savannah resources plc

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

SAVANNAH RESOURCES PLC

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SAVANNAH RESOURCES PLC

COMPANY INFORMATION

Directors:	Professor M S Johnson	Chairman
	D S Archer	Executive Director
	D J Ferguson	Executive Director
	C Cannon-Brookes	Non-Executive Director
Secretary:	S F Ronaldson 55 Gower Street London, WC1E 6HQ	
Registered office:	Third Floor 55 Gower Street London, WC1E 6HQ	
Corporate office:	Level 2 18 Pall Mall London, SW1Y 5LU	
Registered number:	07307107 (England and Wales)	
Auditors:	BDO LLP 55 Baker Street London, W1U 7EU	
Bankers:	NatWest Bank Plc St James' & Piccadilly Branch PO Box 2DG 208 Piccadilly London, W1A 2DG	
Nominated advisers & brokers	RFC Ambrian Ltd Condor House 10 St. Paul’s Churchyard London, EC4M 8AL	
Solicitors:	Ronaldsons LLP 55 Gower Street London, WC2E 6HQ	
Registrars:	Share Registrars 9 Lion and Lamb Yard Farnham Surrey, GU9 7LL	
Website:	www.savannahresources.com	

CHAIRMAN'S STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2014

Overview

Savannah is focussed on building a geographically diverse, multi-commodity exploration and development company. In line with this, I am delighted with the significant progress we have achieved during the period, which has culminated in the acquisition of two strategic copper blocks in Oman, and the rapid evaluation of our 180km² Jangamo heavy mineral sands project in Mozambique.

With two highly prospective assets in place, and a notable 21.1% shareholding in AIM listed African gold company, Alecto Minerals plc, Savannah has built a solid position within the junior exploration arena and remains focussed on maintaining an active growth rate in order to realise value for the benefit of all stakeholders.

Blocks 5 and 6 Copper Projects, Oman

As part of our growth strategy, and in order to diversify our portfolio and gain exposure to emerging markets and regions, Savannah completed the acquisition of interests in the highly prospective Block 5 and Block 6 copper projects (the 'Blocks') in the Sultanate of Oman from TSX-V listed Gentor Resources Inc. (TSX-V: GNT) in July 2014, which is after the Reporting Date of these Interim Financial Statements. This provided the Company with a 65% interest in Block 5 and the right to earn up to a 70% interest in Block 6. With copper supplies coming under increasing pressure due to mine disruptions, reduced capital investment and high associated costs in major producer countries, Savannah's move into Oman is very timely. Oman is a very favourable setting for the discovery of medium to high grade copper deposits and most importantly, is a low cost operating region, with well-developed road, power and port infrastructure, low fuel costs and a favourable fiscal regime.

The Blocks cover 870km² of the highly prospective, copper-rich, Semail Ophiolite belt in the Sultanate of Oman, which is proven to host clusters of moderate to high grade copper deposits with gold credits and metallurgically simple ores. An Indicated and Inferred Mineral Resource of 1.7Mt at 2.2% copper ('Cu') (including a high-grade zone of ~0.5Mt at 4.5% Cu) has been delineated to date but there remains significant opportunity to supplement this with further discoveries. A detailed reanalysis of legacy geophysical data has identified eight Priority 1 and twelve Priority 2 exploration targets to date for follow up in coming months. Drilling on Block 5 has highlighted its prospectivity with high grade intersections from multiple areas including 56.35m at 6.21% Cu from the Mahab 4 prospect, 6.68m at 7.42% Cu from Maqail South, 5.54m at 3.96% Cu from Hara Kilab and 5m at 2.81% Cu from Mahab 2. In order to realise value, the Company is currently formulating an exploration programme, with drilling targeted to commence in late 2014. This will focus on evaluating the potential of the Priority 1, near surface targets. In line with this, a highly capable exploration team is already in place and I look forward to utilising our in-country advantage within Oman's mineral exploration industry as we focus on establishing the Company as a mid-sized copper producer.

CHAIRMAN'S STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2014

Jangamo Heavy Mineral Sands Project, Mozambique

In tandem with the evaluation of our Omani projects, we remain focussed on advancing our 180km² Jangamo heavy mineral sands ('HMS') project ('Jangamo' or 'the Project'), which is located in a world-class mineral sands province in southern Mozambique. The Project is situated along an extensive dune system prospective for mineral sands including ilmenite, zircon and rutile near the village of Jangamo, about 350km north east of the capital Maputo.

Most notably, Jangamo is located immediately to the west of Rio Tinto's ('Rio') Mutamba deposit. Mutamba is one of two major deposits Rio has defined in Mozambique which collectively have an exploration target of 7-12Bn tonnes at 3-4.5% THM (published in 2008). Importantly, exploration work conducted at the Project indicates that the geology and geomorphology of Jangamo is similar to that of Mutamba.

Savannah has conducted an integrated set of exploration programmes designed to prove Jangamo's potential to host high grade, commercial, heavy mineral sands deposits. An airborne magnetic survey commissioned by Savannah suggests that in excess of 20 significant, multi-kilometre long strandlines could be present within the highly prospective eastern and western dune systems of the Project. A further scout drilling programme was completed in July 2014, which consisted of 96 drill holes for a total of 3,990m. Very encouragingly, visual estimations of HMS were found in the drill spoils, which have highlighted six major anomalous zones. These drill samples have been sent for analysis and the results are expected to form the basis of a future close spaced grid drill out programme. It is anticipated that this second round of drilling for 2014 will enable the definition of a JORC compliant Mineral Resource by the end of 2014.

The Jangamo Project is well served with established infrastructure , including grid power and the main EN1 highway cuts through the middle of the Project. The nearby town of Inhambane is serviced daily by LAMAir flights and there is excellent logistics in place to support growing operations, including a small port.

Strategic Investment in Alecto Minerals Plc

In addition to advancing our exploration and development activities, we remain a supportive shareholder of AIM listed Alecto Minerals Plc, in which we now have a 21.1% shareholding (previously 17.9%) following the conversion into shares of an unsecured loan note in July 2014. Alecto is focussed on the evaluation of its Kossanto Gold Project in the prolific Kenieba inlier in Mali, which has a current Mineral Resource of 247,000 oz gold ('Au') with a 0.5g/t Au cut-off, and also the Wayu Boda and Aysid Meketel gold / base metal projects in Ethiopia, for which Alecto has a joint venture with Centamin Plc. Under this joint venture, Centamin Plc is committing up to US$14m in exploration funding to earn up to 70% of each project. As a result, our interest in Alecto further diversifies both our commodity and geographic reach.

CHAIRMAN'S STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2014

Strategic Divestment of NewMines Holding Ltd

To support our growth strategy, which is currently focussed on advancing its interests in Mozambique and Oman, and in line with the Company's previous divestment of the Kossanto Gold Project to Alecto, we sold our remaining Malian gold exploration permits to Alecto in March 2014. Following a strategic review of the Company's assets, a sale price of £250,000 was agreed, which was satisfied by the issue of 20,000,000 new shares in Alecto. This ensures that we retain an indirect interest in the potential upside of the Malian projects, whilst gaining a more streamlined portfolio. Importantly, Alecto is very well placed to add value to these projects on the back of its in-country capabilities.

Treasury

In order to progress our development, we raised £1.5 million cash (before expenses) through the placing ('Placing') of 20,000,000 new ordinary shares at a placing price of 7.5p per ordinary share with both new and existing investors. This was at a premium of 272% compared to the previous fundraise in October 2013. In addition, in April 2014 we agreed to an investment of potentially up to US$6.3 million (£.3.8 million) by way of a private placement agreement and an issuance of an unsecured convertible instrument ("Financing Agreement") with , Bergen Global Opportunity Fund, LP ("Bergen"), an institutional investment fund. Further details were included in the Company's announcement on 10 April 2014.

The Financing Agreement was strategically structured to ensure that Savannah retained a high level of control and flexibility, meaning that we have the right to terminate the facility at any time and not to issue further shares on payment of a modest termination fee. Thus far we have drawn down just US$1.1 million (£0.7 million) of the original US$6.3 million (£3.8 million) potentially available. US$0.2 million (£0.13 million) has lapsed having not been drawn down in the most recent tranche. This means Savannah still has US$5.0million (£3.0 million) available, if needed, meaning we are exceptionally well placed to support operations across our portfolio. It is also worthwhile to note that the Financing Agreement contains contractual limitations on Bergen's ability to dispose of shares following any share subscription, as well as a prohibition on short selling of shares. Your board continues to closely monitor the utility and appropriateness of the Financing Agreement.

Outlook

With a highly prospective, multi-commodity, multi-jurisdiction portfolio in place, I am delighted with the rapid progress Savannah has achieved during the period. To maximise value, we are currently executing on a dual exploration programme which will focus on advancing our copper interests in Oman in tandem with delineating a maiden heavy mineral sands resource in Mozambique.

In line with this, we are set to commence a second round of drilling at Jangamo; this will target the eastern and western dune systems where a number of high priority targets have been identified with excellent potential to host medium to high grade HMS deposits. I am confident that by defining a maiden resource, we will not only further underscore Jangamo's resource potential but also take a significant step in unlocking the Project's intrinsic value.

CHAIRMAN'S STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2014

In Oman, as one of the few innovative exploration companies in the region, I believe we have a very unique, and highly strategic opportunity available to us, from which we can establish our presence as a mid-tier copper producer. We are continuing to build our in-country exploration team and operational capabilities with the major focus of the team for the remainder of 2014 to progress a number of the high priority targets to drill ready stage and continue the review of the 94 newly identified VTEM anomalies.

Aside from our own exploration focus we remain a supportive shareholder of Alecto, and look forward to tracking Alecto's progress as it continues to evaluate its portfolio of gold and copper projects.

Finally, I would like to take this opportunity to thank our Board, shareholders and advisers for their continued support and I look forward to providing further updates on our progress in due course as we remain committed to maintaining an active shareholder communication policy.

Mike Johnson
Chairman
11 September 2014

SAVANNAH RESOURCES PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Notes	**Unaudited Six months to 30 June 2014 £**	Unaudited Six months to 30 June 2013 £	Audited Year ended 31 December 2013 £
Continuing operations				
Revenue		**-**	-	-
Administrative expenses		**(630,877)**	(263,911)	(893,000)
Operating loss		**(630,877)**	(263,911)	(893,000)
Finance income	**2**	**157,385**	3,096	228,433
Finance expense	**2**	**(445,761)**	-	-
Loss for the period before tax		**(919,253)**	(260,815)	(664,567)
Taxation		**-**	-	-
Loss for the period from continuing operations		**(919,253)**	(260,815)	(664,567)
Discontinued operations				
Loss for the period from discontinued operations		**-**	(133,975)	(1,377,176)
Loss for the period attributable to equity owners of the parent		**(919,253)**	(394,790)	(2,041,743)
Other comprehensive income				
Change in market value of investments	**5**	**(1,762,261)**	-	1,430,435
Exchange (losses)/gains on translating foreign operations which may be reclassified to profit and loss		**(14,531)**	97,464	51,990
Other comprehensive income for the period		**(1,776,792)**	97,464	1,482,425
Total comprehensive income for the period attributable to the equity owners of the parent		**(2,696,045)**	(297,326)	(559,318)
Loss per share attributable to equity owners of the parent expressed in pence per share				
Basic and diluted				
From continuing operations	**3**	**(0.60)**	(0.31)	(0.66)
From discontinued operations	**3**	**-**	(0.16)	(1.38)
		(0.60)	(0.47)	(2.04)

SAVANNAH RESOURCES PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Notes	**Unaudited 30 June 2014 £**	Unaudited 30 June 2013 £	Audited 31 December 2013 £
Assets				
Non-current assets				
Intangible assets	4	**845,725**	1,665,990	699,138
Investments	5	**1,318,174**	-	2,830,435
Other receivables		**8,359**	-	2,998
Total non-current assets		**2,172,258**	1,665,990	3,532,571
Current assets				
Loan receivables	6	**290,321**	-	573,380
Trade and other receivables		**225,888**	58,477	108,215
Cash and cash equivalents		**1,784,760**	943,848	859,616
Total current assets		**2,300,969**	1,002,325	1,541,211
Assets of disposal group classified as held for sale		**-**	964,544	-
		2,300,969	1,966,869	1,541,211
Total assets		**4,473,227**	3,632,859	5,073,782
Equity and liabilities				
Shareholders' equity				
Share capital	7	**1,673,294**	842,133	1,383,658
Share premium		**6,876,841**	4,997,699	5,460,305
Foreign currency reserve		**(9,709)**	81,052	35,578
Share-based payment and warrant reserve		**1,571,496**	918,597	1,347,792
Merger reserve		**-**	572,314	572,314
Retained earnings		**(6,154,957)**	(3,829,239)	(4,045,757)
Total equity		**3,956,965**	3,582,556	4,753,890
Liabilities				
Current liabilities				
Trade and other payables		**321,485**	50,303	319,892
Loan payables	8	**194,777**	-	-
Total liabilities		**516,262**	50,303	319,892
Total equity and liabilities		**4,473,227**	3,632,859	5,073,782

The interim financial statements on pages 6 - 17 were approved and authorised for issue by the Board of Directors on 11 September 2014 and were signed on its behalf by:

……………………………………………..
D S Archer
Executive Director
Company number: 07307107

SAVANNAH RESOURCES PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Share capital £	Share premium £	Foreign currency reserve £	Share based payment and warrant reserve £	Retained earnings £	Merger reserve £	Total equity £
At 1 January 2013	842,133	4,997,699	(16,412)	1,156,760	(3,646,829)	572,314	3,905,665
Changes in equity							
Loss for the period	-	-	-	-	(394,790)	-	(394,790)
Exchange differences	-	-	97,464	-	-	-	97,464
Share based payments	-	-	-	(25,783)	-	-	(25,783)
Share options lapsed	-	-	-	(212,380)	212,380	-	-
At 30 June 2013	842,133	4,997,699	81,052	918,597	(3,829,239)	572,314	3,582,556
Changes in equity							
Loss for the period	-	-	-	-	(1,646,953)	-	(1,646,953)
Changes in market value of investments	-	-	-	-	1,430,435	-	1,430,435
Exchange differences	-	-	(45,474)	-	-	-	(45,474)
Issue of share capital	541,525	733,717	-	-	-	-	1,275,242
Issue of warrants	-	(271,111)	-	271,111	-	-	-
Share based payments	-	-	-	158,084	-	-	158,084
At 31 December 2013	1,383,658	5,460,305	35,578	1,347,792	(4,045,757)	572,314	4,753,890
Changes in equity							
Loss for the period	-	-	-	-	(919,253)	-	(919,253)
Changes in market value of investments	-	-	-	-	(1,762,261)	-	(1,762,261)
Exchange differences	-	-	(14,531)	-	-	-	(14,531)
Foreign currency reserve on disposal of subsidiaries	-	-	(30,756)	-	-	-	(30,756)
Disposal of subsidiaries	-	-	-	-	572,314	(572,314)	-
Issue of share capital	289,636	1,507,676	-	-	-	-	1,797,312
Issue of warrants	-	(91,140)	-	91,140	-	-	-
Share based payments	-	-	-	132,564	-	-	132,564
At 30 June 2014	**1,673,294**	**6,876,841**	**(9,709)**	**1,571,496**	**(6,154,957)**	**-**	**3,956,965**

SAVANNAH RESOURCES PLC

CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Notes	Unaudited Six months to June 2014 £	Unaudited Six months to June 2013 £	Audited Year ended December 2013 £
Cash flows used in operating activities				
Loss for the period		**(919,253)**	(394,790)	(2,041,743)
Depreciation and amortisation charges		**1,455**	19,379	30,231
Impairment of intangible assets		**-**	-	1,362,402
Profit on disposal of subsidiaries		**-**	-	(180,048)
Share-based payments charge/(credit)		**132,564**	(25,783)	132,301
Shares issued in lieu of payments to extinguish liabilities		**99,940**	-	75,750
Foreign currency reserve on disposal of subsidiary		**(30,756)**	-	-
Finance income		**(157,385)**	(3,096)	(228,433)
Finance expense		**445,761**	-	-
Cash flow used in operating activities before changes in working capital		**(427,674)**	(404,290)	(849,540)
(Increase)/decrease in trade and other receivables		**(118,685)**	8,887	(81,973)
(Decrease)/increase in trade and other payables		**(69,156)**	(13,095)	140,066
Net cash used in operating activities		**(615,515)**	(408,498)	(791,447)
Cash flow used in investing activities				
Disposal of subsidiaries		**-**	-	(21,653)
Purchase of intangible assets		**(346,630)**	(413,727)	(593,638)
Purchase of tangible fixed assets		**-**	(6,390)	(6,380)
Purchase of convertible loan notes		**-**	-	(350,000)
Purchase of investments		**-**	-	(150,000)
Interest received		**2,911**	3,096	5,053
Net cash used in investing activities		**(343,719)**	(417,021)	(1,116,618)
Cash flow from financing activities				
Proceeds from issues of ordinary shares		**1,648,623**	-	968,491
Proceeds from financing	8	**237,925**	-	-
Net cash from financing activities		**1,886,548**	-	968,491
Movement in cash and cash equivalents		**927,314**	(825,519)	(939,574)
Cash and cash equivalents at the beginning of the period		**859,616**	1,767,381	1,767,381
Exchange differences		**(2,170)**	1,986	31,809
Cash and cash equivalents at end of period		**1,784,760**	943,848	859,616

SAVANNAH RESOURCES PLC

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

1. BASIS OF PREPARATION

The financial information set out in this report is based on the consolidated financial statements of Savannah Resources Plc and its subsidiary companies (together referred to as the 'Group'). The interim financial statements of the Group for the six months ended 30 June 2014, which are unaudited, were approved by the Board on 11 September 2014. The financial information contained in this interim report does not constitute statutory accounts as defined by s434 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2013 have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006.

The financial information set out in this report has been prepared in accordance with the accounting policies set out in the Annual Report and Financial Statements of Savannah Resources Plc for the year ended 31 December 2013.

The Group financial statements are presented in Pound Sterling.

Based upon cash flow projections the Directors are of the view that the Group's current cash position plus utilising a minor portion of the funding available under the Bergen Financing Agreement provides sufficient cash to fund commitments for the next 12 months.

2. FINANCE INCOME AND EXPENSE

	Six months to 30 June 2014	Six months to 30 June 2013	Year ended 31 December 2013
Finance income			
Deposit account interest	**2,911**	3,096	5,053
Accretion and accrued interest on convertible	**95,732**	-	45,196
Movement on the valuation of derivatives	**58,742**	-	178,184
Total finance income	**157,385**	3,096	228,433
Finance expense			
Accretion in convertible	**(18,220)**	-	-
Movement on the valuation of derivatives	**(427,541)**	-	-
Total finance expense	**(445,761)**	**-**	**-**
Net finance (expense)/income	**(288,376)**	3,096	228,433

The Group has a loan receivable in relation to the purchase of convertible loan notes in Alecto Minerals plc ("Alecto") and a loan payable in relation to a convertible loan note issued to Bergen Global Opportunity Fund LP ("Bergen"). These derivatives have been recognised at a fair value using the Black Scholes valuation technique and the movement in the derivatives is reported in finance income and expenses being £317,184 charge on the Alecto derivative and £25,897 gain on the Bergen derivative.

3. EARNINGS PER SHARE

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

In accordance with IAS 33 as the Group is reporting a loss for both this and the preceding period the share options are not considered dilutive because the exercise of share options and warrants would have the effect of reducing the loss per share.

Reconciliations are set out below:	**Six months to 30 June 2014**	Six months to 30 June 2013	Year ended 31 December 2013
Loss per share:			
Loss from continuing operations attributable to ordinary shareholders (£)	**(919,253)**	(260,815)	(664,567)
Loss from discontinued operations attributable to ordinary shareholders (£)	**-**	(133,975)	(1,377,176)
Loss attributable to ordinary shareholders (£)	**(919,253)**	(394,790)	(2,041,743)
Weighted average number of shares (number)	**152,189,612**	84,213,306	100,004,746
Loss per share from continuing operations (pence)	**0.60**	0.31	0.66
Loss per share from discontinued operations (pence)	**-**	0.16	1.38
Basic loss per share basic and diluted (pence)	**0.60**	0.47	2.04

4. INTANGIBLE ASSETS (GROUP)

	Exploration and evaluation assets costs	Other	Total
	£	£	£
Cost			
At 1 January 2014	2,035,909	11,640	2,047,549
Additions	422,744	-	422,744
Disposals	(1,575,601)	-	(1,575,601)
Exchange differences	(39,025)	-	(39,025)
At 30 June 2014	**844,027**	**11,640**	**855,667**
Amortisation and impairment			
At 1 January 2014	1,339,924	8,487	1,348,411
Charge for period	-	1,455	1,455
On disposals	(1,318,299)	-	(1,318,299)
Exchange differences	(21,625)		(21,625)
At 30 June 2014	**-**	**9,942**	**9,942**
Net Book Value			
At 30 June 2014	**844,027**	**1,698**	**845,725**
At 31 December 2013	695,985	3,153	699,138

The disposal of exploration and evaluation assets (“Cost” £1,575,601 / “Amortisation and impairment” £1,318,299) in 2014 relates to the sales of NewMines Holdings Limited to Alecto Minerals (as detailed in the Chairman’s Statement). The additions to Cost in 2014 relate to the Jangamo Project in Mozambique (£289,317 (2013: £445,985)) and the Company’s acquisition of Gentor Resources Limited (£122,090 (2013: Nil)) (as detailed in the Chairman’s Statement).

5. INVESTMENT IN ALECTO MINERALS PLC

	Quantity of shares held	Share price	Value of shares
	No.	£	£
At 1 January 2014	121,739,130	0.02325	2,830,435
Additions	20,000,000	0.01250	250,000
Change in value of shares			(1,762,261)
At 30 June 2014	**141,739,130**	**0.00930**	**1,318,174**

The Group has acquired a further 20,000,000 shares in Alecto Minerals Plc ("Alecto") on 27 March 2014 when it sold its subsidiary, NewMines Holdings Limited, to Alecto.

The change in market value represents the fair value of shares held at the reporting date less the cost. The fair value of the shares being the market value of the Alecto shares at the reporting date of 30 June 2014.

6. LOAN RECEIVABLES

	Loan element	Derivative element	Total
	£	£	£
Alecto convertible loan note:			
At 1 January 2014	228,474	344,906	573,380
Loan interest	13,056	-	13,056
Derivative revaluation	-	(412,916)	(412,916)
Accretion of loan element	82,676	-	82,676
At 30 June 2014	324,206	(68,010)	256,196
Bergen derivative (collateral shares)	-	34,125	34,125
Total			
At 30 June 2014	**324,206**	**(33,885)**	**290,321**

The convertible loan notes are repayable in cash or convertible into Alecto's shares at the election of either the Company or Alecto at a fixed price of 1.15 pence from October 2014. This derivative has been recognised at fair value using the Black Scholes valuation technique.

7. SHARE CAPITAL

Allotted, issued and fully paid

	Six months to 30 June 2014		Six months to 30 June 2013		Year ended 31 December 2013	
	£0.01 ordinary shares number	**£**	£0.01 ordinary shares number	£	£0.01 ordinary shares number	£
At beginning of period	**138,365,781**	**1,383,658**	84,213,306	842,133	84,213,306	842,133
Issued during the year:						
Cash subscription by David Archer (Director)	**-**	**-**	-	-	22,222,224	222,222
Placing	**20,000,000**	**200,000**	-	-	18,047,748	180,478
Acquisition of 80% of Matilda Minerals Lda	**-**	**-**	-	-	10,643,107	106,431
In lieu of notice	**-**	**-**	-	-	2,666,667	26,667
Share based payments	**1,749,578**	**17,495**	-	-	572,729	5,727
Fundraising via Private Placement	**7,214,100**	**72,141**	-	-	-	-
At end of period	**167,329,459**	**1,673,294**	84,213,306	842,133	138,365,781	1,383,658

8. LOAN PAYABLES

	Loan element	Derivative element	Total
	£	£	£
At 1 January 2014	-	-	-
Convertible security	147,695	90,230	237,925
Exchange rate revaluation	(2,626)	-	(2,626)
Derivative revaluation	-	(58,742)	(58,742)
Accretion of loan element	18,220	-	18,220
At 30 June 2014	**163,289**	**31,488**	**194,777**

The Company issued an Unsecured Convertible Instrument to Bergen on 10 April 2014 with a nominal value of US$400,000 (£237,925 at date of issue), which is convertible at Bergen's election into ordinary shares in the Company (the "Convertible Security"). The relevant conversion price will be the lesser of (a) 91% of the average of five daily volume-weighted average prices of the Company's shares on AIM during a specified period preceding the date of the conversion of the Convertible Security and (b) 135% of the average of the daily volume-weighted average prices of the Company's shares for the 20 consecutive trading days preceding 10 April 2014. This Convertible Instrument is fair valued using the Black-Scholes valuation technique.

9. 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 the trigger event has not yet occurred.

Indemnity in Relation to Divestment of NewMines Holdings Ltd
Under the terms of the sale exchange agreement between the Company and Alecto Minerals Plc for the sale of NewMines Holdings Limited, the Company may be liable to repay the consideration received of £250,000 if the Karan exploration licence is not renewed by 27 September 2014. The renewal of the licence is expected to be a formality as the minimum spending requirements and other obligations of the Karan licences were fulfilled.

Deferred Consideration Payable in Relation to the Acquisition of 80% Shareholding in Matilda Minerals Lda
In consideration for acquiring 80% shareholding in Matilda Minerals Lda, in October 2013 the Company paid initial consideration of AUD $400,000 in ordinary shares and a cash payment for the reimbursement of costs of AUD $125,000. Additionally, milestone payments to be satisfied by the issue of ordinary shares in the Company are payable as follows: (a) AUD $500,000 upon the establishment of a JORC Inferred Resource of 150Mt @ 3% THM; (b) AUD $500,000 upon the establishment of a JORC Indicated Resource of 350Mt @ 3% THM; (c) AUD $500,000 upon the establishment of a JORC Indicated Resource of 500Mt @ 3% THM.

10. EVENTS AFTER THE REPORTING DATE

On 3 July 2014 the Company issued share options to non-executive Directors in lieu of Directors' fees in cash, in recognition of the significant contribution they have made in the Company's strategic change and subsequent share price growth. This is consistent with their previous remuneration arrangements for which they had previously received a nominal £1 per year and were granted share options. Specifically, Professor Mike Johnson, the Company's Chairman, was issued with 2,030,000 share options and Mr Charlie Cannon-Brookes with 1,270,000 share options. The exercise price is 5.0p per share with an exercise period limited to three years. The options vest immediately.

On 15 July 2014 the Company completed the acquisition of interests in the highly prospective Block 5 and Block 6 copper projects in the Semail Ophiolite belt in the Sultanate of Oman from the TSX-Venture listed Gentor Resources Inc. The primary commercial terms of the Company's acquisition of 100% of the issued share capital of Gentor Resources Ltd ("GRL") are set out below:

1. Initial Consideration
   (a) a cash payment of USD $800,000 (~GBP £479,000);
2. Deferred Consideration (up to 50% payable in Savannah shares)
   (a) a milestone payment of USD $1,000,000 (~GBP £599,000) upon a formal final investment decision for the development of the Block 5 Licence;
   (b) a milestone payment of USD $1,000,000 (~GBP £599,000) upon the production of the first saleable concentrate or saleable product from ore derived from the Block 5 Licence; and
   (c) a milestone payment of USD $1,000,000 (~GBP £599,000) within six months of the payment of the Deferred Consideration in (b).
3. Other Information
   (a) the Company will be responsible for all of the funding of the projects. This funding will be in the form of a loan which would be reimbursed prior to any dividend distribution to shareholders; and
   (b) the Company is expected to spend approximately GBP £600,000 on exploration in the first 12 months of owning GRL.

On 27 July 2014 the Company converted its Unsecured Loan Note ("Convertible Loan") in Alecto Minerals Plc ("Alecto") into 30,434,783 ordinary shares in Alecto ("Shares"). As prescribed by the terms of the Convertible Loan entered into in October 2013 in relation to the disposal of AME West Africa Ltd to Alecto, the £350,000 Convertible Loan was converted at a fixed rate of £0.0115 per ordinary share. Additionally 1,610,959 shares were issued in satisfaction of the £18,500 interest earned on the Convertible Loan. Following the issue, the Company's shareholding in Alecto rose from 17.9% to 21.1%.

On 22 August 2014 the Company drew down $0.3 million (£0.18 million) under the Bergen Financing Agreement.

INDEPENDENT REVIEW REPORT TO SAVANNAH RESOURCES PLC
FOR THE SIX MONTHS ENDED 30 JUNE 2014

Introduction

We have been engaged by the company to review the set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT REVIEW REPORT TO SAVANNAH RESOURCES PLC (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2014

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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