28/02/21
David Archer	7,000,000	–	–	(7,000,000)	–	7.59p	01/03/17	01/03/17	28/02/21
Dale Ferguson	3,000,000	–	–	–	3,000,000	10.0p	11/03/19	11/03/22	11/03/24
David Archer	– 10,000,000	–	–	–	10,000,000	4.7p	30/06/21	30/06/24	30/06/29
David Archer	– 10,000,000	–	–	–	10,000,000	6.2p	30/06/21	30/06/24	30/06/29
Dale Ferguson	– 3,625,000	–	–	–	3,625,000	4.7p	30/06/21	30/06/24	30/06/29
Dale Ferguson	– 3,625,000	–	–	–	3,625,000	6.2p	30/06/21	30/06/24	30/06/29

At 31 December 2020

	Options/ Warrants at 1 Jan 2020	Quantity granted during the year	Exercised during the year	Lapsed during the year	Options/ Warrants at 31 Dec 2020	Exercise price	Date of the grant	First date of exercise	Final date of exercise
Share Options									
Matthew King	1,500,000	–	(1,500,000)	–	–	2.76p	16/03/16	16/03/16	15/03/20
Dale Ferguson	2,000,000	–	–	–	2,000,000	7.59p	01/03/17	01/03/17	28/02/21
David Archer	7,000,000	–	–	–	7,000,000	7.59p	01/03/17	01/03/17	28/02/21
Dale Ferguson	3,000,000	–	–	–	3,000,000	10.0p	11/03/19	11/03/22	11/03/24
Investor Warrants									
David Archer	2,857,143	–	–	(2,857,143)	–	6.0p	14/07/17	14/07/17	14/07/20
Al Marjan Ltd ¹	4,952,381	–	–	(4,952,381)	–	6.0p	14/07/17	14/07/17	14/07/20
Manohar Shenoy ²	1,904,762	–	–	(1,904,762)	–	6.0p	14/07/17	14/07/17	14/07/20

¹ Two Directors are representatives of Al Marjan Ltd

² Alternate Director

The range of inputs of the Share Options granted during 2021 were as follows:

Share Options	June 2021	June 2021	June 2021	June 2021
Stock price	3.9p	3.9p	3.9p	3.9p
Fair value of option	1.7p	1.4p	1.2p	0.9p
Exercise Price	4.7p	6.2p	4.7p	6.2p
Expected volatility	55%	55%	59%	59%
Expected life	5.5 years	5.5 years	2.5 years	2.5 years
Risk free rate	0.2%	0.2%	0.2%	0.2%

Share Options	October 2021	October 2021	October 2021	October 2021
Stock price	4.0p	4.0p	4.0p	4.0p
Fair value of option	1.7p	1.4p	1.2p	0.9p
Exercise Price	4.7p	6.3p	4.7p	6.3p
Expected volatility	55%	55%	59%	59%
Expected life	5.5 years	5.5 years	2.5 years	2.5 years
Risk free rate	0.7%	0.7%	0.7%	0.7%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

23. SHARE OPTIONS AND INVESTOR WARRANTS continued

This fair value is the cost that is charged to the Statement of Comprehensive Income and is spread over the expected vesting period which, for non-market vesting conditions (as noted above), is revised at each period end.

Share Options granted

During the 2021 financial year 56,650,000 Share Options were issued to employees to assist with the recruitment, reward and retention of key employees. These Share Options vest upon the employee meeting service and/or performance conditions.

Additionally 2,000,000 Share Options were issued to Group advisors, which vest immediately.

No Share Options were issued in 2020.

The detail of the LTIP share options granted to the Directors is disclosed in Note 3.

Investor Warrants issued

No Investor Warrants were issued in 2021 or 2020.

24. DISCONTINUED OPERATIONS

In October 2016 Savannah, AME and Rio Tinto entered into a Consortium Agreement ('CA'), whereby both Savannah Group and Rio Tinto combined their respective projects in Mozambique to form an unincorporated consortium. On the 1 December 2021 Savannah signed a Deed of Termination relating to the CA.

Under the Deed of Termination the following was agreed:

- the relinquishment of the rights and obligations provided under the CA, including that AME EA will not have an interest in Mutamba Rio and Rio Tinto will not have an interest in Matilda Minerals Lda's Mining Concession 9735C;
- the transfer of Savannah's in country team to Rio Tinto and that Savannah will commence the process of divesting its residual interests in Mozambique and will not undertake exploration or development mining activities in its licence;
- Termination compensation amounting to \$9.5m cash.

The post-tax gain on relinquishment of the rights and obligations of Discontinued Operations was determined as follows:

	£
Termination Compensation	6,996,875
Net assets relinquished	
Intangible Assets	(4,702,323)
Tangible Assets	(957,007)
Other non-current assets	(710,467)
Total net assets relinquished	(6,369,797)
Pre-tax gain on relinquishment of the rights and obligations of discontinued operation	627,078
Related tax	–
Gain on relinquishment of the rights and obligations of discontinued operations	627,078

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

24. DISCONTINUED OPERATIONS continued

The detail of the result of discontinued operations is as follows:

	2021 £	2020 £
Expenses other than finance costs	(624,707)	(430,505)
Gain on relinquishment of the rights and obligations of discontinued operations after tax	627,078	–
Profit / (loss) on discontinued operations for the year	2,371	(430,505)
Earnings per share from discontinued operations		
Basic and diluted loss per share	0.00000	(0.00032)

The statement of cash flows includes the following amounts relating to discontinued operations:

	2021 £	2020 £
Net cash used in operating activities	(438,441)	(146,460)
Net cash from/(used in) investing activities	6,105,942	(214,243)
Net cash (used in)/from financing activities	(5,674,201)	387,205
Net cash (used in)/ from discontinued operations	(6,700)	26,502

25. EVENTS SINCE THE REPORTING DATE

There were no Events Since the Reporting Date to report.

COMPANY INFORMATION

for the year ended 31 December 2021

DIRECTORS:	Matthew James Wyatt King David Stuart Archer Dale John Ferguson James Gerald Leahy Imad Kamal Abdul Redha Sultan Maqbool Ali Sultan Manohar Pundalik Shenoy Murtadha Ahmed Sultan	Chairman Executive Director Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Alternate Director Alternate Director
SECRETARIES:	Christopher Michael McGarty c/o Salisbury House London Wall London EC2M 5PS	Dominic Traynor Salisbury House London Wall London EC2M 5PS
REGISTERED OFFICE:	Salisbury House London Wall London EC2M 5PS	
REGISTERED NUMBER:	07307107 (England and Wales)	
AUDITORS:	BDO LLP Chartered Accountants & Statutory Auditors 55 Baker Street London W1U 7EU	
BANKERS:	NatWest Bank Plc St James' & Piccadilly Branch PO Box 2DG, 208 Piccadilly London W1A 2DG	
NOMINATED ADVISOR:	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP	
JOINT BROKERS:	finnCap Ltd One Bartholomew Close London EC1A 7BL	RBC Capital Markets 100 Bishopsgate London EC2N 4AA
	WH Ireland Limited 24 Martin Lane London EC4R 0DR	
SOLICITORS:	Druces LLP Salisbury House London Wall London EC2M 5PS	
REGISTRARS:	Share Registrars 3 The Millennium Centre, Crosby Way Farnham Surrey GU9 7XX	
WEBSITE:	www.savannahresources.com	