

6 September 2023

Barroso Lithium Project Update

Savannah Resources Plc, the European lithium development company, is pleased to provide an update on several key workstreams at its 100% owned Barroso Lithium Project (the 'Project') including, its ongoing commercial negotiations, completion of the Definitive Feasibility Study ('DFS'), the environmental licencing process ('RECAPE'), and land purchasing and land access arrangements.

Highlights:

- Commercial arrangements for the Project:
 - Savannah has a strong negotiating position as it owns 100% of the Project and has yet to commit to any offtake arrangements
 - Following the endorsement of the Project (the 'DIA') by the Portuguese environmental regulator, the level of strategic partnership interest in the Project has increased notably
 - The Company is currently working to identify a shortlist of potential strategic partners which are willing to assist with the financing of the Project's construction
 - Savannah expects to provide an update on the Project's commercial arrangements towards the end of the year
- DFS and RECAPE: Significant progress has been made on preparations for the commencement of both the DFS and RECAPE with six tenders issued, 4 tenders awarded and 2 tenders under final review
- DFS:
 - DFS Processing Work Package: awarded to a collaboration between the plant construction experts Sedgman Pty Ltd ('Sedgman') and the processing experts Minsol Engineering Pty Ltd ('Minsol')
 - DFS Infrastructure Work Package: tenders under final review
 - DFS Drilling Programme Phase 1: awarded to EDASU S.L ('EDASU') and SPI S.A. ('SPI'); drilling is expected to begin in mid-September on land owned by Savannah
- RECAPE:
 - Barroso Lithium Project RECAPE contract: awarded to Quadrante Engenharia e Consultoria, S.A. ('Quadrante')

- Bypass Road RECAPE contract: tenders under final review
- Ongoing stakeholder consultation work: Completion of Social Impact Assessment, tender awarded to Community Insights Group PTE LTD ('Community Insights')
- Savannah expects to complete the environmental licencing and the DFS in the second half of 2024
- Land acquisition & access arrangements:
 - To date Savannah has acquired or is in the process of acquiring approximately 45% of the private land it requires for the Project from more than 40 local landowners.
 - In total, Savannah expects to spend approximately €5M¹ on the acquisition of private land identified to date which is required for the Project
 - The Company has also made offers to two relevant community land management groups ('Baldios') for long term access to community lands required for the Project and associated compensation to community members. The Company estimate these offers would total approximately €10M¹ over the life of the Project
 - The Company will always seek to reach mutually acceptable agreements with all landowners and Baldios groups as it progresses the Project.

Savannah's Chief Executive Officer, Dale Ferguson said, "As the summer in Europe draws to a close, Savannah is completing its preparations for the next phase in the development of the Barroso Lithium Project. The Project contains the largest JORC compliant spodumene resource in Europe making it hugely strategic in the continent's plans for a domestic lithium battery value chain. Savannah owns 100% of the Project meaning the Company is fully leveraged to the potential value that can be created by advancing the Project in this supportive environment.

"Savannah is pleased to have received significant commercial interest in the Project for several years now and following the endorsement of the DIA and the completion of the new positive Scoping Study, there has been additional interest generated from across the lithium value chain. With the visibility we now have on the end of the licencing process and completion of the DFS, it is the right time to also create an effective commercial structure around the Project. Our focus is on identifying partners which can assist us in financing the capital expenditure requirement of the Project and bring complementary skills or additional opportunities to a long-term partnership with Savannah. Our discussions with a large range of groups continue and we are currently working to identify a shortlist of potential strategic partners. We expect to provide an update on this front later in the year.

"Regarding our ongoing work on licencing and technical aspects of the Project, we are encouraged by the number and quality of the proposals which we have received from the six tenders for the RECAPE and DFS work, which has enabled us to build a team of first-class consultants primarily based in Portugal. We are pleased that two key consultants who contributed to the positive DIA from the Portuguese environmental regulator in May, Quadrante and Community Insights, will again be on the team to help us through the final stages of the Project's licencing.

¹Costs are in line with those set out in the Scoping Study announced on 12 June 2023

“It is also a pleasure to be continuing our association with Minsol, which has led on our metallurgical test work programme since 2021 and produced the final design of the process flowsheet. Drilling groups EDASU and SPI have also both worked on the Project before and we look forward to restarting our partnerships with them as we undertake the outstanding drilling required for the DFS from mid-September onwards. We expect to make the remaining contractor appointments for the DFS infrastructure and RECAPE bypass road work packages in the coming weeks.

“Given some recent press commentary on the subject, we thought it useful to clarify our position for all stakeholders and shareholders around land ownership and land access in relation to the Project. As many will know we have been purchasing land from local people via a transparent and rigorous process since 2021. To date we have purchased, or are in the process of purchasing 70 hectares, or approximately 45% of the total privately owned land we have identified as required for the Project from more than 40 local landowners. In addition, Savannah has purchased, or is in the process of purchasing, a further 23 hectares of ground adjacent to the Project, making total land acquired or being acquired in the area to date, 93 hectares. We have also made offers for the provision of access to land managed on behalf of the community by two relevant Baldios groups. In total, over the life of the Project, we estimate our land access proposal to the Baldios groups will total approximately €10M, with approximately €4M being payments directly to community members.

“The 30-year Mining Lease granted in 2006 safeguards Savannah's access to land that may be necessary for the development of the Barroso Lithium Project. Despite the existing legal coverage, Savannah will always favour direct agreement with landowners and representatives of the Baldios. The Company will use the mechanisms provided in Portuguese law but only when it is not possible to reach an agreement. Savannah wants to build the Barroso Lithium Project with the community, to benefit its members, not to impact them.

“With much going on we now look forward to providing regular news flow during the remainder of the year including on the RECAPE and DFS work programmes we are about to start, the commercial opportunities around the Project and additions to the Savannah team.”

Further Information

Following the award of the DIA for the Company's proposed development of the Barroso Lithium Project in May 2023, focus has now moved to the finalisation of the DFS which is now possible as the site layout was completed as part of the DIA approval process and the finalisation of the RECAPE. During July and August, Savannah has been running a series of tenders to support the works required to complete both the DFS and the RECAPE which include:

- DFS Processing Work Package (Awarded)
- DFS Infrastructure Work Package (Tenders under final review)
- DFS Drilling Programme (Phase 1 awarded)

- Barroso Lithium Project RECAPE (Awarded)
- Bypass Road RECAPE (Tenders under final review)
- Completion of Stakeholder Impact Assessment (Awarded)

Summaries of the DFS and RECAPE tenders awarded to date and the Company's land acquisition activities and land access proposals are provided below.

DFS Processing Work & Infrastructure Work Packages

Savannah has completed the tendering exercise for the DFS processing work package which includes the final design of the Processing Plant, detail forecasts of the CAPEX and OPEX for the processing plant (+/-15%) and a scope of work for the Project's Implementation. Following the review of the tender proposals received, based on a high level of lithium processing experience, competitive cost, and plan to carry out much of the work using teams based in the Iberian Peninsula, this work package was awarded to a collaboration between Sedgman and MinSol, subject to final negotiation of the contract.

The DFS work for the key project infrastructure was the subject of a second tender process which is now nearing completion with the final assessment of tenders received now underway.

About Sedgman

Sedgman is an Australian engineering company with a global presence in the minerals and metals sector. Their 250-strong portfolio of high-performing processing plants and supporting mine-site infrastructure showcases the value of their specialist focus. Since 1980, they have advanced the standard of excellence and innovation in design, delivery, and operations of processing facilities for their clients. Sedgman is a subsidiary of the Australian company, CIMIC Group, which in turn is owned by HOTCHTIEF, which is majority owned by ACS Group. In executing the DFS Sedgman will draw on the regional project delivery expertise of DRAGADOS, another ACS Group company, based in Spain.

About Minsol

MinSol is a Western Australian based resource development consultancy, specialising in mineral and chemical processing facilities and associated infrastructure.

The core engineering team at MinSol have been integral to the development of the lithium industry for more than 15 years, including implementation of the world's first dedicated spodumene flotation plant for lithium chemical conversion (2008) as well as major projects for the likes of Talison Lithium (Greenbushes) and Tianqi Lithium (Kwinana). MinSol has contributed to the design, implementation, and commissioning of numerous projects which now have a combined production capacity of 1.7Mtpa (SC6.0), or circa 50% of Australia's current spodumene production capacity.

MinSol have been involved in the Barroso Project for nearly 3 years, having worked collaboratively with the Savannah team since 2021 to develop the metallurgical test work and Studies.

DFS Drilling

Phase 1 of the DFS drilling programme which includes 60 reverse circulation ('RC') and Diamond drill holes is focused on upgrading existing resources, providing further samples for metallurgical test work and geotechnical drilling for the final open pit designs and is due to get underway around mid-September. Subject to the final negotiations of contracts the drilling has been split between EDASU (RC Drilling) and SPI (Diamond Drilling) and is expected to take around 2-3 months to complete.

About EDASU

EDASU S.L. (Española de Aguas Subterráneas) was created in 1980 as a groundwater collection company using direct rotary percussion vertical boreholes. They have more than 40 years of experience in drilling services mainly in the field of mining and hydrogeology both on the Iberian Peninsula and internationally and specialises in deep drilling and large diameters.

About SPI

SPI S.A. (Sondeos y Perforaciones Industriales de Bierzo S.A.) are an experienced Spanish drilling company who has been in the exploration sector for almost 20 years, participating in many projects in the Iberian Peninsula.

RECAPE

The RECAPE is the Detailed Design Environmental Compliance Report phase of the environmental licencing process and will be developed with the objective of demonstrating the environmental compliance of the detailed design of the Barroso Lithium Project, regarding the measures/conditions established in the DIA. Savannah ran a tender process for the scope of works for the Project's RECAPE and has selected Quadrante who are a highly experienced Portugal based consulting group and were the same group who helped Savannah guide the DIA to a successful conclusion and subsequent approval.

The RECAPE work for the bypass road was the subject of a second tender process which is now nearing completion with the final assessment of tenders received now underway.

About Quadrante

Quadrante is a global Engineering, Architecture, Environment and Sustainability Services Group, with offices in three continents (Europe, Africa and Latin America) and extensive experience in Special Projects, Transports Infrastructures, Energy and Industry, Buildings and Urban Development, Waste and Water Utilities, Environment and Construction Management and Supervision. Services provided by Quadrante Group range from Environmental Management Planning, Strategic Environmental Assessments, and specific studies that integrate the environmental licensing of projects and/or accompany the various phases of a project: Environmental Due Diligence, Environmental Feasibility

Study, Environmental Impact Studies, Environmental Compliance Report of the Execution Project, and Environmental Monitoring.

Ongoing Stakeholder Consultation Works

Following the approval of the DIA in May 2023, the permitting authority requested several additional elements for Savannah to present in relation to stakeholders as part of the RECAPE process. Savannah has now selected Community Insights Group to provide support in responding to two elements (M31 and M32) relating to the Project's interaction with local communities and stakeholders. Work is due to commence later in September and take around 8 months to complete.

About Community Insights Group

Community Insights is a consultancy who helps businesses build healthy relationships with their stakeholders. CIG does this by helping them to gain trust, show respect for human rights, and share benefits with local communities.

Land acquisition and land access arrangements

To develop the Project, Savannah must either own or have agreed access rights to the land which is to be developed. Due to the distance of the Project from the communities in the area, there is no requirement to purchase any houses or other buildings from local people for the Project to progress. Nor is there a requirement for any resident to leave their home. All agreements and proposed agreements relate only to land.

From an extensive mapping exercise, Savannah estimates that the total area of land that is required for the Project, spread across the Mining Lease, the proposed road, and ancillary areas is approximately 840 hectares (8.4km²) with private landowners holding around 24% of the total. The remainder is managed on behalf of the community by management groups ('Baldios'). The land is spread across 4 parishes.

Savannah is committed to responsible land management and will be comprehensively rehabilitating, re-landscaping and revegetating impacted areas during the operating life of the Project (beginning in the second year of operation) and after it closes. At the end of the Project's life, the land will be returned to the community for its own use.

Land acquisition

Since 2021, Savannah has been operating a land acquisition programme. To date more than 40 private landowners have sold, or agreed to sell, their land to Savannah. Savannah offers landowners €2 or €2.5/m² depending on the type of land (forest or farmland, respectively). Savannah's analysis shows that these rates are approximately twice the market price for such land in this region. To date Savannah has acquired, or is in the process of acquiring over 90 hectares of land in the local area and has paid approximately €1.8m (including relevant taxes). Based on the attractive rates which Savannah

is offering, prior to mine construction the Company expects to spend approximately €5m in total on the acquisition of land identified to date, with the money going directly to local people. Further investment on private land will depend on matters including the progress of private property identification and the completion of agreements.

Land Access

Savannah has engaged with the local Baldios communities from Covas do Barroso and Dornelas, and presented financial proposals (also included as part of the EIA submission to APA) to access the Baldios lands. Savannah has offered a rental value of €335 per hectare/year, a figure which is based on the current contract Savannah has with the Covas do Barroso Baldios (€258/hectare/year) adjusted for inflation. The Company has benchmarked this figure against other relevant land access agreement and transactions in Portugal and believes it to be a highly attractive figure. For its total financial proposal, Savannah has added to the land access fee calculated from this unit price (on which an assumed inflation rate is added), a royalty linked to the volume of spodumene concentrate production and compensation for drilling platforms. Savannah is also offering direct payments to all the community members in the impacted parishes, will provide compensation for anyone losing agricultural grants as a result of the Project, and provide financial support for the local firefighters. Overall, Savannah estimates it would pay approximately €10M for access to the community lands managed by the Baldios over the Project's life, with approximately €4M being paid directly to community members. Furthermore, where practical, community members and the Baldios groups shall be able to access the land during the operation of the Project for recreation and work, even though Savannah commits to paying rent for the full area of the Project's mining licence area and ancillary land.

Savannah remains open to discussions with private landowners, Baldios representatives, and other stakeholders around its land acquisition programme and land access proposals. The Company's preferred option is to secure the land or access to the land it needs to develop the Project through direct negotiation and agreement.

The 30-year Mining Lease granted in 2006 safeguards Savannah's access to land that may be necessary for the development of the Barroso Lithium Project. This condition applies to both private land and land managed by the representatives of the Baldios. Despite the existing legal coverage, Savannah will always favour direct agreement with the owners of the lands and representatives of the Baldios. The Company will use the mechanisms provided in Portuguese law but only when it is not possible to reach an agreement.

Regulatory Information

This Announcement contains inside information for the purposes of the UK version of the market abuse regulation (EU No. 596/2014) as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MAR").

Savannah – **Enabling Europe’s energy transition.**

****ENDS****



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For further information please visit www.savannahresources.com or contact:

Savannah Resources PLC

Tel: +44 20 7117 2489

Dale Ferguson, CEO

SP Angel Corporate Finance LLP (Nominated Advisor & Joint Broker) Tel: +44 20 3470 0470

David Hignell/ Charlie Bouverat (Corporate Finance)

Grant Barker/Abigail Wayne (Sales & Broking)

RBC Capital Markets (Joint Broker)

Tel: +44 (0) 20 7653 4000

Farid Dadashev/ Jamil Miah

Camarco (Financial PR)

Tel: +44 20 3757 4980

Gordon Poole/ Emily Hall / Fergus Young

LPM (Portugal Media Relations)

Tel: +351 218 508 110

Herminio Santos/ Jorge Coelho

About Savannah

Savannah Resources is a mineral resource development company and sole owner of the Barroso Lithium Project in northern Portugal.

Savannah is focused on the responsible development and operation of the Barroso Lithium Project so that its impact on the environment is minimised and the socio-economic benefits that it can bring to all its stakeholders are maximised. Through the Barroso Lithium Project, Savannah can help Portugal to play an important role in providing a long-term, locally sourced, lithium raw material supply for Europe’s rapidly developing lithium battery value chain. Production is targeted to begin in 2026, producing enough lithium for 0.5m vehicle battery packs per year.

The Company is listed and regulated on AIM and the Company’s ordinary shares are also available on the Quotation Board of the Frankfurt Stock Exchange (FWB) under the symbol FWB: SAV, and the Börse Stuttgart (SWB) under the ticker “SAV”.