

# Enabling Europe's energy transition

## Corporate Presentation

## Europe's Leading Conventional Lithium Project

JULY 2022

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**SAVANNAH**

ENABLING EUROPE'S ENERGY TRANSITION



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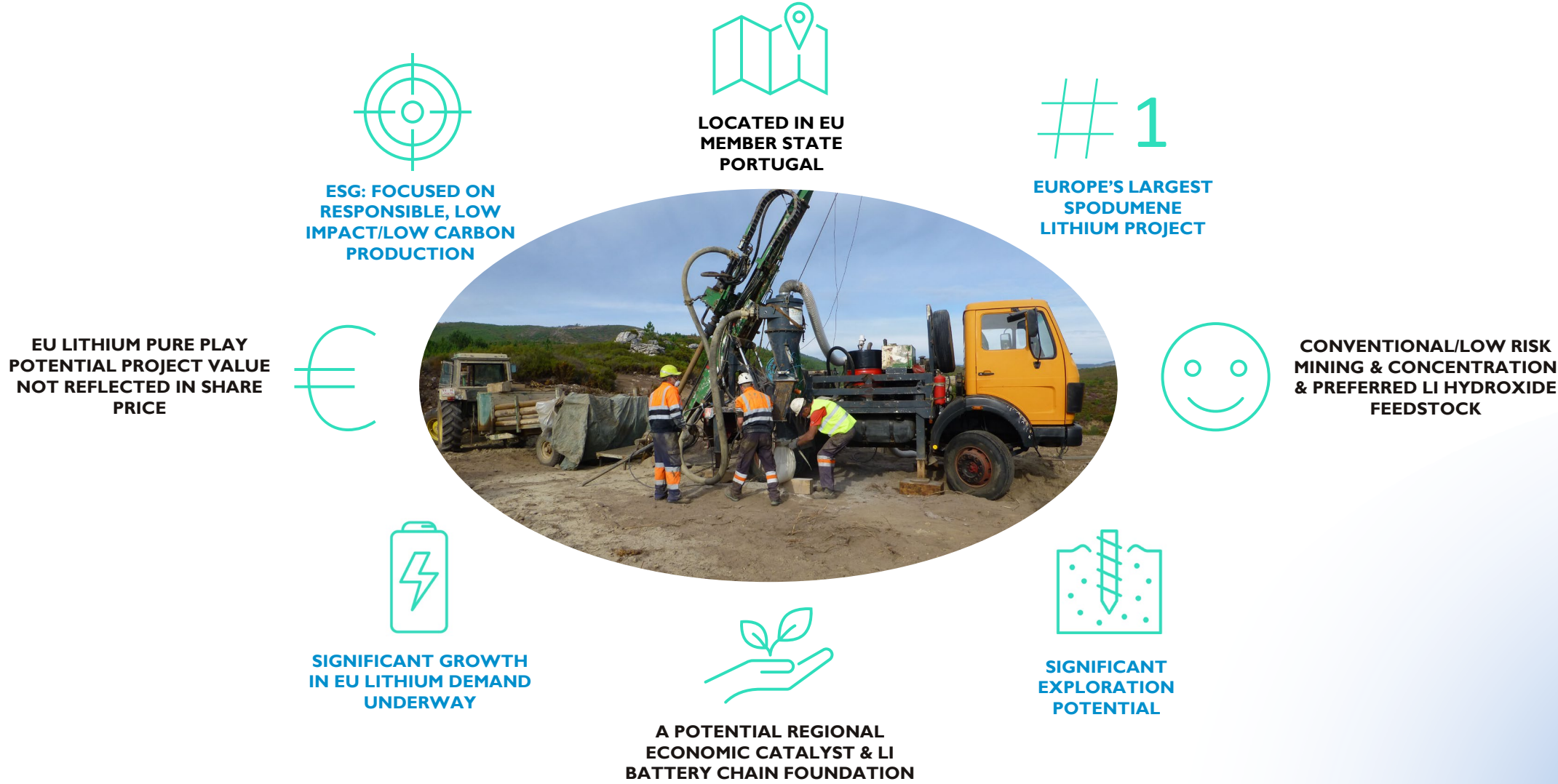
# Contents

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2.	European Lithium Market context
3.	Barroso Lithium Project overview
4.	Summary





# The Barroso Lithium Project – Savannah’s opportunity



# The Barroso Lithium Project – strategically important to Europe

## A domestic source of lithium, vital for Europe's lithium battery value chain:

- Can help to provide Europe with strategic autonomy in lithium – a critical mineral for the energy transition
- Local demand: Europe's lithium battery value chain is developing rapidly, including multiple proposed chemical refineries requiring spodumene feedstock

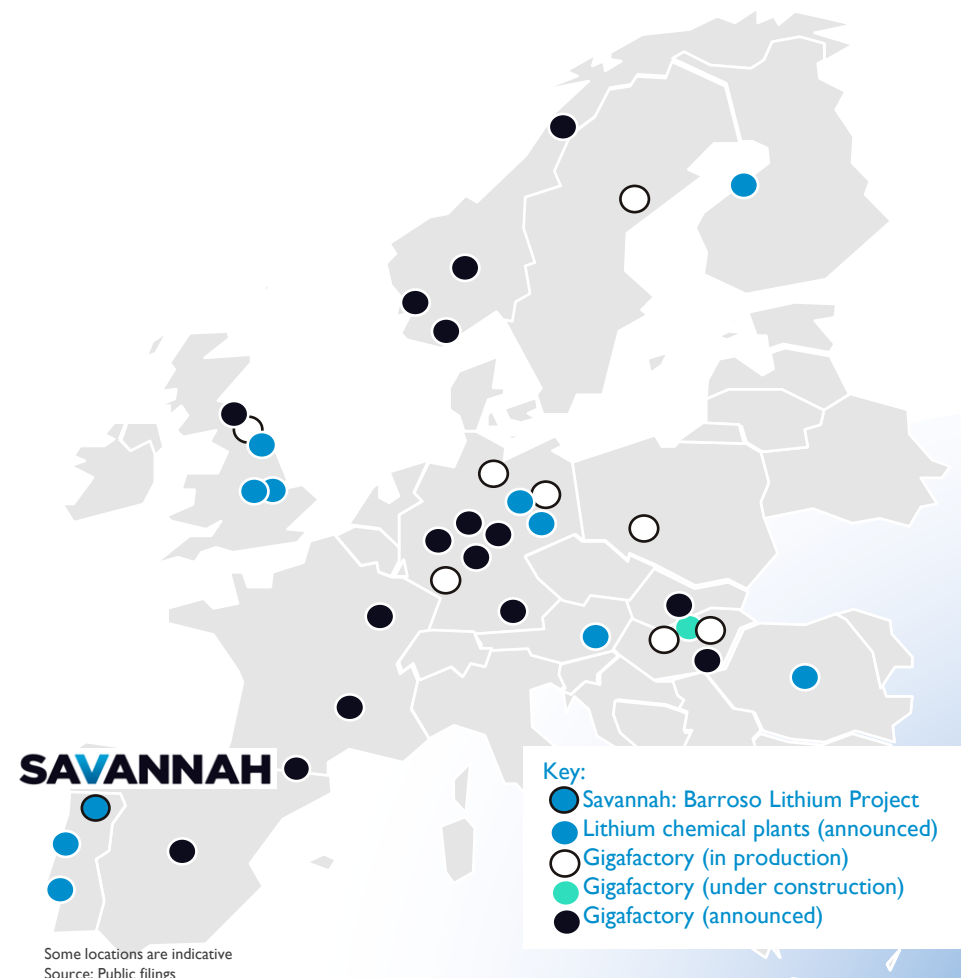
## Location advantages:

- First world infrastructure - road and grid power at site, Atlantic port 145km away
- Competitive cost base & educated workforce
- Energy supply includes grid power with c.60% renewable contribution<sup>1</sup> & gas from North Africa
- Portugal receiving Post-CI9 economic recovery EC funding, focused on green & digital agendas

## Savannah's Responsible approach:

- ESG benefits for stakeholders – Benefit Sharing, Good Neighbour, CSOP and Land Stewardship plans
- Environmental & social impact minimised through smart project design & net carbon zero target

## EUROPE'S LITHIUM BATTERY VALUE CHAIN



# Savannah's Experienced Executive Management Team



## **DALE FERGUSON, CHIEF EXECUTIVE OFFICER<sup>1</sup>**

Over 25 years of experience across greenfield and near mine exploration, resource delineation, feasibility studies, project licensing, due diligence investigations, mine development and operations in a range of commodities.



## **MICHAEL MCGARTY, CHIEF FINANCIAL OFFICER**

A qualified accountant with over 25 years of experience, including over a decade as part of Savannah's executive management team focusing on strategic planning, fundraising, M&A transactions and contract negotiation.



## **JOAO BARROS, PORTUGAL COUNTRY MANAGER**

An engineer with more than 17 years of relevant experience in project management in different commodities such as lithium, gold, tungsten, tin and VMS deposits.



## **JOANA PRAZERES, HEAD OF COMMUNICATIONS & COMMUNITY AFFAIRS**

An experienced marketing and communications specialist who has held positions as Marketing Manager, Brand & Product Manager and Key Account Manager in multinational companies across a wide range of industries.



## **SASCHA KEEN, STRATEGIC FINANCING EXECUTIVE**

Over 25 years' experience in banking, resources finance and advisory with institutions in Australia & Europe spanning project finance, debt advisory, strategy, asset management, corporate recovery and turnaround, covering sectors including mining and metals, renewable energy and infrastructure.



## **ASA BRIDLE, BUSINESS DEVELOPMENT MANAGER**

Over 20 years of relevant experience across geology, commodity marketing, mining equity research and business development.

# A clear path for increased valuation

Savannah to unlock value by passing milestones on its way to production

- Licensing approvals
- DFS & decarbonisation approach
- Offtake & strategic partnerships
- Final Investment Decision
- Construction

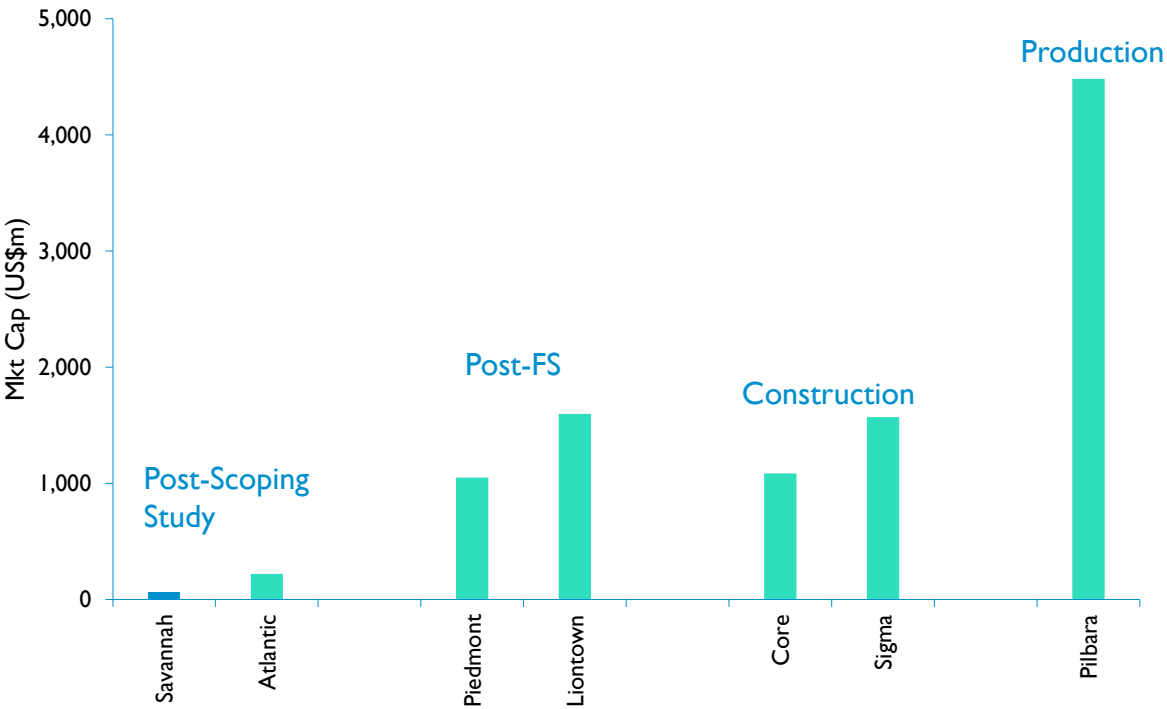
## Value opportunity:

SAV currently trading on:

- 0.1x Pre-tax NPV; 0.2x after-tax NPV<sup>1,2</sup>
- 0.7x EV/EBITDA (average annual production EBITDA)<sup>2,3</sup>

based of 2018 Scoping study assumption of US\$685/t SC6; spot prices today reported at **US\$6,000/t**<sup>4</sup>

Spodumene peer group valuations<sup>1</sup>



US\$63M	US\$72M	US\$356M	US\$241M	48.6%	2.1 years
MARKET CAP <sup>1</sup>	AVG ANNUAL EBITDA <sup>2</sup> TRADING ON 1.0X EV/EBITDA <sup>3</sup>	NPV8% PRE-TAX <sup>2</sup> TRADING AT 0.3X NPV PRE-TAX	NPV8% AFTER TAX <sup>2</sup> TRADING AT 0.4X AFTER TAX NPV	IRR (AFTER TAX) <sup>2</sup>	PAYBACK PERIOD (AFTER TAX) <sup>2</sup>

1. Market Caps as at 21 July 2022, Bloomberg  
3. EV based on 31 December cash position of £13m at US\$1.19: £1

2. Scoping study, 14 June 2018 (based on average spodumene price of US\$685/t)  
4. S&P Global – Platts Metals Daily, 15 July 2022

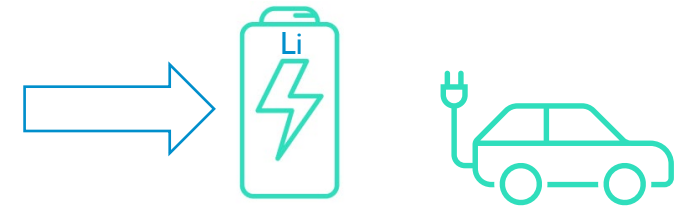
# Europe's issue: climate change targets = raw material challenges

## The targets:

- The EC's<sup>1</sup> latest emissions reduction proposals include:
  - A 55%+ reduction in total greenhouse gas emissions by 2030 (vs. 1990 level)
  - A 100% reduction in car & van emissions by 2035
- By 2050 the EC wants a:
  - Net zero carbon economy
  - 90% reduction in transport sector emissions



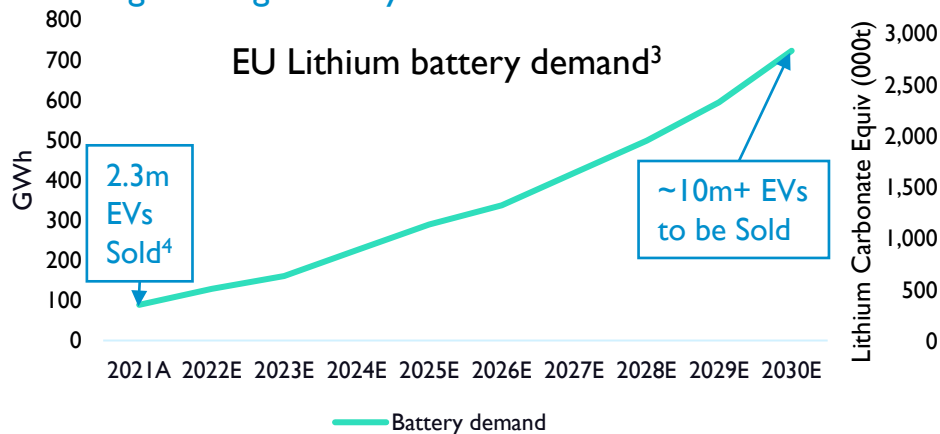
- The EC also wants to:
  - Maintain and grow its auto industry (13.8m jobs; 7% of EU GDP, €588bn value of goods sold)<sup>2</sup>
  - Increase domestic renewable power generation to 40%+ by 2030;
  - Reduce reliance on imported fossil fuels
  - Maintain & enhance its strategic autonomy



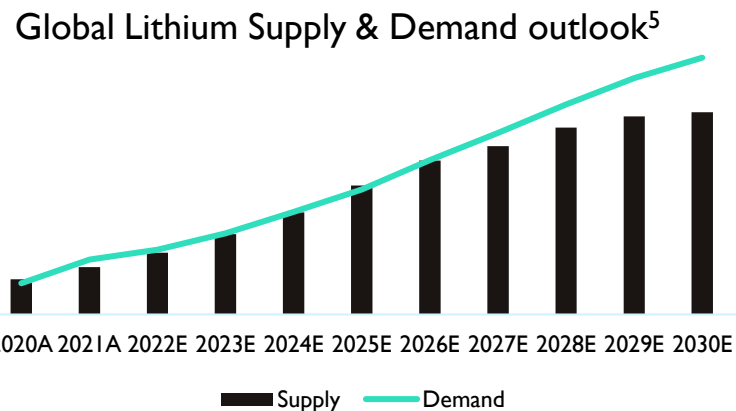
Lithium-ion batteries & EVs are part of the solution

## The challenges:

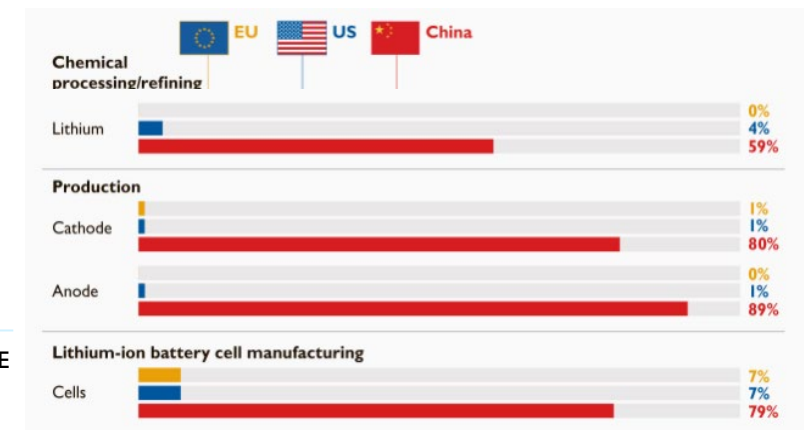
As Europe's own demand for lithium batteries grows significantly...



...so does global competition for lithium raw materials; demand > supply...



...And China already dominates the lithium battery value chain<sup>6</sup>...

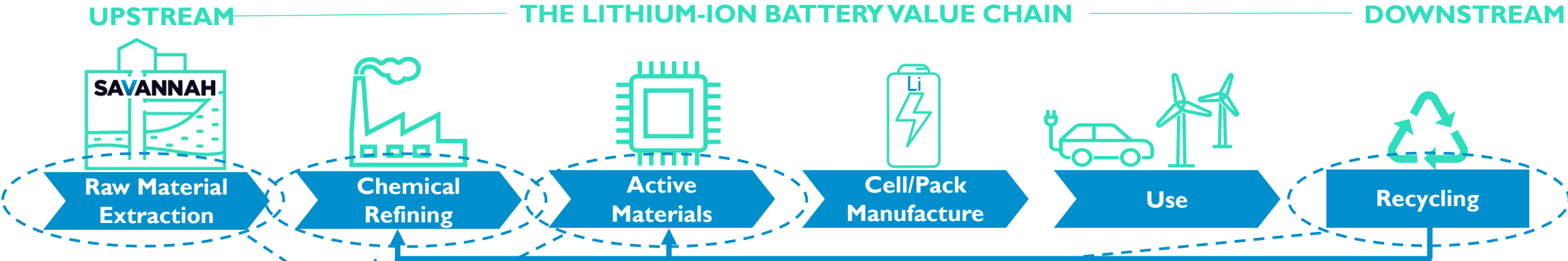




# The Solution: Europe is developing its own “Lithium Battery Value Chain”

“Both the Covid pandemic and war in Ukraine have highlighted the fundamental need for resilient industrial value chains, including batteries, for the EU’s economic growth and decarbonisation as well as for its strategic autonomy...

...There are still gaps to fill in, which pose a challenge for the deployment of a resilient end-to-end battery industry”<sup>1</sup>



## Can Europe fill these supply chain gaps?

The European Battery Alliance’s latest calls to the European Commission include:

- **More project funding being made available** (from EBA Sustainable Battery Material Fund, EIB, National Recovery Plans, etc)
- **Permitting fast tracks for relevant mining and industrial projects**

European Lithium Battery Value Chain Targets	Current strategic Action plan 2025	Updated action plan 2030 objectives
Annual demand in EU (mobility, ESS, last mile)	400 GWh	1,000 GWh
Annual GDP/Added value in EU	€250bn	€625bn
Domestic cell manufacturing coverage of EU needs	100% (committed)	90%
Domestic raw materials/processing coverage of EU needs	TBD	60%
Domestic active materials coverage of EU needs	TBD	40%
Domestic recycling cover of EU ambitions	TBD	100%

# The Lithium value chain build out is underway in Portugal

## SAVANNAH

### THE BARROSO LITHIUM PROJECT (SAV, 100%):

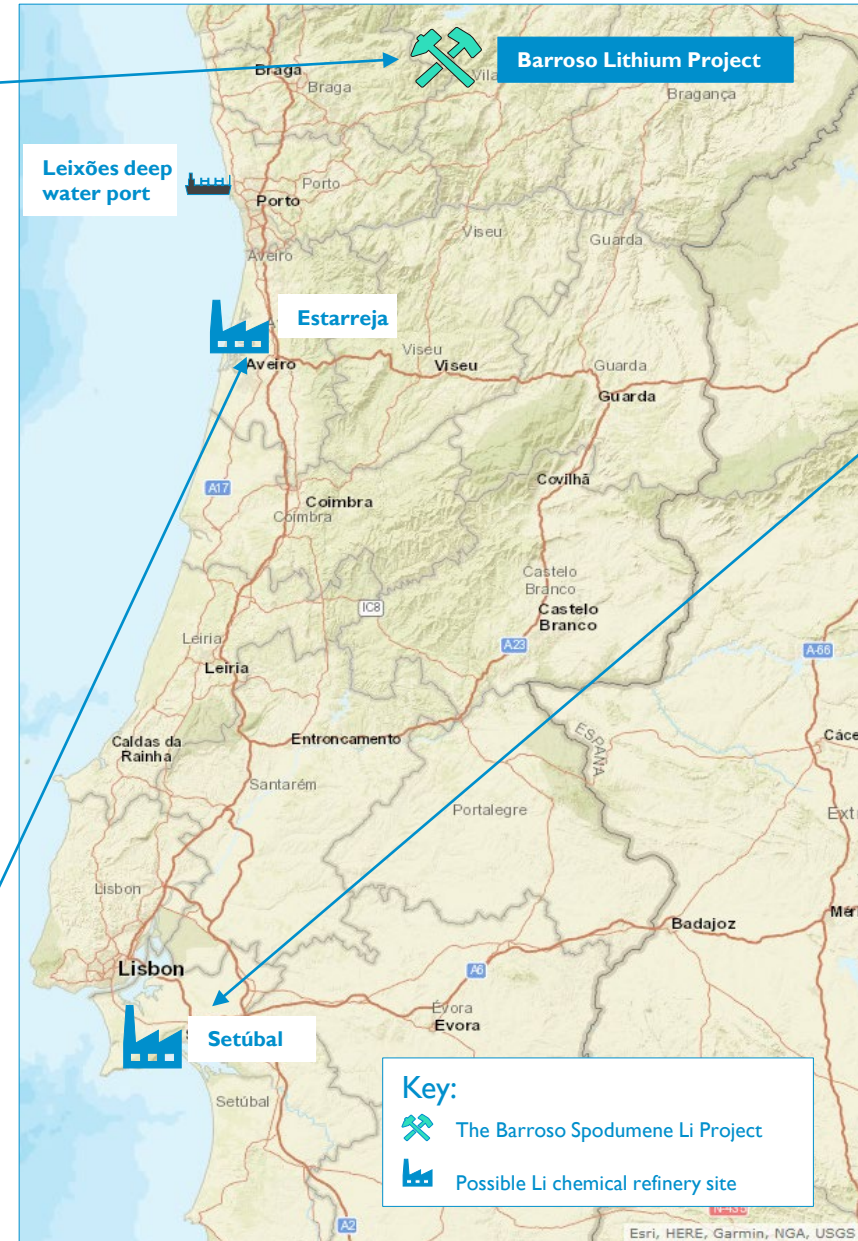
- **Production capacity:** 175ktpa+ spodumene concentrate (c.25ktpa LCE/29kt Lithium hydroxide equivalent)
- **Distance to disclosed refineries:** 180km to Estarreja, 500km to Setúbal
- **Distance to deep water port:** 145km (Leixões)



### BONDALTI & REED ADVANCED MATERIALS' (50:50 JV):

- **Refinery Plan:** Evaluating commercialisation of Reed's ELi® lithium process for Lithium hydroxide or carbonate production
- **Location:** At Bondalti's chlor-alkali operation in Estarreja
- **Annual production:** 25ktpa
- **Feedstocks:** lithium chloride from brines and potentially spodumene
- **Schedule:** Pilot plant 2023

Source: Company filings  
1. Reed Advanced Materials (70% Neometals: 30% Mineral Resources Limited)



### AURORA JV (50:50 GALP: NORTHVOLT):

- **Refinery Plan:** Lithium hydroxide plant
- **Location:** Setúbal industrial park
- **Annual production:** up to 35ktpa
- **Feedstock:** spodumene concentrate
- **Schedule:** Production from 2026
- **Capex:** €700m

### AND STILL TO COME...

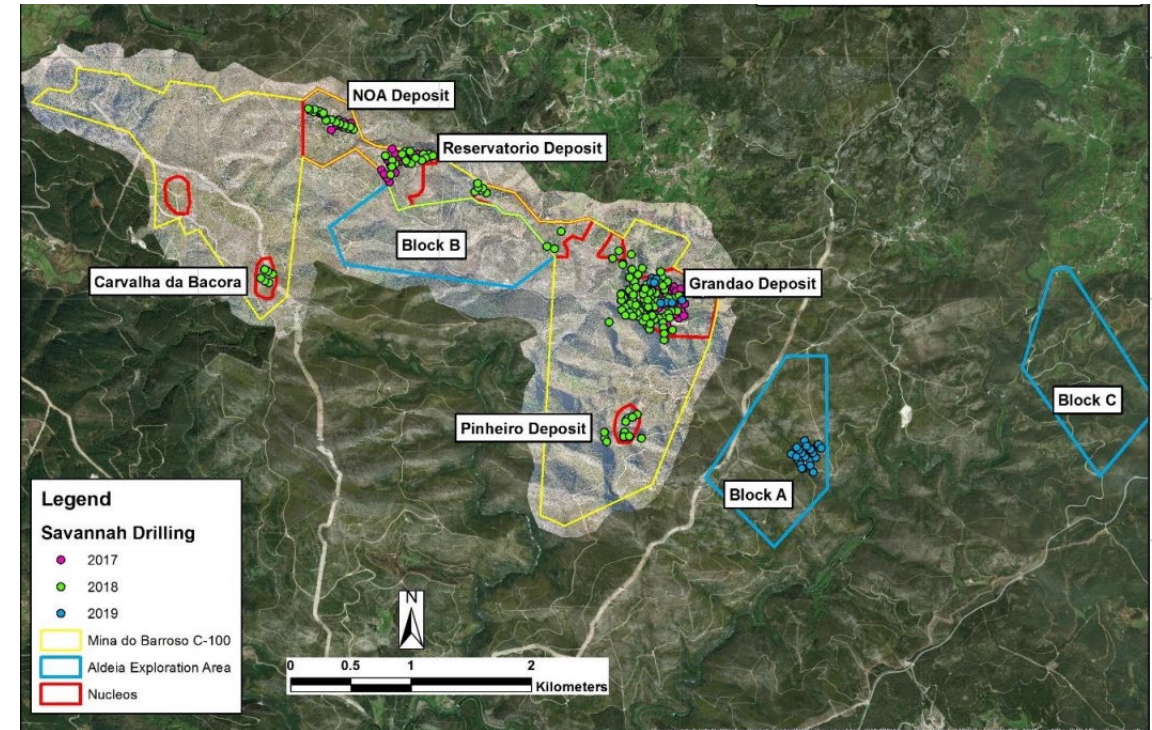
- The Portuguese Government's Lithium Prospecting and Research Programme
- 6 areas, totalling c. 1,500km<sup>2</sup> across north and central Portugal identified as being prospective for lithium mineralisation
- Environmental Impact Assessments & public consultation exercises completed in 2021
- Expected to go forward for public tender



# Barroso Lithium Project overview – Quality and Opportunity combined

## Project qualities:

- Europe's largest resource of hard rock spodumene lithium
- Mineralisation from surface + significant exploration upside
- Clean, battery grade spodumene concentrate product
- 30-year mining lease<sup>1</sup> and a 3-block mining lease application
- (Renewable dominated) grid power at site, adjacent road infrastructure
- Low-risk, conventional production techniques
- Secondary revenues from quartz and feldspar
- Compelling economics (see below) based on conservative lithium price assumptions



### 2018 Scoping Study Headlines<sup>2</sup>

<b>14.4Mt</b> @1.07% Li <sub>2</sub> O MINING INVENTORY	<b>175KTPA</b> AVG SPODUMENE PRODUCTION ~25KTPA LCE	<b>US\$685/t</b> AVG ANNUAL ASSUMED SPODUMENE PRICE	<b>US\$72M</b> AVG ANNUAL EBITDA
<b>US\$356M</b> NPV8% BEFORE TAX	<b>US\$241M</b> NPV8% AFTER TAX	<b>48.6%</b> IRR AFTER TAX	<b>2.1 years</b> PAYBACK PERIOD AFTER TAX

### Current JORC Resource Estimate<sup>3</sup>

Measured	Indicated	Inferred	Total
<b>6.6MT</b> @ 1.1% Li <sub>2</sub> O	<b>8.4MT</b> @ 1.0% Li <sub>2</sub> O	<b>12.0MT</b> @ 1.1% Li <sub>2</sub> O	<b>27MT</b> @ 1.06% Li <sub>2</sub> O

### Additional Exploration Target<sup>3</sup>

Low	High	Li <sub>2</sub> O Grade
<b>11.0MT–19.0MT</b>		<b>1.0-1.2%</b>

# Firm focus on ESG for responsible development

Environmental

Social

Governance

Some elements to be optimised in EIA Article 16 process

Low impact design

Responsible  
Water Usage

Responsible  
Waste  
Management

Proactive Land  
Rehabilitation

Land  
Stewardship  
programme

No tailings  
Dam

Biodiversity  
Protection

Decarbonisation  
Strategy



Community Programmes

(Benefit sharing & Good Neighbour Plan)

Communications

Health &  
Safety

Job  
creation

Employee  
Assistance

Community owned  
service provider Co  
(COSP)



High Governance  
standards (LSE & QCA)

ESMS  
framework

Ensuring  
diversity

ESG  
reporting

Transparent  
reporting

Training

Grievance  
mechanism

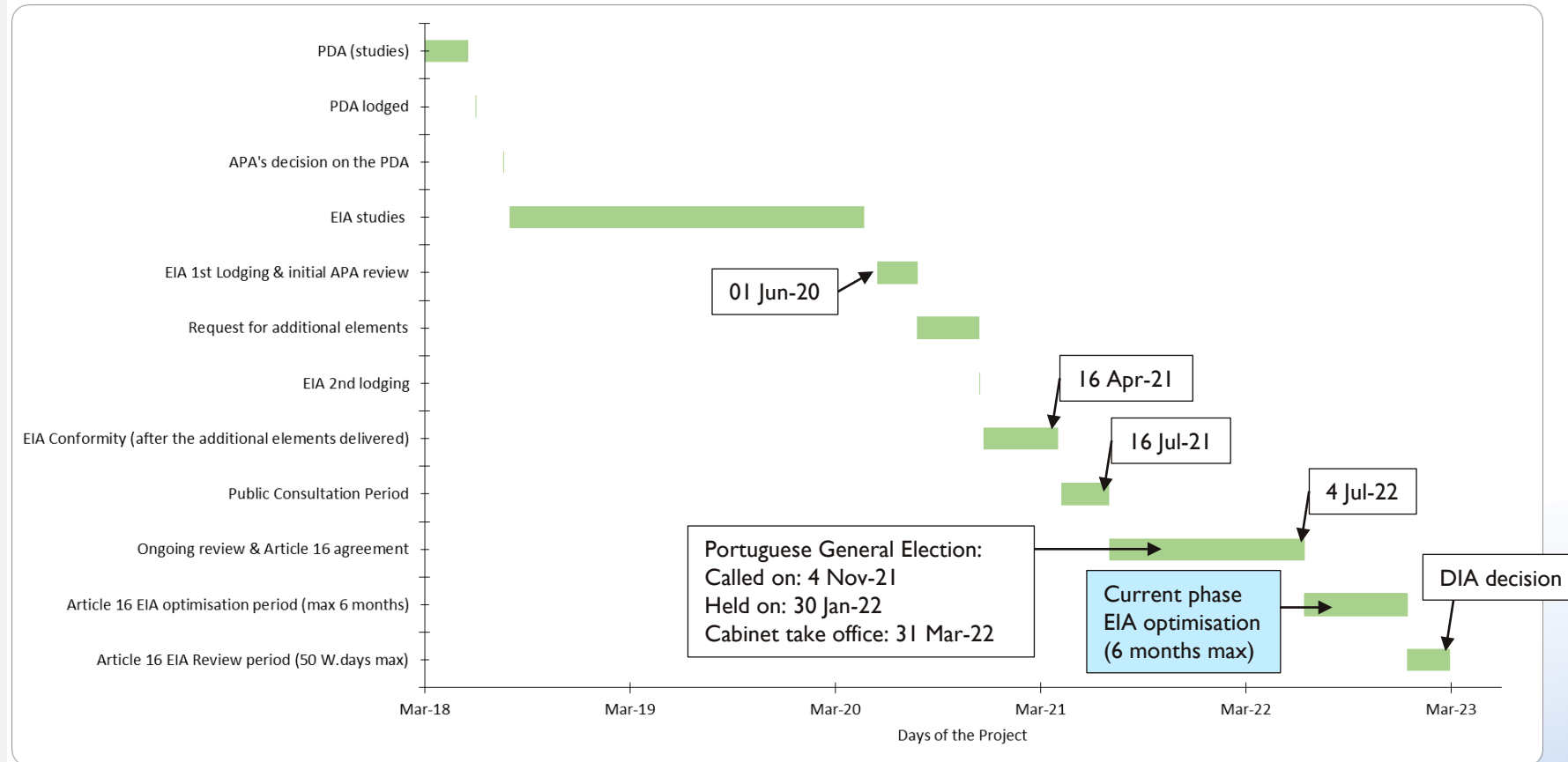
Anti-  
corruption  
policies





# EIA Update: Clarity brought to schedule after move into Article 16 process

- **2018-2020:** EIA framework agreed & baseline studies completed
- **May 2020:** Comprehensive EIA submitted
- **April 2021:** EIA documents were declared to be 'in conformity' with APA's requirements
- **April – July 2021:** Public consultation exercise completed
- **July 2021 – July 2022:** APA's review of EIA continued but impacted by...
- **Nov 2021-Apr 2022: Portuguese General Election.** Snap election called in early Nov-21, held on 30 Jan-22, new cabinet took office 31 March-22
- **4 July 2022:** SAV agrees for EIA process to enter Article 16 condition; begins EIA optimisation process (**max 6 months available**, but SAV will look to shorten timeframe)
- **Next step:** SAV resubmits relevant parts of EIA. APA has **50 working days** to review and issue DIA decision



- **Article 16 process has a fixed timeframe – up to 6 months for optimisations & resubmission + 50 working days for review & decision by APA**
- In the last year Savannah has focused on finalising the processing circuit, initiating a decarbonisation strategy, commercialisation and ESG planning

## Processing circuit finalised – a major milestone for the DFS!

## Key flowsheet outcomes:

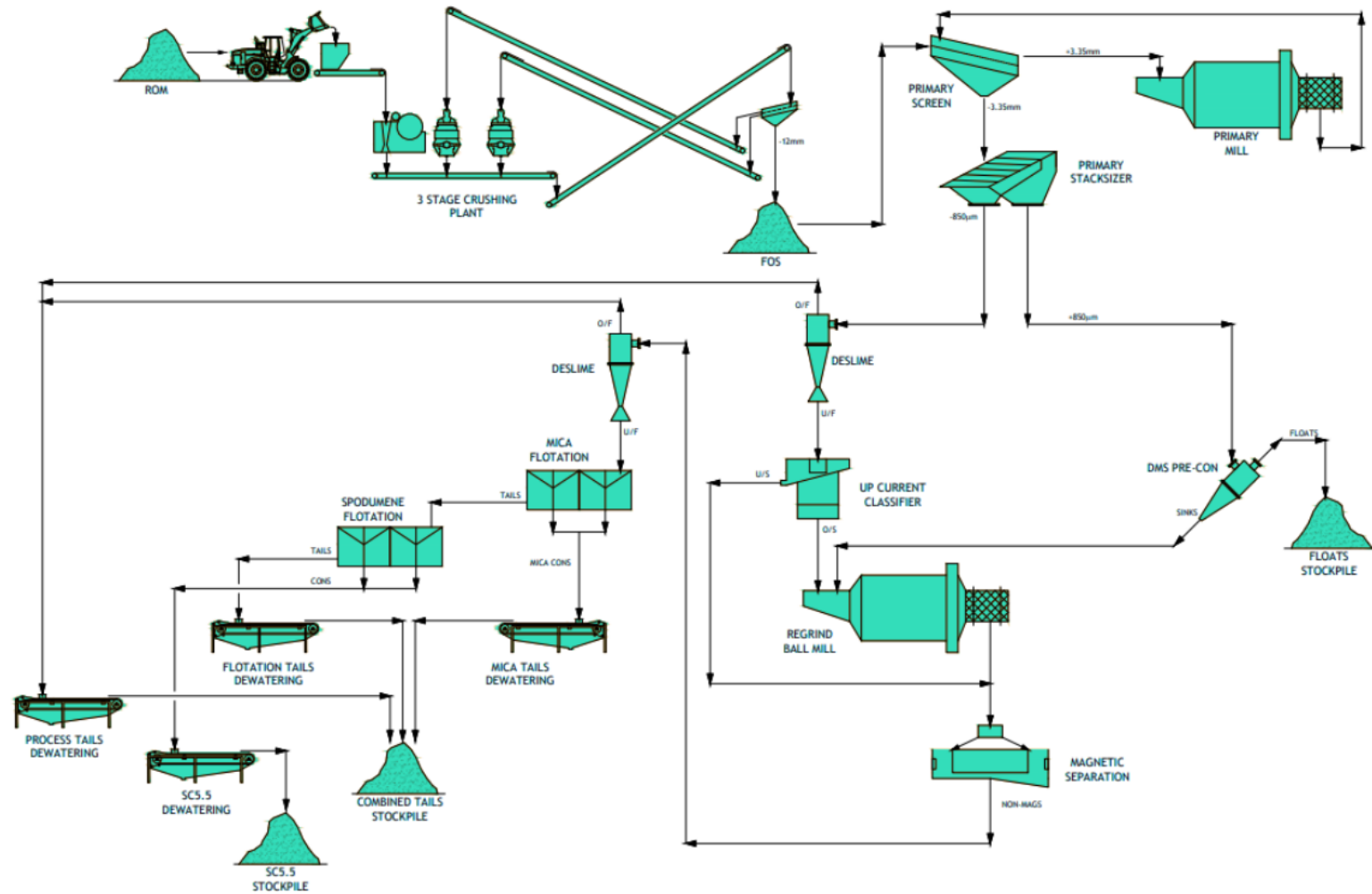
- A high quality spodumene concentrate, in line with current industry product specifications
- $\text{Li}_2\text{O}$  recoveries in the range of **77%-81%** in laboratory scale locked cycle testing with low levels of impurities<sup>2</sup>
- Complies with all known European and Portuguese requirements
- Allows both mica and spodumene flotation to operate at near neutral pH
- Saleable quartz-feldspar product

## The circuit utilises:

- Industry standard equipment and processes
- Environmentally friendly reagent regime

## Opportunities & Next steps:

- Further work on reducing grinding requirement & reagent consumption – Opportunity of higher recoveries from some ores & cost savings
- Planning for pilot plant test work programme underway



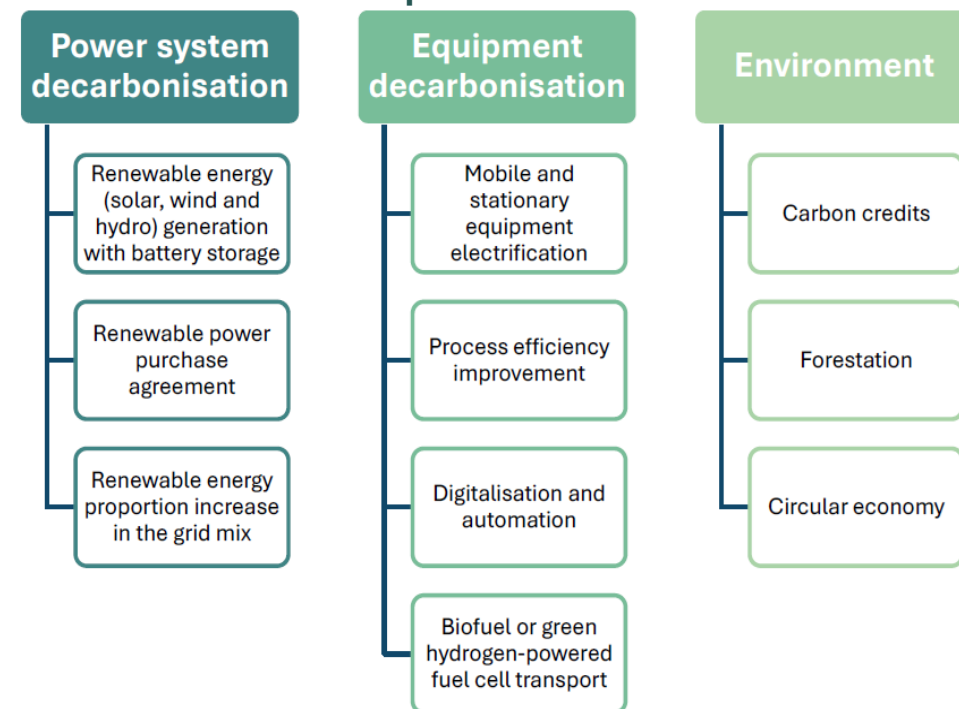
# Decarbonisation Strategy Initiated

## What is the scale of the task?

2020 EIA estimate	Pre-Decarbonisation strategy Maximum annual CO <sub>2</sub> equivalent emissions (tpa)
Scope 1 & 2	62,000
Scope 3	34,200
<b>Total</b>	<b>96,200</b>

- ECOPROGRESSO's EIA study estimated maximum annual emissions at c.96,200t<sup>1</sup>
- The Project can benefit from the current 60%+ renewable contribution to grid power from start-up
- Portugal's national emissions in 2019 were approximately 60 million tonnes CO<sub>2</sub>Eq<sup>2</sup>
- If operating, the Project would add 0.16% to national annual emissions
- **Conclusion:**
  - The Project is not a significant emissions generator
  - Moving towards net zero is challenging but achievable
- **Solution: Partner with tier I European specialist groups to achieve this**
  - Carry out a comprehensive analysis of the decarbonisation options available
  - Draw up a Decarbonisation strategy
- **Develop a state of the art, low/zero carbon, lithium raw material production facility**

## Decarbonisation options available to Savannah



Partners announced to date:



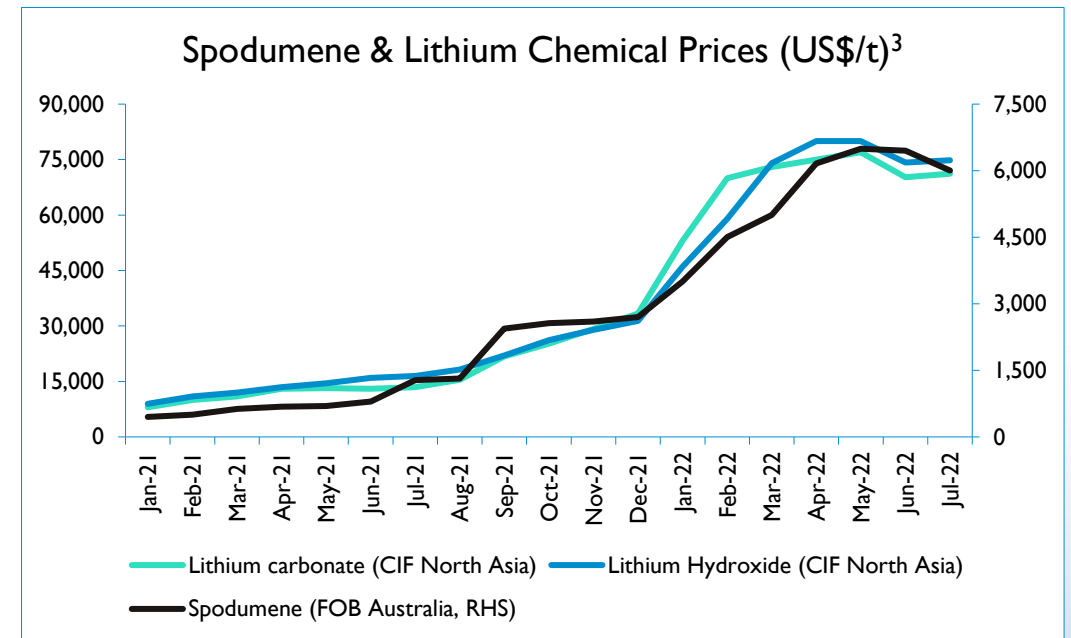
# Spodumene Offtake – a seller's market

## Price backdrop & Impact

- Record prices seen in 2021/22 as demand for spodumene and lithium chemicals grew
- Spodumene prices have risen **over 1200%** since Jan-21 with **US\$6,000/t** FOB Australia reported in mid-July 2022<sup>1</sup>
- Price rises and the underlying supply/demand dynamic have helped to catalyse:
  - Significant investment in lithium raw material projects
  - Greater global competition for future lithium raw material supply, particularly from responsible suppliers in low-risk jurisdictions
  - Growing market demand for <6% Li<sub>2</sub>O concentrates
- Long term forecasts<sup>2</sup> (2025-40) now averaging **over US\$1,100/t** (+60% vs. 2018 Scoping study average price of US\$685/t)

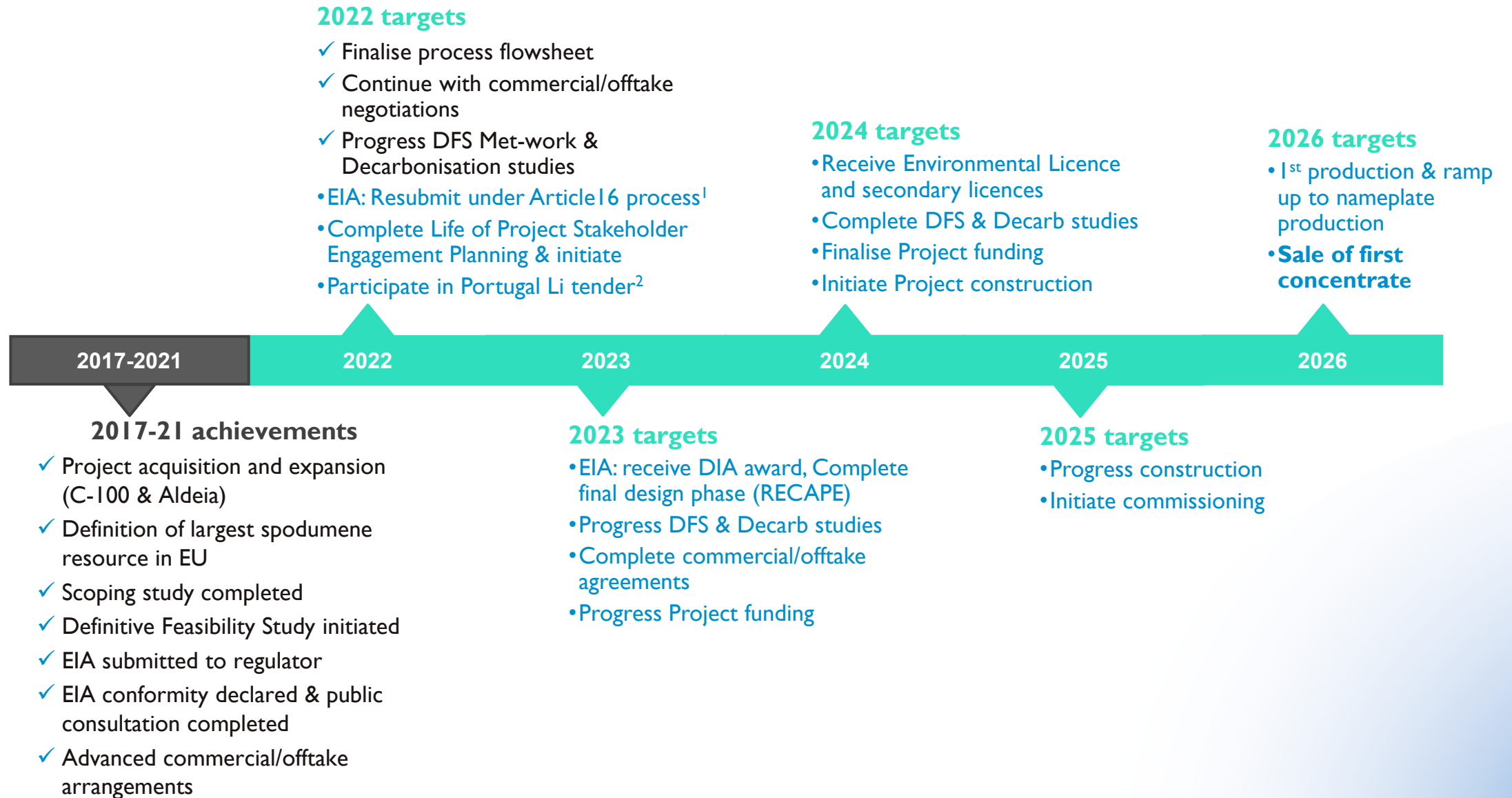
## Offtake negotiations

- Savannah has experienced a significant increase in offtake inquiries during this period
- Inquiries received from established and new market entrants, positioned along the battery value chain
- Inquiries received from European and non-European groups
- Savannah's preference is to do business with groups committed to developing the lithium value chain in Portugal and Europe
- Discussions ongoing





# Current Timeline to Production



1. DIA decision could be received in 2022 if SAV resubmits relevant EIA elements by 30 September 2022  
 2. Potentially taking place in 2022 after environmental assessment on tender areas were completed in 4Q 2021

# Summary

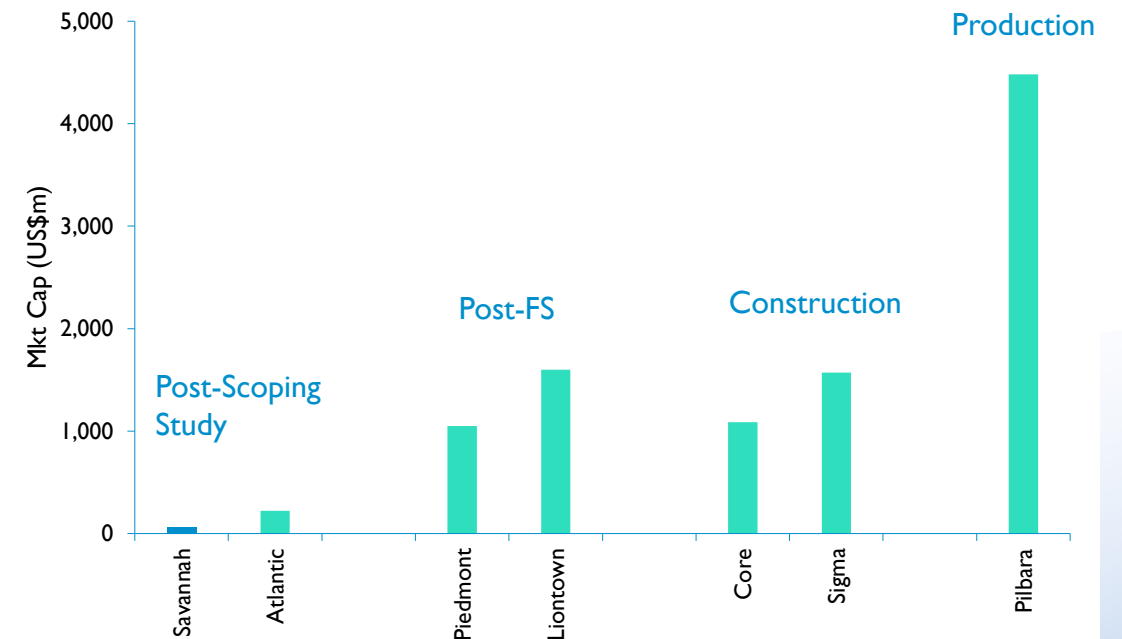
## Highly favourable commodity markets dynamics

- **European demand to grow rapidly:** 18x growth in Li demand by 2030, 60x by 2050<sup>1</sup>
- **Growing focus on supply chain security:** Europe looking to cover 60% of its future lithium demand with domestic chemical production;  
**SAV's SPODUMENE IS NEEDED**
- **Global competition for lithium growing:** Global demand expected to rise 5x by 2030<sup>2</sup> with supply significantly challenged to keep pace; China keen to maintain market dominance

## Value creation

- **Price & sector leverage:** SAV offers direct exposure to global lithium pricing dynamics and the European lithium sector
- **Value unlocked through positive progress:** Passing Project milestones on route to production should be reflected positively in SAV's market valuation
- **Value opportunity:** SAV currently trading on 0.1x Pre-tax NPV and 0.7x EV/EBITDA based of 2018 Scoping study assumption of US\$685/t SC6; spot prices today reported at US\$6,000/t<sup>3</sup>

## Spodumene peer group valuations<sup>1</sup>

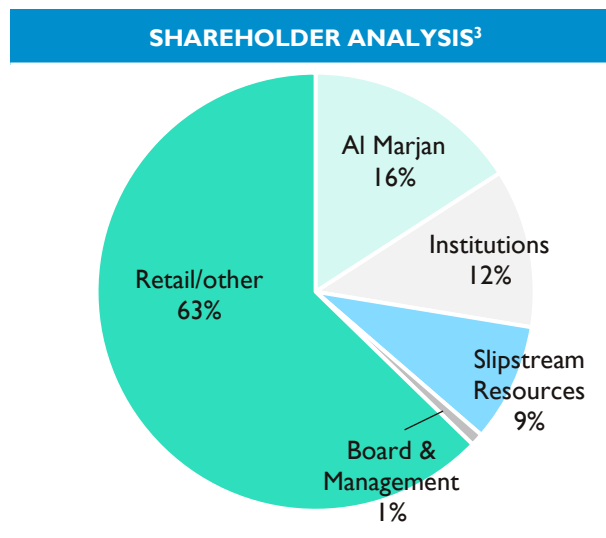


## APPENDIX

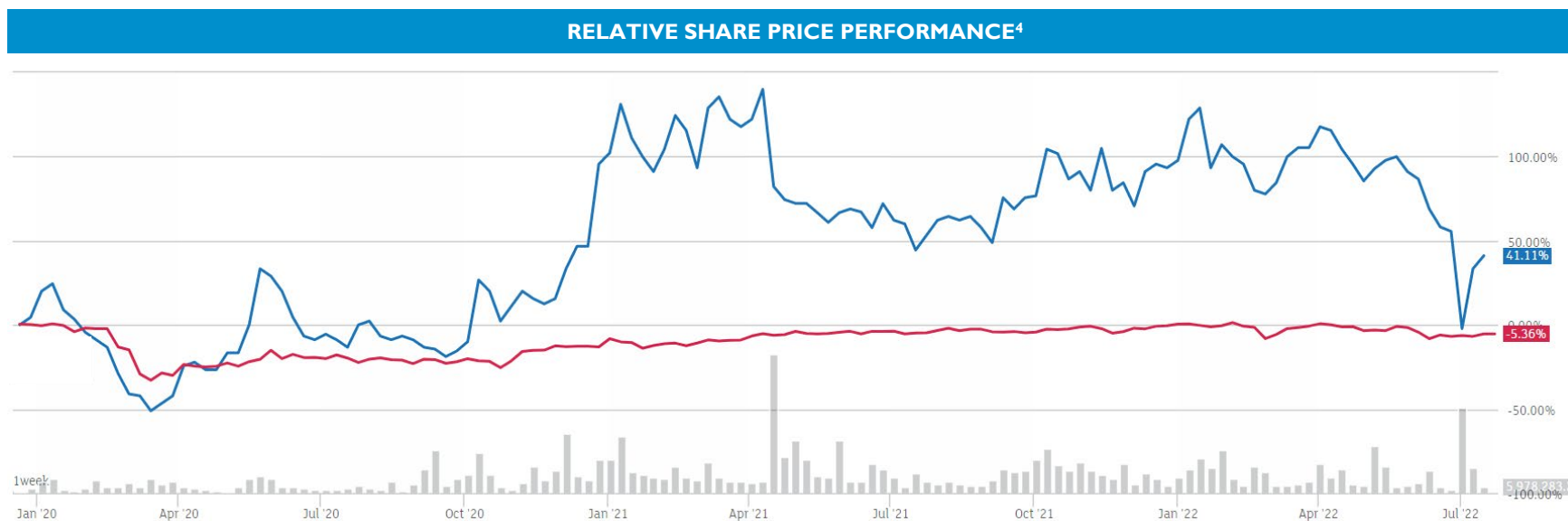


# Savannah Resources – at a glance

KEY DATA	
MARKETS	AIM, FWB, SWB
TICKER – ALL MARKETS	SAV
SHARE PRICE <sup>1</sup>	3.15p
AVERAGE DAILY VOLUME (last 3M)	4.73 million shares
MARKET CAP <sup>1</sup>	£53.2m
SHARES IN ISSUE	1,688,959,820
CASH <sup>2</sup>	£13.0m (£0 debt)



Analyst Coverage		
	Date of last research	Recommendation & Price Target
	Jul 2022	Buy – 17.9p
	Jul 2022	Buy – 14.0p
	Jul 2022	“Fair value” – 13.5p



Advisers	
	Broker
	Broker
	Broker
	Nominated Adviser
	Financial PR



# An Experienced Board of Directors



## **MATTHEW KING, CHAIRMAN**

Having qualified as a solicitor with Slaughter and May, Matthew held a number of risk management positions with HSBC in Asia, Australia, the Americas and Europe. He is currently also Non-Executive Chairman of Funding Circle Limited and a Non-Executive Director of Prodigy Finance Limited.



## **DALE FERGUSON, CHIEF EXECUTIVE OFFICER**

Over 25 years of experience across greenfield and near mine exploration, resource delineation, feasibility studies, project licensing, due diligence investigations, mine development and operations in a range of commodities.



## **MARY JO JACOBI, NON-EXECUTIVE**

Ms Mary Jo Jacobi has more than thirty years' experience in the energy and financial services industries and currently leads a business strategy and reputation management consultancy, and is a Non-Executive Director at The Weir Group plc.

In addition to previously being a senior executive at some of the world's largest corporations, Mary Jo was also appointed by consecutive UK Prime Ministers to the Advisory Committee on Business Appointments and was one of Her Majesty's Civil Service Commissioners. She was also appointed Assistant US Secretary of Commerce by President George H W Bush and Special Assistant to President Ronald Reagan and a member of his Advisory Committee on Trade Negotiations.



## **JAMES LEAHY, NON-EXECUTIVE**

James has more than 32 years' experience in financial services, with a specialisation in commodities. Over the course of his career, he has worked at the LME, James Capel, Credit Lyonnais, Nedbank, Canaccord and Mirabaud. He currently serves as an independent director on the Boards of several quoted and unquoted companies.



## **IMAD KAMAL ABDUL REDHA SULTAN, NON-EXECUTIVE**

Current Vice Chairman and Deputy Managing Director of W. J. Towell and Co. LLC<sup>1</sup>. He currently serves as director and/or chairman on a number of W. J. Towell Group companies. He is also a Board Director of the National Hospitality Institute SAOC & Oman Arab Bank SAOG, and was previously on the boards of the National Bank of Oman SAOG and Oman International Development and Investment Company SAOG.



## **MANOHAR PUNDALIK SHENOY, NON-EXECUTIVE**

A qualified accountant with over 47 years' corporate experience, Mr. Shenoy is currently an Advisor to the W.J. Towell Group Board in various functions and an Advisor to Al Marjan Ltd. Mr Shenoy was previously the Group CFO of W. J. Towell and Co. LLC. Prior to W. J. Towell, Mr Shenoy worked with a number of multi-national corporations as Finance Director/CFO.

