

9 November 2022

Heads of Agreement for potential divestment of last remaining Mozambique Mining Concession

Savannah Resources, the European lithium development company, is pleased to announce that its subsidiary AME EAST AFRICA LIMITED ('AME') has signed a Binding Heads of Agreement ('HoA') with MRG Metals Limited (ASX: MRQ, 'MRG') in relation to an option agreement under which MRG could acquire Mining Concession 9735C ('ML 9735C', the 'Licence') in Mozambique, owned by the Company's subsidiary Matilda Minerals Lda ('Matilda') (the "Proposed Transaction").

Key aspects of the Proposed Transaction include:

- MRG is given an exclusive 45-day due diligence period commencing on 8 November 2022 ('Due Diligence' and 'Due Diligence Period' respectively) to validate all relevant costs, technical aspects of the Licence and any legal, regulatory, tax or commercial matters.
- On completion of the Due Diligence Period, if MRG chooses to proceed with the Proposed Transaction, the parties will execute an Option Agreement providing MRG a 16-month option period (the 'Option' and 'Option Period' respectively), which can be extended by mutual consent.
- During the Due Diligence Period, AME will take all reasonable steps to prepare a draft Option Agreement with which to negotiate with MRG in anticipation of it being entered into by the parties within 5 working days following the expiry of the Due Diligence Period, or earlier by agreement between both parties.
- During the Option Period, MRG will fund the estimated US\$0.5m to complete a Work Programme by mid-October 2023. The Work Programme is focussed on commitments necessary to satisfy Instituto Nacional de Minas ('INAMI') but may include infill/extension drilling to improve resource quality and quantity.
- During the Option Period, MRG may exercise the Option to acquire ML 9735C based on the following terms:
 - US\$0.8m, payable at the sole discretion of MRG in cash, or in new ordinary shares in MRG based on the 20-day volume weighted average price at time of exercise of the Option, or a combination of cash and new ordinary shares in MRG (the 'Acquisition Consideration'); and
 - In years where the Licence area generates a net profit after tax, MRG to make a 1% royalty payment to AME on revenues from product sold, calculated annually for the year completed, capped at no more than 50% of Net Profit after Tax in any given year.

- If MRG choose to exercise the Option, the Licence will be transferred and the Acquisition Consideration paid by MRG to AME.
- If MRG does not exercise the Option to acquire the Licence:
 - MRG will return all data to AME including all new data created during the Option Period; and
 - MRG will return any drilling sites used by MRG to original condition at its own cost.

Dale Ferguson, CEO of Savannah Resources said, *“We are delighted to have entered this HoA with MRG in relation to Savannah’s last remaining Mining Concession in Mozambique. MRG has been operating in Mozambique for a number of years and has shown its commitment to the country’s mineral sands sector through the planned development of its Corridor Sands Project.*

Through the Proposed Transaction, Savannah would retain some risk-free exposure to Jangamo’s development through future royalty payments, and potentially to MRG’s broader growth strategy through a shareholding in the Company. The Proposed Transaction would complete Savannah’s planned withdrawal from Mozambique and enable us to focus 100% on the ongoing licensing and development of the Barroso Lithium Project.

I look forward to providing further updates regarding the Proposed Transaction as MRG progresses Due Diligence.”

MRG Metals Chairman, Mr Andrew Van Der Zwan said: *“We are pleased to have worked with Savannah to reach the terms for the Proposed Transaction that allows both parties to potentially gain from a small, yet high quality, asset in the Jangamo Project.*

We are now commencing the Due Diligence period and will advise the market upon developments.”

About MRG Metals

MRG Metals Limited is a junior ASX explorer (ASX: MRQ) which has made a world-class JORC classified heavy mineral sands (HMS) discovery and is now working towards a 100-year mine development in Mozambique.

The Company’s key HMS assets in Mozambique comprise:

- Corridor Sands– Mineral resources estimates (MREs), Scoping Study and Preliminary Economic Assessment delivered for Koko Massava, Nhacutse and Poiombo HMS deposits
- Marão – three large targets identified for testing during aircore drilling programme
- Corridor North – complimentary HMS exploration prospect currently under application
- Linhuane – exciting HMS exploration prospect currently under application

The Company is diversifying to include Rare Earths and Uranium in the exploration portfolio:

- Patricio, Fotinho and Adriano – high potential Rare Earths and Uranium exploration prospects currently under application

MRG has a dual speed approach – to explore for Heavy Mineral Sands, Rare Earths and Uranium across multiple tenements while progressing to mine development at Corridor Central and South.

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').

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****ENDS****



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About Savannah

Savannah is the owner of the Barroso Lithium Project, located close to key infrastructure in Northern Portugal which contains the most significant spodumene lithium resource in Western Europe. Following a positive Scoping Study which outlined a conventional operation producing 175,000t of spodumene concentrate per annum, Savannah is progressing the development and environmental licencing of the Barroso Lithium Project.

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".