SAVANNAH RESOURCES PLC

Company No 07307107

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

CONTENTS

CHAIRMAN'S STATEMENT

I am pleased to report that this has been another year of growth and development for Savannah, which has been defined by a number of key milestone developments, resulting in the transformational restructure of our portfolio. In addition to advancing our 180km² Jangamo heavy mineral sands project in Mozambique ('Jangamo'), we are now also focussed on the evaluation of three highly prospective copper blocks, located in mineral rich Oman, which we acquired in 2014. Additionally, during the period, and as part of this restructure, we divested interests in our legacy Mali gold projects to AIM quoted Alecto Minerals Plc.

Blocks 4, 5 and 6 Copper Projects, Oman

We remain focussed on implementing an active exploration programme at our copper blocks in Oman, where we have a current Indicated and Inferred Mineral Resource of 1.7Mt at 2.2% copper at the Mahab 4 prospect in Block 5. With a number of highly prospective targets now identified through targeted reconnaissance and sampling work, these assets continue to prove their investment value. Additionally, Oman continues to present itself as a compelling copper investment opportunity, offering a relatively low operating cost setting and enjoying the benefits of an extensive array of road, power, smelting and port infrastrucure. With this in mind, and followign the completion of the acquisition of Gentor Resources Limited, we took the strategic decision during the year to increase our tenement holdings in Oman. In November 2014 we secured an interest in Block 4, which builds upon our current Block 5 and Block 6 holdings, and increases our in-country tenement package to over 1,270 km². With a strengthened in-country position and key target prospects identified via geophysics, we commenced drilling in late January 2015.

Jangamo Heavy Mineral Sands, Mozambique

Our most recent achievement during this period has been the delineation of a maiden Inferred Mineral Resource Estimate of 65Mt at 4.2% Total Heavy Minerals ('THM') at our Jangamo Project. This notable development, which we announced in December 2014, not only validates our exploration concept but also marks a significant step in unlocking the value potential of our project. Importantly, this resource was defined from a modest initial round of resource drilling over a small area of the eastern part of the large Jangamo tenement and the mineralisation remains open along strike. Consequently I am confident that significant upside opportunity remains to increase this resource, which we intend to target through future exploration scheduled to commence after the end of the wet season late in the first half of 2015.

Portfolio Investment in Alecto

During the year we increased our shareholding in AIM listed Alecto Minerals Plc ("Alecto") by 42.8% via the conversion of a loan note and the divestment of the Company's legacy Mali projects (Karan and Diatissan) to Alecto in March 2014 for £250,000 worth of shares in Alecto. At the end of 2014 we had a 19.6% shareholding in Alecto and as of 23 February 2015 the shareholding had reduced to 14.5%.

Annual General Meeting

At the forthcoming AGM Shareholders will be asked to renew the usual equity securities issue authorities, which includes a resolution in respect of a Share Exchange Agreement to acquire an 80% shareholding in Matilda Minerals Lda. This requires the Company to issue up to AUD $1,500,000 worth of shares as deferred consideration should a JORC Indicated Resource of up to 500Mt @ 3% THM at the Jangamo project be established.

Financials

As is to be expected with an exploration company, Savannah is reporting a loss for the year of £1.92m (2013: £2.04m), and Other Comprehensive Income loss for the year of (£2.19m) (2013: £1.48) for which the significant driver is the write down in the value of the Company's investment in Alecto, whose share price had been at a 2 ½ year high at the end of 2013. Net assets have remained unchanged at £4.75m (2013: £4.75m) and as at 31 December 2014, cash balances were £1.78m (2013: £0.85m). This is reflective of our increased tenement holdings in Oman and targeted evaluation programmes at our projects.

Cash balances during the period were also bolstered with a placing of £1.5m cash in March 2014 and two placings in November 2014, which collectively raised £1.6m cash. These placings were with both new and existing investors and the funds raised were used to support exploration efforts in Oman and Mozambique and to provide working capital.

CHAIRMAN'S STATEMENT

During the period the Board also took the strategic decision to terminate the private placing agreement it had with the Bergen Global Opportunity Fund, LP. This agreement, which was made in April 2014, provided a flexible source of working capital. A total of £1.0m was raised under this facility.

The Company recognises the necessity to reward key executives fairly and appropriately for performance so that it can operate on a sustainable basis. Mr Archer was paid neither Directors' fees nor salary either from the time of his appointment as a Director in April 2013 or from the time of his appointment as CEO in August 2013. As a result of the Company's significant progress and the transformational changes made, which saw the disposal of all the Mali projects and the addition of projects in Mozambique and Oman, the Board elected to commence paying a salary to the CEO effective from April 2014.

Social Responsibility

The Company and its management team are cognisant of their social and environmental responsibilities in the areas in which we operate and are committed to the development and maintenance of good relationships with local communities. To this end, the Board has formulated a Health, Safety, Environment and Community Relations policy that focuses on the positive interaction with all parties. This policy has been adopted and already forms the basis for effective community relations in our permit areas.

Outlook

With an established portfolio of highly prospective projects in place I am delighted with the progress we continue to make. Your Board remains committed to maintaining an active growth path for the Company through 2015.

In Mozambique, with a Mineral Resource established and significant upside opportunity identified, the recommencement of drilling, will be another substantial milestone in unlocking the project's inherent value. This is expected to commence late in the first half of 2015. In tandem with this planned exploration programme, drilling of multiple, high calibre, near surface drill targets in Oman is currently underway. Although we have a strong understanding of our licence areas thanks to the thorough evaluation work conducted to date by both previous explorers and our ourselves, the collection and analysis of drill data will provide greater clarity to the resource potential of these mineral rich blocks.

Importantly, we have a proven team with an excellent track record in identifying promising exploration assets and advancing them into profitable, producing companies. With this industry experience, a highly prospective portfolio of assets in place, and targeted development path to pave the road ahead, I expect 2015 to be a very active year for the Company.

This will be the last Chairman's Statement that I write as I will be stepping down from the Board with effect from tomorrow. It has been my pleasure to serve as the Company's Chairman for two years during which time there has been significant portfolio transformation and organisational growth in size and capability.

Finally, I would like to take this opportunity to thank our shareholders, advisers and management team for their continued support and hard work and to welcome the incoming Chairman, Matthew King, who has enjoyed a very successful career and who is due to commence his appointment tomorrow.

Mike Johnson
Chairman

Date: 24 February 2015

CHIEF EXECUTIVE'S REPORT

During 2014 Savannah has remained committed to its strategy of building a geographically diverse, multi-commodity exploration and development portfolio. I am delighted to report on the significant operational progress that we have made during the period across our portfolio, which comprises the Blocks 4, 5 and 6 Copper Projects in the highly prospective, copper-rich, Semail Ophiolite belt in the Sultanate of Oman, and our Jangamo Heavy Mineral Sands Project in Mozambique.

With two points of commodity focus, copper and mineral sands, I believe we have secured a significant portfolio from which to realise solid growth for the year ahead and in-turn realise shareholder value.

I am delighted to say that it has been a very active year. We have completed multiple drilling and geophysical exploration programmes over multiple projects in multiple geographies on time and on budget. This is a clear demonstration of the technical and operational capabilities of Savannah's team. Our activity is both designed to get results and to leverage the maximum impact off our fixed cost base.

Blocks 4, 5 and 6 Copper Projects, Oman

Savannah has rights to three highly prospective blocks covering 1,270km² in the 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. The three blocks are located some 180km north west of Muscat, the capital city of Oman and within close proximity to the export Port of Sohar.

We are focusing our exploration on the discovery of Cyprus type Volcanic Massive Sulphide ('VMS') deposits. They occur on and below fossil seafloors, generally within mafic to intermediate volcanic rocks and lesser metalliferous sediments/umbers. Mineralisation is comprised of two key zones, a massive sulphide zone and an underlying stringer zone.

We believe the Blocks provide Savannah with an excellent opportunity to potentially evolve into a mid-tier copper producer in a relatively short time frame. Together with our Omani partners, we aim to outline further mineral resources on Blocks 4, 5 and 6, to provide the critical mass for a central operating plant to develop the deposits as part of a broad consolidation strategy.

We very strongly believe that this is exactly the right time in the cycle to be building an aggregated copper resource in Oman. Projections by most informed copper commentators and analysts highlight a copper deficit appearing in the period 2017 to 2020. This is projected to support an increase in the copper price towards the USD$4.00 per lb mark from today's USD$2.50.

The strategic market setting is therefore favourable and this is matched by the extremely attractive features for copper mining in Oman. These features include a favourable fiscal and legislative regime, a government that is strongly supportive of mining, an excellent infrastructure base (roads, power, water, ports and a copper smelter) and a favourable cost setting with very low transport and fuel costs.

Savannah has the right to earn a 65% interest in Block 4, a 65% holding in Block 5 and the right to earn up to a 70% interest in Block 6. The acquisition of Gentor Resources Limited, which has the rights to Blocks 5 and 6, was completed in July 2014 for an initial outlay of USD$0.8 million cash with deferred consideration of USD$3.0 million in cash and shares payable on achievement of milestones relating to a potential mine development (further information relating to the terms of the acquisition can be found in Note 21). As we believe the region hosts a number of highly prospective exploration opportunities we took the strategic decision to expand our in-country position through the acquisition of Block 4; in November 2014 Savannah entered into an agreement to acquire up to a 65% shareholding in Al Thuraya LLC by spending up to USD$4.6 million over 4 years. Al Thuraya wholly owns the highly prospective Block 4 (further information relating to the terms of the acquisition can be found in Note 23). This acquisition increases the Company's total land package in Oman to 1,270 km².

Block 5 currently holds a near-surface, collective Indicated and Inferred Mineral Resource of 1.7Mt @ 2.2% Cu (including a high-grade zone of ~0.5Mt @ 4.5% Cu) which spans the Mahab 4 and Maqail South target areas. Previous 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. Block 4 includes over 35km in strike of prospective ophiolite with multiple prospective contacts, has seen very little exploration using modern techniques and is a prime target for the application of technologies such as VTEM.

Exploration undertaken by Savannah has initially focussed on evaluating potential open pittable targets. First round re-processing of geophysical data (Versatile Time Domain Electromagnetic airborne survey ('VTEM') originally completed in 2010) was undertaken by Savannah in mid-2014 and 94 prospective anomalies were identified, with eight Priority 1 and 12 Priority 2 exploration targets identified on Blocks 5 and 6.

In addition, field reconnaissance by way of a ground based electro-magnetic ('EM') survey of high priority VTEM targets identified a new cluster of targets within Block 5 and Block 4: Sarami West (Block 5), Wadi Ahin (Block 5) and Ghayth Prospect (Block 4). To better understand the mineralisation potential, Versatile Time Domain Electromagnetic Surveying ('VTEM') was completed in December 2014 over these targets, with the results published post period end in January 2015.

The strongest anomaly was identified at Sarami West, which has a very high conductance, spans over 200m, and remains open to the south. Importantly, Sarami West appears to be larger and of similar intensity to the nearby Mahab 4 copper deposit anomaly where an Inferred Mineral Resource has been previously defined, illustrating the potential for resource expansion should the drilling be successful. Furthermore, the VTEM survey did not identify any potential sources for a false anomaly, increasing the chances that the anomalies are potentially the result of copper bearing sulphides at depth.

It is our intention for the year ahead to advance Blocks 4, 5 and 6 up the value curve and accordingly a 2,000m diamond drilling programme commenced in January 2015.

With a highly capable exploration team already in place 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. I look forward to updating shareholders on this progress throughout the year.

Jangamo Heavy Mineral Sands, Mozambique

As previously noted, our 180km² Jangamo project is located in a world-class mineral sands province in southern Mozambique. The Project is located immediately to the west of Rio Tinto's ('Rio') Mutamba deposit along an extensive dune system prospective for mineral sands including ilmenite, zircon and rutile near the village of Jangamo, approximately 350km north east of the capital Maputo. Mutamba is one of two major deposits Rio has defined in Mozambique, which, together with the other deposit has a collective exploration target of 7-12Bn tonnes at 3-4.5% THM (published in 2008).

The prices for the main constituents of mineral sands, (the TiO2 feedstocks, ilmenite, rutile and zircon) are cyclically weak at present. Existing producers are struggling and investment in exploration is limited. Consumer demand for paints, paper and plastics will inevitably turn up as will prices for TiO2 feedstocks. Companies like Savannah that secure strong resource positions at this point of the cycle can be well rewarded.

We believe Mozambique is an ideal geography to put this plan in place. The long, heavy mineral rich coastline of Mozambique still remains relatively underexplored and our experience over the last 18 months is that the Mozambique government is very supportive of our exploration investment in the country.

We have made significant progress during 2014 with the completion of three major rounds of scout and resource definition drilling and an airborne geophysical survey. The programmes have highlighted Jangamo's potential to host higher grade, commercial, heavy mineral sands deposits. Significantly, our exploration indicates that the geology and geomorphology of Jangamo is similar to that of Mutamba.

Consistent with our promise to the market we reached a major milestone in December 2014 with the announcement of a maiden JORC compliant Inferred Mineral Resource of 65Mt at 4.5% total heavy minerals ('THM'). This was calculated after two separate drilling programmes of 3,990m and 1,920m, and importantly, in line with our strategy, successfully targeted extensions

CHIEF EXECUTIVE'S REPORT

of the Mutamba mineralisation in the Jangamo tenement with the primary focus of defining mineralisation at the upper end of the grade range for the Mutamba deposit of over 4% THM. Details of the resource are contained in Table 1 below.

Table 1

Resource Table (2.5% Cut off)	
Zones	Jangamo
Category	Inferred
Sand (Mt)	65
% THM	4.2
% Ilmenite in HM	60
% Ilmenite in sand	2.5
% Rutile in sand	0.083
% Zircon in sand	0.15
HM (Mt)	2.7
Ilmenite (Mt)	1.6
Rutile (Mt)	0.054
Zircon (Mt)	0.1

Note: The table above has been prepared on a gross basis showing 100% interest. Savannah has an 80% indirect interest in the Jangamo Project.

At this juncture I feel it is important to note the significant upside potential of the Jangamo project. The maiden Mineral Resource was defined and announced in not much more than 12 months after we started our ground work in Mozambique on what was essentially a green fields' tenement. Resource evaluation is staged in nature and we will be looking to further expand the Mineral Resource during calendar 2015.

It is noteworthy that the maiden resource was defined over two small areas in the eastern arm of the tenement. These areas are a small part of the 180 km² Jangamo tenement. The Mineral Resource remains open along strike and there are a number of areas identified during the 2014 exploration programme, which require follow up work and resource drilling.

Jangamo is a large system and we are focused on defining a higher grade project that has superior economic characteristics for the development of a profitable mining operation with modest capital costs. This complements the favourable local infrastructure setting that benefits from nearby roads, power, and port.

In this vein, further work is already planned for the 2015 field season including: metallurgical testwork to characterise the potential product from any project development; further drilling around the newly defined Inferred Mineral Resource to further expand the resource base; and further grid based resource drilling around anomalous exploration drill holes.

Significantly we have also identified a major HMS system in the western part of the tenement. Scout drilling undertaken along the 15km strandline has intersected encouraging zones of mineralisation with excellent intersections of up to 45m at 3.51% THM from 12m in JMRC133. The western system, which extends over at least 10km in strike, will form one of the main focuses of the ongoing exploration programme in 2015.

Chairman

I would also like to bring to shareholders' attention the fact that Mike Johnson has decided to step down as Chairman and effective tomorrow is due to be replaced by Matthew King. This change is a result of Mike having successfully steered the Company through its recent transitional phase where it exited its West African gold projects and acquired interests in projects in its two new core geographies of Oman and Mozambique in copper and heavy minerals respectively. Under Mike's stewardship the Company has strengthened its balance sheet, established a key management group and secured a valuable portfolio of new projects. Mike had always made it clear that once this transitional phase had been successfully implemented he would look to stand down and in that regard the Company wishes to thank Mike very much for his very significant contribution and to also wish him well in all his future endeavours.

The Company is very fortunate to be able to appoint a successor with the experience and qualifications of Matthew King. Matthew has had a long and distinguished career in international banking. His particular competencies are in the arenas of corporate governance, operational risk and compliance.

Share Price

Savannah's share price has traded in a very wide range over the last 12 months. In recent days it has traded at new lows. Clearly some of this is the result of the difficult market conditions generally for small cap explorers. This has been exacerbated by the recent decline in the prices

CHIEF EXECUTIVE'S REPORT

of a wide range of commodities including copper. We remain convinced that copper is the leading industrial metal and the recent drop in its price will be short lived.

Despite what the share price might suggest we have achieved a lot in 2014. We have secured a commanding position in the Oman Ophiolite Belt which hosts a prolific number of copper deposits, and we have executed on our plan; starting in July 2014 with the completion of the acquisition of Blocks 5 and 6 in Oman, which was followed by the acquisition of Block 4, we have identified prospective drill targets and are currently drilling away – all within some seven months of starting. The timely execution of these initial steps highlights both our intent and capability to move forward and develop as a copper producer. At the same time we have underscored the prospectivity of Jangamo with the declaration of a maiden Mineral Resource.

In summary, Savannah is a much more resilient company in 2015 than it was in 2014 and is well positioned to deliver shareholder value during 2015.

Outlook

We have two very able operations teams in Oman and Mozambique implementing our exploration and evaluation activities. In Oman the next step in our evaluations will be to complete a 1,200m drilling programme which started in late January 2015 at Block 5 and Block 4, on a number of high priority targets identified. In conjunction with this, we look forward to building upon the now established Inferred Mineral Resource of 65Mt at 4.2% total heavy minerals at our Jangamo Heavy Mineral Sands Project in Mozambique through further drilling, planned to begin late in the first half of 2015.

In parallel with our existing activities as outlined here we are working on other significant associated initiatives which could result in a major step change for the Company. I firmly believe that 2015 will be one of great opportunity for Savannah, and I look forward to providing shareholders with regular updates on these developments in due course.

David S Archer
Chief Executive Officer

Date: 24 February 2015

STRATEGIC REPORT

Section 414A of the Companies Act 2006 (the 'Act') requires that the Company inform members as to how the Directors have performed their duty to promote the success of the Company, 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 2014 Annual Report, which are incorporated by reference into the Company's Strategic Report.

Principal Activities
The principal activity of the Group in the year under review was exploration for copper in Oman, and exploration for heavy mineral sands in Mozambique.

Fair Review of the Business
The loss of the Group as set out on page 18 is a fair reflection of the Group's performance. The Group made a loss of £1,917,190 (2013: £2,041,743), of which £1,444,157 (2013: £905,576) was related to administrative costs. Additionally the Company invested £1,473,922 (2013: £824,638) on mineral exploration and evaluation on the licences it holds (including the acquisition of Gentor Resources Ltd which has rights to exploration Blocks 5 and 6 in Oman); this is capitalised as an intangible asset as set out in Note 11 in the Financial Statements.

The loss for the year excluded the revaluation loss of £2,223,222 (2013: gain £1,430,435) in the Company's investment in Alecto detailed in Note 13.

A review of the Group's prospects are included in the Chairman's Statement on pages 2 to 3 and the Chief Executive's Report on pages 4 to 7.

Future Development
This information is contained in the Chairman's Statement on pages 2 to 3 and the Chief Executive's Report on pages 4 to 7 under the heading "outlook".

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

General Exploration Risk
Mineral exploration is a high risk undertaking and there can be no guarantee that exploration will result in the discovery of an economically viable ore body. Exploration tenements are carefully

selected by experienced experts in regions of proven prospective geology. A methodical, staged approach is taken to the work and different technologies, as well as extensive fieldwork, are used prior to drilling.

Attraction and Retention of Key People
The success of the Company 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 Company. The Board has put in place a remuneration policy which includes a share option scheme in order to motivate and retain key employees.

Future Funding Requirements
The Company has an ongoing requirement to fund its exploration activities and may need to obtain finance from the equity markets in the future. 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 focussed on areas of greatest exploration potential. Overheads and administration costs are carefully managed.

Exploration Licence Titles
The licences will be subject to applications for renewal and any renewal is usually at the discretion of the relevant government authority. The licences in the Company's portfolio have been the subject of legal due diligence in order to establish valid legal title.

Country Risk
At the reporting date, the Company carried out exploration in Oman and Mozambique. The legacy Malian projects were sold in March 2014. As a result, the Company operating in two countries benefits from a diversification of country risk. Country risk is further mitigated through the investment it holds in Alecto which has exploration licences in Ethiopia, Mali, Burkina Faso and Mauritania. This risk is mitigated by ensuring the Company meets its work and expenditure

obligations, that it prioritises local in-country employment and that it maintains good relationships at all levels with government, administrative bodies and other stakeholders. The board actively monitors relevant political and regulatory developments.

Analysis of the Development and Performance of the Business
This information is contained in pages the Chairman's Statement on pages 2 to 3, and the Chief Executive's Report on pages 4 to 7.

Analysis of the Position of the Business
This information is contained in pages the Chairman's Statement on pages 2 to 3, and the Chief Executive's Report on pages 4 to 7.

Analysis Using Key Financial Performance Indicators and Milestones

At the reporting date the Company's cash balance was £1,778,338 (2013: £859,616) and its investments in tradable securities was £1,129,602 (2013: £2,830,435). The Company raised £3,769,095 (2013: £968,491) cash via issuance of ordinary shares. The trading volumes in the Company's shares increased significantly to over 3.7m shares per day in December 2014 (2013: 2.4m).

Analysis Using Other Key Performance Indicators and Milestones

In July the Company acquired 100% of Gentor Resources Ltd, which own the highly prospective Block 5 and Block 6 Copper Projects in Oman. In November the Company entered into an agreement to acquire up to a 65% shareholding in Al Thuraya LLC which own the highly prospective Block 4 Copper Project in Oman. In December the Company announced a maiden inferred JORC Mineral Resource Estimate of 65Mt at its Jangamo Heavy Mineral Sands Project. The Company achieved its strategic transformation from being a single commodity, single country junior explorer to becoming a multi-commodity, multi-geography exploration and development Company.

Approval of the Board
This Strategic Report contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with a mineral exploration and development business. 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 S Archer
Chief Executive Officer

Date: 24 February 2015

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 2014.

Dividends
The Directors do not recommend the payment of a dividend (2013: £nil).

Events Since the Reporting Date
The Company issued 637,381 new ordinary shares as consideration for a digitised exploration database relating to the Block 4 Copper Project. The Company disposed of 16.1m shares in Alecto for consideration of £49k. The valuation of the Alecto shares at 31 December 2014 was based on a share price of £0.0065 and as at 23 February the share price was £0.0015. On 24 February 2015 the Company transferred US$400,000 (~GBP £257,500) as an initial capital contribution to achieve a 51% shareholding in Al Thuraya. Further details are included in Note 25 and in the Chairman's Statement and Chief Executive's Report.

Directors
The Directors who have held office during the period from 1 January 2014 to the date of this report (unless otherwise stated) are as follows:

M S Johnson
C Cannon-Brookes
D S Archer
D J Ferguson

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.

Group's Policy on Payment of Creditors
The Group's policy on the payment of all trade creditors is to ensure that the terms of payment, as specified and agreed with creditors, are not exceeded. Trade creditors as at 31 December 2014 represent 15 days (2013: 48 days) as a proportion of the total amount invoiced by creditors during the year ended on that date.

Financial Instruments Risk
This information is contained in Note 20 to the financial statements.

Going Concern
After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Financial Statements. See Note 1 for further information.

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 interest (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 2014	No. of shares held at 31 December 2013
M S Johnson	**4,040,000**	4,040,000
D S Archer	**22,222,224**	22,222,224

The Directors' interests in the share options, warrants options and warrants of the Company are as follows (further details can be found in Note 24):

At 31 December 2014

	Quantity at 1 Jan 2014	**Quantity granted during the year**	**Lapsed during the year**	**Options/ Warrants at 31 Dec 2014**	**Exercise price**	**Date of the grant**	**First date of exercise**	**Final date of exercise**
Share Options								
D J Ferguson	5,321,776	–	–	5,321,776	3.0p	21/07/13	20/07/14	20/07/18
M Johnson	1,500,000	–	–	1,500,000	3.0p	22/09/13	22/03/14	21/09/18
M Johnson	–	2,030,000	–	2,030,000	5.0p	03/07/14	03/07/14	03/07/17
C Cannon-Brookes	1,500,000	–	–	1,500,000	3.0p	22/09/13	22/03/14	21/09/18
C Cannon-Brookes	–	1,270,000	–	1,270,000	5.0p	03/07/14	03/07/14	03/07/17
Warrants								
D S Archer	11,111,112	–	–	11,111,112	3.0p	24/09/13	24/09/13	19/07/18
M S Johnson	4,475,000	–	(4,475,000)	–	12.5p	22/10/10	01/11/10	01/11/14

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AGM Information

At 31 December 2013

	Quantity at 1 Jan 2013	Quantity granted during the year	Lapsed during the year	Options/ Warrants at 31 Dec 2013	Exercise price	Date of the grant	First date of exercise	Final date of exercise
Share Options								
M C Jones*	3,000,000	–	(1,500,000)	1,500,000	10.0p	22/10/10	21/10/11	21/10/15
M C Jones *	–	2,100,000	(700,000)	1,400,000	4.62p	01/02/13	31/01/14	31/01/18
M C Jones *	–	1,575,000	–	1,575,000	4.62p	30/09/13	30/09/13	01/10/18
D J Ferguson	–	5,321,776	–	5,321,776	3.0p	21/07/13	20/07/14	20/07/18
M Johnson	–	1,500,000	–	1,500,000	3.0p	22/09/13	22/03/14	21/09/18
C Cannon-Brookes	–	1,500,000	–	1,500,000	3.0p	22/09/13	22/03/14	21/09/18
S D Oke*	750,000	–	(750,000)	–	10.0p	22/10/10	21/10/11	21/10/15
D D Chikohora*	600,000	–	(600,000)	–	10.0p	22/10/10	21/10/11	21/10/15
R A Williams*	500,000	–	(500,000)	–	16.1p	07/03/11	07/03/11	06/03/16
Warrant Options								
M C Jones*	3,000,000	–	(1,500,000)	1,500,000	12.5p	22/10/10	21/10/11	21/10/15
S D Oke*	750,000	–	(750,000)	–	12.5p	22/10/10	21/10/11	21/10/15
D D Chikohora*	600,000	–	(600,000)	–	12.5p	22/10/10	21/10/11	21/10/15
Warrants								
M C Jones*	1,850,000	–	–	1,850,000	12.5p	22/10/10	01/11/10	01/11/14
M S Johnson	4,475,000	–	–	4,475,000	12.5p	22/10/10	01/11/10	01/11/14
D S Archer	–	11,111,112	–	11,111,112	3.0p	24/09/13	24/09/13	19/07/18

*resigned during the year to 31 December 2013

REPORT OF THE DIRECTORS

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

	Directors' emoluments 2014			Directors' emoluments 2013		
	Cash Salary	Non-cash share	Total	Cash Salary	Non-cash share	Total
Executive Directors						
D J Ferguson	**76,778**	**7,381**	**84,159**	29,151	35,192	64,343
D S Archer*	**142,500**	**–**	**142,500**	–	–	–
M C Jones (resigned 30 September 2013)	**–**	**–**	**–**	188,783	9,634	198,417
Non-Executive Directors	**–**	**–**	**–**	–	–	–
M S Johnson	**–**	**41,008**	**41,008**	–	35,583	35,583
C Cannon-Brookes	**–**	**26,036**	**26,036**	–	35,583	35,583
S D Oke (resigned 5 February 2013)	**–**	**–**	**–**	23,333	–	23,333
D D Chikohora (resigned 5 February 2013)	**–**	**–**	**–**	14,583	–	14,583
R A Williams (resigned 5 February 2013)	**–**	**–**	**–**	14,583	–	14,583
C Harrison (resigned 21 May 2013)	**–**	**–**	**–**	–	–	–
	219,278	**74,425**	**293,703**	**270,433**	**115,992**	**386,425**

*Mr D S Archer was paid neither Directors' fees nor salary either from the time of his appointment as a Director in April 2013 or from the time of his appointment as CEO in August 2013. As a result of the Company's significant progress and the transformational changes made which saw the disposal of all the Mali projects, the acquisition of new projects in Mozambique and Oman and the marked increase in the scale and scope of the Company's activities the board elected to commence paying a salary to the CEO effective from April 2014. There is no entitlement to bonus payments.

On behalf of the board:

D S Archer
Chief Executive Officer

Date: 24 February 2015

CORPORATE GOVERNANCE STATEMENT

The Company, being listed on AIM, is not required to comply with the UK Corporate Governance Code ("the Code") issued in May 2010. Although the Company does not comply with the Code, it has given consideration to the provisions set out in Section 1 of the Code annexed to the Financial Conduct Authority Listing Rules. The Directors support the objectives of the Code and intend to comply with those aspects that they consider relevant to the Group's size and circumstances. Details of these are set out below.

The Board of Directors

The Board currently comprises two executive and two non-executive Directors. The Board formally meets approximately every month and is responsible for setting and monitoring Group strategy, reviewing budgets and financial performance, ensuring adequate funding, examining major acquisition opportunities, 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 are conscious of the need to keep effective internal financial control. Due to the relatively small size of the Group's operations, the Directors are very closely involved in the day-to-day running of the business and as such have less need for a detailed formal system of internal financial control. The Directors have reviewed the effectiveness of the procedures presently in place and consider that they are appropriate to the nature and scale of the operations of the Group. The Directors have implemented necessary controls and procedures to comply with the UK Bribery Act 2010.

The Audit Committee

An Audit Committee has been established which comprises two non-executive Directors – Charlie Cannon-Brookes (who chairs the Committee), Dale Ferguson and Mike Johnson. The Committee is responsible 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. The Committee also reviews the Group's annual and interim Financial Statements before submission to the Board for approval. The role of the Audit Committee is also to consider the appointment of the auditors, audit fees, scope of audit work and any resultant findings.

The Remuneration Committee

The Remuneration Committee comprises two non-executive Directors – Charlie Cannon-Brookes (who chairs the Committee) and Mike Johnson. It is responsible for reviewing the performance of the executive Directors and for setting the scale and structure of his remuneration, paying due regard to the interests of shareholders as a whole and the performance of the Group. The remuneration of the Chairman and the non-executive Director is determined by the Board as a whole, based on a review of the current practices in other companies. The Chairman and non-executive Director are entitled to a nominal value of £1 per annum for their services.

Anti-Bribery and Corruption

It is the Company'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 Company 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 Directors are responsible for preparing the Director's report and the Financial Statements in accordance with applicable law and regulations

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group and Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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. The Directors are also required to prepare Financial Statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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 IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements;
- 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 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

We have audited the financial statements of Savannah resources Plc for the year ended 31 December 2014 which comprise the consolidated statement of comprehensive income, the consolidated and Company statement of financial position, the consolidated and Company statement of changes in equity, the consolidated and Company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors
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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements
A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on Financial Statements
In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent Company's affairs as at 31 December 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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.

REPORT OF THE INDEPENDENT AUDITORS

Opinion on Other Matters Prescribed by the Companies Act 2006
In our opinion the information given in the strategic and Directors' reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which we are Required to Report by Exception
We have nothing to report in respect of the following matters where 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.

Scott Knight (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU
United Kingdom
24 February 2015

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 2014

	Notes	2014 £	2013 £
Continuing Operations			
Revenue			–
Administrative expenses		**(1,444,157)**	(905,576)
Operating loss		**(1,444,157)**	(905,576)
Finance income	5	**18,818**	228,433
Finance costs	5	**(491,851)**	–
Loss before tax	6	**(1,917,190)**	(677,143)
Taxation	7	**–**	–
Loss for period from continuing operations		**(1,917,190)**	(677,143)
Loss for the period from discontinued operations	8	**–**	(1,364,600)
Loss for the year attributable			
To equity owners of the parent		**(1,917,190)**	(2,041,743)
Other comprehensive income			
Change in market value of investments	13	**(2,223,222)**	1,430,435
Exchange gains/(losses) arising on translation of foreign operations		**31,350**	51,990
Other comprehensive income for the year		**(2,191,872)**	1,482,425
Total comprehensive income for the year			
attributable to equity owners of the parent		**(4,109,062)**	(559,318)
Loss per share attributable to equity owners of the parent			
expressed in pence per share:			
Basic and diluted			
From Loss for the year attributable to equity owners of the parent	10	**(1.14)**	(2.04)
From Continuing operations	10	**(1.14)**	(0.68)
From Discontinued operations	10	**–**	(1.36)

The notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2014

	Notes	2014 £	2013 £
Assets			
Non-current assets			
Intangible assets	11	**1,974,128**	699,138
Property, plant and equipment	12	**30,245**	–
Investments	13	**–**	2,830,435
Other receivables	15	**17,049**	2,998
Total non-current assets		**2,021,422**	3,532,571
Current assets			
Investments	13	**1,129,602**	–
Loan receivables	14	**–**	573,380
Trade and other receivables	15	**82,590**	108,215
Cash and cash equivalents	16	**1,778,338**	859,616
Total current assets		**2,990,530**	1,541,211
Total assets		**5,011,952**	5,073,782
Equity and liabilities			
Shareholders' equity			
Share capital	18	**2,231,697**	1,383,658
Share premium		**8,539,626**	5,460,305
Foreign currency reserve		**36,171**	35,578
Warrant reserve		**362,252**	850,611
Share based payment reserve		**619,423**	497,181
Merger reserve		**–**	572,314
Retained earnings		**(7,034,355)**	(4,045,757)
Total equity attributable to Equity holders of the parent		**4,754,814**	4,753,890
Liabilities			
Current liabilities			
Trade and other payables	19	**257,138**	319,892
Total liabilities		**257,138**	319,892
Total equity and liabilities		**5,011,952**	5,073,782

The Financial Statements were approved by the Board of Directors on 24 February 2015 and were signed on its behalf by:

D S Archer
Executive Director
Company number: 07307107

The notes form part of these Financial Statements.

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2014

	Notes	2014 £	2013 £
Assets			
Non-current assets			
Intangible assets	11	**47,391**	3,153
Investments	13	**281**	2,956,562
Other receivables	15	**2,301,121**	310,354
Total non-current assets		**2,348,793**	3,270,069
Current assets			
Investments	13	**1,129,602**	–
Loan receivables	14	**–**	573,380
Trade and other receivables	15	**58,994**	107,225
Cash and cash equivalents	16	**1,634,371**	855,023
Total current assets		**2,822,967**	1,535,628
Total assets		**5,171,760**	4,805,697
Equity and liabilities			
Shareholders' equity			
Called up share capital	18	**2,231,697**	1,383,658
Share premium		**8,539,626**	5,460,305
Warrant reserve		**362,251**	850,611
Share based payment reserve		**619,423**	497,181
Retained earnings		**(6,738,170)**	(3,424,075)
Merger reserve		**–**	(82,188)
Total equity		**5,014,827**	4,685,492
Liabilities			
Current liabilities			
Trade and other payables	19	**156,933**	120,205
Total liabilities		**156,933**	120,205
Total equity and liabilities		**5,171,760**	4,805,697

The Financial Statements were approved by the Board of Directors on 24 February 2015 and were signed on its behalf by:

D S Archer
Executive Director
Company number: 07307107

The notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

	Share capital £	Share premium £	Foreign currency reserve £	Warrant reserve £	Share based payment reserve and warrant reserve £	Retained earnings £	Merger reserve £	Total equity £
At 1 January 2013	842,133	4,997,699	(16,412)	579,500	577,260	(3,646,829)	572,314	3,905,665
Loss for the year	–	–	–	–	–	(2,041,743)	–	(2,041,743)
Other comprehensive income	–	–	51,990	–	–	1,430,435	–	1,482,425
Total comprehensive income for the year	–	–	51,990	–	–	(611,308)	–	(559,318)
Issue of share capital	541,525	733,717	–	–		–	–	1,275,242
Issue of warrants	–	(271,111)	–	271,111		–	–	–
Share based payments	–	–	–	–	132,301	–	–	132,301
Share options lapsed	–	–	–	–	(212,380)	212,380	–	–
At 31 December 2013	1,383,658	5,460,305	35,578	850,611	497,181	(4,045,757)	572,314	4,753,890
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(1,917,190)**	**–**	**(1,917,190)**
Other comprehensive income	**–**	**–**	**31,350**	**–**	**–**	**(2,223,222)**	**–**	**(2,191,872)**
Total comprehensive income for the year	**–**	**–**	**31,350**	**–**	**–**	**(4,140,412)**	**–**	**(4,109,062)**
Issue of share capital	**848,039**	**3,170,461**	**–**	**–**	**–**	**–**	**–**	**4,018,500**
Issue of warrants		**(91,140)**	**–**	**91,140**	**–**	**–**	**–**	**–**
Expiry of warrants	**–**	**–**	**–**	**(579,500)**	**–**	**579,500**	**–**	**–**
Disposal of subsidiaries	**–**	**–**	**–**	**–**	**–**	**572,314**	**(572,314)**	**–**
Foreign exchange on disposal of subsidiaries	**–**	**–**	**(30,757)**	**–**	**–**	**–**	**–**	**(30,757)**
Share based payments	**–**	**–**	**–**	**–**	**122,242**	**–**	**–**	**122,242**
At 31 December 2014	**2,231,697**	**8,539,626**	**36,171**	**362,252**	**619,423**	**(7,034,355)**	**–**	**4,754,814**

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.
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 share options granted by Savannah Resources Plc, less transfers to retained losses in respect of options exercised and lapsed.
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.
Merger reserve	Amounts resulting from acquisitions under common control.

The notes form part of these Financial Statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

	Share capital £	Share premium £	Warrant reserve £	Share based payment reserve £	Retained earnings £	Merger reserve £	Total equity £
At 1 January 2013	842,133	4,997,699	579,500	577,260	(3,008,739)	(82,188)	3,905,665
Loss for the year	–	–	–	–	(2,058,151)	–	(2,058,151)
Other comprehensive income	–	–	–	–	1,430,435	–	1,430,435
Total comprehensive income for the year	–	–	–	–	(627,716)	–	(627,716)
Issue of share capital	541,525	733,717	–	–	–	–	1,275,242
Issue of warrants	–	(271,111)	271,111	–	–	–	–
Share based payments	–	–	–	132,301	–	–	132,301
Share options lapsed	–	–	–	(212,380)	212,380	–	–
At 31 December 2013	1,383,658	5,460,305	850,611	497,181	(3,424,075)	(82,188)	4,685,492
Loss for the year	**–**	**–**	**–**	**–**	**(1,588,185)**	**–**	**(1,588,185)**
Other comprehensive income	**–**	**–**	**–**	**–**	**(2,223,222)**	**–**	**(2,223,222)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(3,811,407)**	**–**	**(3,811,407)**
Issue of share capital	**848,039**	**3,170,461**	**–**	**–**	**–**	**–**	**4,018,500**
Issue of warrants	**–**	**(91,140)**	**91,140**	**–**	**–**	**–**	**–**
Expiry of warrants	**–**	**–**	**(579,500)**	**–**	**579,500**	**–**	**–**
Disposal of subsidiaries	**–**	**–**	**–**	**–**	**(82,188)**	**82,188**	**–**
Share based payments	**–**	**–**	**–**	**122,242**	**–**	**–**	**122,242**
At 31 December 2014	**2,231,697**	**8,539,626**	**362,251**	**619,423**	**(6,738,170)**	**–**	**5,014,827**

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.
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 share options granted by Savannah Resources Plc, less transfers to retained losses in respect of options exercised and lapsed.
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.
Merger reserve	Amounts resulting from acquisitions under common control.

The notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2014

	Notes	2014 £	2013 £
Cash flows used in operating activities			
Loss for the year		**(1,917,190)**	(2,041,743)
Depreciation and amortisation charges		**12,254**	30,231
Impairment of intangible assets	11	–	1,362,402
Profit on disposal of subsidiaries	4	–	(180,048)
Share based payment reserve charge		**122,242**	132,301
Shares issued in lieu of payments to extinguish liabilities		**75,290**	75,750
Finance income		**(18,818)**	(228,433)
Finance expense	5	**491,851**	–
Cash flow from operating activities before changes in working capital		**(1,234,371)**	(849,540)
Decrease/(increase) in trade and other receivables		**10,574**	(81,973)
(Decrease)/increase in trade and other payables		**(106,739)**	140,066
Net cash used in operating activities		**(1,330,536)**	(791,447)
Cash flow used in investing activities			
Disposal of subsidiaries		–	(21,653)
Purchase of intangible exploration assets		**(1,429,884)**	(593,638)
Purchase of tangible fixed assets		**(37,733)**	(6,380)
Purchase of convertible loan notes		–	(350,000)
Purchase of investments		–	(150,000)
Interest received		**4,842**	5,053
Net cash used in investing activities		**(1,462,775)**	(1,116,618)
Cash flow from financing activities			
Interest paid		**(2,768)**	–
Proceeds from issues of ordinary shares		**3,769,095**	968,491
Net cash from financing activities		**3,766,327**	968,491
Increase/(Decrease) in cash and cash equivalents		**973,016**	(939,574)
Cash and cash equivalents at beginning of year		**859,616**	1,767,381
Exchange differences		**(54,294)**	31,809
Cash and cash equivalents at end of year		**1,778,338**	859,616

The cash flows from discontinued operations are disclosed in Note 8 to the Financial Statements.

The notes form part of these Financial Statements.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2014

Cash flows used in operating activities		
Loss for the year	**(1,588,185)**	(2,058,151)
Depreciation and amortisation charges	**3,153**	2,910
Impairment of intercompany receivables	**–**	2,562,753
Profit on disposal of subsidiaries	**(41,753)**	(1,249,900)
Share based payment reserve charge	**122,242**	132,301
Shares issued in lieu of payments to extinguish liabilities	**75,290**	75,750
Finance income	**(18,367)**	(228,433)
Finance expense	**491,163**	–
Cash flow from operating activities before changes in working capital	**(956,457)**	(762,770)
Increase in trade and other receivables	**(2,024,857)**	(672,454)
Increase/(decrease) in trade and other payables	**36,729**	56,805
Net cash used in operating activities	**(2,944,585)**	(1,378,419)
Cash flow used in investing activities		
Investment in subsidiaries	**(81)**	–
Purchase of convertible loan notes	**–**	(350,000)
Purchase of investments	**–**	(150,000)
Purchase of intangible exploration assets	**(47,391)**	
Interest received	**4,482**	5,053
Net cash used in investing activities	**(42,990)**	(494,947)
Cash flow from financing activities		
Interest paid	**(2,172)**	–
Proceeds from issues of ordinary shares	**3,769,095**	968,491
Net cash from financing activities	**3,766,923**	968,491
Increase/(decrease) in cash and cash equivalents	**779,348**	(904,875)
Cash and cash equivalents at beginning of year	**855,023**	1,759,898
Cash and cash equivalents at end of year	**1,634,371**	855,023

The notes form part of these Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2014

1. ACCOUNTING POLICIES

Basis of Preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards, International Accounting standards and Interpretations (collectively "IFRSs") as adopted by the EU and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements have been prepared under the historical cost convention.

The consolidated Financial Statements have been prepared by the merger method of accounting on the historical cost basis except, as explained in the accounting policies below. Historical cost is generally based on the consideration given in exchange for assets. The principal accounting policies are set out below.

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

The Financial Statements have been prepared on a going concern basis. The Board consider that the Group has sufficient cash resources to enable it to continue to fund overheads and exploration on its projects.

Basis of Consolidation

The Group accounts consolidate the accounts of Savannah Resources Plc and its domestic and foreign subsidiaries, refer to Note 13. The foreign subsidiaries have been consolidated in accordance with IAS 27 and IAS 21 "The effects of Foreign Exchange Rates."

Inter-company transactions and balances between Group companies are eliminated in full.

Equity Investments

Equity investments excluding subsidiaries are included on the balance sheet at fair value with value changes being recognised in other comprehensive income.

Investments in equity instruments with no reliable fair value measurement are measured at cost.

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 balance sheet of the parent Company.

Investments in subsidiaries, associates and jointly controlled entities are accounted for under the equity method of accounting within the consolidated accounts of the parent Company whereby the investment is initially recognised at cost and adjusted thereafter for changes in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

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.

1. ACCOUNTING POLICIES continued

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 and the balance sheet 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

Deferred development costs

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 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 Savannah Resources Group, the related costs will be written off.

Unevaluated mineral properties are assessed at reporting date for impairment in accordance with the policy set out below. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units) as disclosed in Note 11.

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.

Mineral properties

Mineral properties are recorded at cost less amortisation and provision for diminution in value. Amortisation will be over the estimated life of the commercial ore reserves on a unit of production basis.

Acquisitions of Mineral Exploration Licences

The acquisition of Gentor Resources Limited and Matilda Minerals Lda, was principally the acquisition of mining licences effected through a non-operating corporate structure. As the structure does not represent a business, it is considered that the transaction does not meet the definition of a business combination. Accordingly the transaction is accounted for as the acquisition of an asset. Future consideration is contingent and is not recognised as an asset or liability.

Other intangible assets

Other intangibles are recorded at cost less amortisation and provision for diminution in value. Amortisation is calculated to write off the cost of each asset over its estimated useful life of 3 years.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES continued

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	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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Savannah Resources Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the differences between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Savannah Resources Group's loan and receivables comprise other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position. 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.

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

Derivatives and embedded derivatives

Derivatives are accounted for on the balance sheet at fair value with changes recognised in the income statement. Fair values are determined using the Black Scholes valuation methodology.

Embedded derivatives are separated from their host contracts and accounted for as derivatives when they meet the definition of a derivative and the characteristics can be separated from those of the host contract.

Financial Liabilities

Other liabilities

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

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

1. ACCOUNTING POLICIES continued

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 timing 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.

Operating Leases

Rentals payable under operating leases 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 Consolidated Statement of Comprehensive Income is charged with the fair value of goods and services received or where this is not possible at the fair value of the equity instruments granted. Fair value is measured by use of an option pricing model.

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 accounting estimates and judgements are set out below:

(a) Carrying value of mineral properties and development costs

The Savannah Resources 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. The recoverable amount is assessed by reference to the higher of 'value in use', where a project is still expected to be developed into production (being the new present value of expected future cash flows of the relevant cash generating unit) and 'fair value less cost to sell'. Further details are set out in Note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES continued

(b) Exploration and evaluation costs

The Savannah Resources 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 Savannah Resources Group has a policy of capitalising all exploration and evaluation costs (as set out above). Management therefore exercises judgement based on the results of economic evaluations, prefeasibility or feasibility studies in determining whether it is appropriate to continue to carry these costs as an intangible asset or whether they should be impaired. The total value of exploration and evaluation costs capitalised as at each of the reporting dates is set out in Note 11.

(c) Share-based payments

In determining the fair value of share-based payments made during the period, a number of assumptions have been made by management. The details of these assumptions are set out in Note 24.

(d) Investment in Alecto Minerals plc

The Directors have had to apply judgment in considering the accounting treatment of the Company's investment in Alecto Minerals plc ('Alecto') with reference to its relationship with Alecto. Although during the year the Company held between 15.7% and 21.1% of Alecto's shares, it is the Directors' opinion that the investment in Alecto should be treated as an investment in the accounts of Savannah rather than as an associate on the basis that Savannah does not have the power to exert significant influence over Alecto. Key factors behind the opinion of the Directors include:

- Proportion of shareholding;
- Influence of other shareholders;
- Board representation and influence over decision-making;
- The presence of any special voting rights;
- Transactions between the companies;
- Inter-change of managerial personnel.

Accounting Developments During 2014

The International Accounting Standards Board (IASB) has issued the following new standards, amendments to published standards and interpretations to existing standards with effective dates on or prior to 1 January 2014 which have been adopted by the Group for the first time this year and which have not had a material effect. The new standards and amendments relevant to the Group have been disclosed below:

	Effective period commencing on or after	Impact on Group
Amendment to IAS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014	No material impact
Amendment to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014	No material impact
Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities	1 January 2014	No material impact

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES continued

Accounting Developments Not Yet Adopted

Various new standards and amendments have been issued by the IASB up to the date of this report which are not applicable until future periods and some have not yet been endorsed by the European Union. The Directors do not expect these will have a material impact on the Financial Statements of the Group or Company.

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 in Oman, exploration in Mali (discontinued), exploration in Mozambique, headquarter administration and corporate costs and the Company's investments in Alecto Minerals Plc ("Alecto").

Based on the Group's current stage of development there are no revenues associated to the segments detailed below. For exploration in Oman, Mali and 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 Investment in Alecto, this is calculated by analysis of the specific related investment instruments. Inter-Company loans are eliminated to zero and not included in each segment below.

	Oman Copper	Exploration in Mali	Mozam-bique Mineral Sands	Headquarter administration and corporate	Investment in Alecto	Elimination	Total
	£	£	£	£	£	£	£
2014							
Revenue	**–**	**–**	**–**	**274,723**	**–**	**(274,723)**	**–**
Finance costs	**–**	**–**	**–**	**(177,694)**	**(314,157)**	**–**	**(491,851)**
Interest income	**–**	**–**	**238**	**4,153**	**13,976**	**–**	**18,367**
Depreciation and amortisation	**–**	**–**	**(3,784)**	**–**	**–**	**–**	**(3,784)**
Loss on disposal of subsidiaries	**–**	**(1,568)**	**–**		**–**		**(1,568)**
(Loss)/profit for the period	**(134,315)**	**–**	**(126,152)**	**(1,356,542)**	**(300,181)**	**–**	**(1,917,190)**
Total assets	**1,043,846**	**–**	**1,097,749**	**1,740,755**	**1,129,602**	**–**	**5,011,952**
Total non-current assets	**954,349**	**–**	**1,067,072**	**–**	**–**	**–**	**2,021,421**
Additions to non-current assets	**904,696**	**11,337**	**588,133**	**7,489**	**–**	**–**	**1,511,655**
Total current assets	**101,067**	**–**	**66,497**	**1,693,364**	**1,129,602**	**–**	**2,990,530**
Total liabilities	**(83,839)**	**–**	**(18,767)**	**(154,531)**	**–**	**–**	**(257,137)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENTAL REPORTING continued

2013	Exploration in Mali £	Mozambique Mineral Sands £	Headquarter administration and corporate £	Investment in Alecto £	Total £
Depreciation and amortisation	(27,321)	–	(2,910)	–	(30,231)
Profit on disposal of subsidiaries	180,048	–	–	–	180,048
Impairment of intangibles	(1,362,402)	–	–	–	(1,362,402)
(Loss)/profit for the period	(1,377,175)	(18,490)	(869,458)	223,380	(2,041,743)
Total assets	251,010	453,577	965,380	3,403,815	5,073,782
Total non-current assets	250,000	448,983	3,153	2,830,435	3,532,571
Additions to non-current assets	384,000	447,018	–	2,830,435	3,661,453
Total current assets	1,010	4,593	962,228	573,380	1,541,211
Total liabilities	(5,366)	(188,839)	(125,687)	–	(319,892)

3. EMPLOYEES AND DIRECTORS

The average monthly number of employees during the year was as follows:

	2014 No	2013 No
Operational	**8**	15
Non-operational	**8**	8
	16	23

Staff Costs (excluding Directors)	**2014 £**	2013 £
Salaries	**328,684**	296,863
Social security	**24,175**	65,405
Share based payment expense (see Note 24)	**47,816**	16,310
Severance	**–**	7,241
	400,675	385,819

The numbers in the above table includes £242,460 (2013: £111,732) which was capitalised as an intangible asset.

3. EMPLOYEES AND DIRECTORS continued

Directors' Remuneration

	2014	2013
	£	£
Salaries	**219,278**	270,433
Social security	**18,841**	5,233
Share based payment expense (see note 24)	**74,425**	115,992
	312,544	391,658

The numbers in the above table includes £18,643 (2013: Nil) of Directors' Remuneration which was capitalised as an intangible asset in relation to the provision of specific technical services.

The Directors are considered to be the key management of the Group. Details of Directors' remuneration and the highest paid Director are disclosed in the Report of the Directors. No Directors accrued pension benefits during any of the periods presented.

4. (LOSS)/PROFIT ON DISPOSAL OF SUBSIDIARIES

	2014	2013
	£	£
Consideration	**250,000**	1,250,000
Net assets disposed	**(251,568)**	(1,069,952)
	(1,568)	180,048

On 27 March 2014 the Company sold to Alecto its subsidiary, NewMines Holdings Limited, which, through its wholly owned subsidiary Tobon Tondo, holds the exploration rights to the Karan and Diatissan gold projects in Mali. The consideration payable of £250,000 was satisfied by the issue of 20,000,000 ordinary shares in Alecto (see Note 13).

In August 2013 the Group disposed of its investment in AME West Africa Limited and its' subsidiary Caracal Gold S.A.R.L to Alecto Minerals plc ("Alecto") for £1,250,000 worth of shares in Alecto (see Note 13).

The net assets at the date of disposal comprised:

	2014	2013
	£	£
Intangible assets	**250,783**	910,190
Tangible assets	**–**	148,643
Receivables	**785**	6,162
Cash	**–**	21,653
Payables	**–**	(16,696)
	251,568	1,069,952

5. FINANCE INCOME

	2014	2013
	£	£
Deposit account interest	**4,842**	5,053
Interest on convertible loan notes	**13,976**	45,196
Movement on the valuation of derivative	**–**	178,184
	18,818	228,433

The convertible loan notes are detailed in Note 14. The interest accruing on the loan notes is reflected above.

FINANCE COSTS

	2014	2013
	£	£
Bank charges	**2,769**	–
Alecto derivative valuation and loan accretion	**314,517**	
Movement on the valuation of Bergen derivative	**174,565**	–
	491,851	–

The movement in the value of the derivative at fair value at the reporting date are reflected above.

6. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging

	2014	2013
	£	£
Depreciation and amortisation	**3,784**	30,231
Auditors' remuneration:		
– Statutory audit of the Group Financial Statements	**26,500**	24,973
– Other assurance services	**5,000**	4,027
– Tax advice	**32,950**	1,400
Foreign exchange differences	**11,267**	3,110
Operating lease payments	**49,541**	54,244
Share based payments	**122,242**	132,301

7. INCOME TAX

Analysis of the Tax Charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2014 nor for the year ended 31 December 2013.

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:

	2014	2013
	£	£
Loss on ordinary activities before tax	**(1,917,190)**	(2,041,743)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2013 – 23%)	**(402,610)**	(469,601)
Effects of:		
Expenses not deductible for tax purposes	**64,444**	340,998
Tax losses carried forward	**338,166**	128,603
Total income tax	**–**	–

Deferred Tax

The Group has carried forward losses amounting to £3,397,055 as at 31 December 2014 (2013: £2,312,420). 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.

8. CASH FLOWS FROM DISCONTINUED OPERATIONS

The Company made the decision to divest NewMines Holding Limited and as such the assets within NewMines Holding Limited were disposed of on 27 March 2014 as detailed in Note 4.

AME West Africa Limited and its subsidiary, Caracal Gold Mali SARL, were disposed of during the year ended 31 December 2013 as detailed in Note 4.

Group cash flows from discontinued operations

	Group		**Company**	
	2014	2013	**2014**	2013
	£	£	£	£
Operating cash flows	**–**	310,960	**–**	–
Investing cash flows	**–**	(338,373)	**–**	–
Financing cash flows	**–**	–	**–**	–
Total cash flows	**–**	(27,413)	**–**	–

8. CASH FLOWS FROM DISCONTINUED OPERATIONS continued

Analysis of the result of discontinued operations

	Group		Company	
	2014	2013	**2014**	2013
	£	£	**£**	£
Revenue	**–**	–	**–**	–
Expenses	**–**	(182,246)	**–**	–
Impairment	**–**	(1,362,402)*	**–**	(1,362,402)*
(Loss)/Profit on disposal of subsidiaries (Note 4)	**(1,568)**	180,048	**41,753**	–
Loss before tax of discontinued operations	**(1,568)**	(1,364,600)	**41,753**	(1,362,402)
Tax	**–**	–	**–**	–
Loss after tax of discontinued operations	**(1,568)**	(1,364,600)	**41,753**	(1,362,402)

* The Directors reviewed the carrying value of the intangible assets and have included an impairment charge of nil (2013: £1,362,402). The impairment in the 2013 financial year (see note 11) was against the carrying value of the Karan and Diatissan licences. The impairment charge has been restated based on the £250,000 consideration received in the sale of New Mines Holdings Limited and Tobon Tondo S.U.A.R.L.

9. 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 loss for the financial year was £3,811,407 (2013: £627,716).

10. 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, warrant options and warrants are not considered dilutive because the exercise of share options would have the effect of reducing the loss per share.

Reconciliations are set out below.

	2014	2013
	£	£
Basic Loss Per Share		
Losses attributable to ordinary shareholders:		
Total loss for the year	**(1,917,190)**	(2,041,743)
Continuing operations	**(1,917,190)**	(677,143)
Discontinued operations	**–**	(1,364,600)
Weighted average number of shares	**167,870,908**	100,004,746
Loss per share – total loss for the year	**0.0114**	0.0204
Loss per share – continuing operations	**0.0114**	0.0068
Loss per share – discontinued operations	**–**	0.0136

11. INTANGIBLE ASSETS (Group)

	Exploration and evaluation £	Other £	Total £
Cost			
At 1 January 2013	2,080,604	11,640	2,092,244
Additions	824,638	–	824,638
Transfers from tangible assets	11,904	–	11,904
Disposals (Note 4)	(928,667)	–	(928,667)
Exchange differences	47,430	–	47,430
At 1 January 2014	2,035,909	11,640	2,047,550
Additions	1,473,922	–	1,473,922
Disposals (Note 4)	(1,572,679)	–	(1,572,679)
Exchange differences	36,975	–	36,975
At 31 December 2014	**1,974,128**	**11,640**	**1,985,768**
Amortisation and impairment			
At 1 January 2013	–	5,577	5,577
Impairment charge for the year from discontinued operations	1,362,402	–	1,362,402
Amortisation charge for the year	–	2,910	2,910
Exchange differences	(22,478)	–	(22,478)
At 1 January 2014	**1,339,924**	**8,487**	**1,348,411**
Amortisation charge for the year	–	3,153	3,153
Eliminated on disposal	(1,318,299)	–	(1,318,299)
Exchange differences	(21,625)	–	(21,625)
At 31 December 2014	**–**	**11,640**	**11,640**
Net Book Value			
At 31 December 2014	**1,974,128**	**–**	**1,974,128**
At 31 December 2013	695,985	3,153	699,138

The exploration and evaluation assets referred to in the table above comprise expenditure in relation to exploration licences in the Republic of Mali, Oman and Mozambique. The Directors consider that for the purposes of assessing impairment, the above exploration and evaluation expenditure is allocated to the following licence areas, representing the Group's Cash Generating Units ("CGUs").

	2014 £	2013 £
Karan and Diatissan (Mali)	**–**	250,000
Jangamo (Mozambique)	**1,047,382**	445,985
Blocks 4, 5 and 6 (Oman)	**926,746**	–
	1,974,128	695,985

The Directors have reviewed the carrying value of the intangible assets and have included an impairment charge of nil (2013: £1,362,402). The impairment in the 2013 financial year (see Note 8) was against the carrying value of the Karan and Diatissan licences. The impairment charge was calculated based on the £250,000 consideration received in the sale of New Mines Holdings Limited and Tobon Tondo S.U.A.R.L.

11. INTANGIBLE ASSETS (Group) continued

The Directors consider that the remaining carrying value of the intangible assets is not impaired based on an assessment of the recoverable amount of each of the Group's CGUs.

INTANGIBLE ASSETS (Company)

	Total £
Cost	
At 1 January 2013	11,640
Additions	–
At 1 January 2014	11,640
Additions	47,391
At 31 December 2014	**59,031**
Amortisation	
At 1 January 2013	5,577
Charge for the year	2,910
At 1 January 2014	8,487
Charge for the year	3,153
At 31 December 2014	**11,640**
Net Book Value	
At 31 December 2014	**47,391**
At 31 December 2013	3,153

12. PROPERTY, PLANT AND EQUIPMENT (Group)

	Plant and machinery £	Motor vehicles £	Office Equipment £	Total £
Cost				
At 1 January 2013	173,202	53,832	6,954	233,988
Additions	6,380	–	–	6,380
Transfers to intangible assets	(11,904)	–	–	(11,904)
Disposals (Note 4)	(174,332)	(55,900)	(7,221)	(237,453)
Exchange differences	6,654	2,068	267	8,989
At 1 January 2014	–	–	–	–
Additions	–	27,505	10,228	37,733
Exchange differences	–	1,578	556	2,134
At 31 December 2014	**–**	**29,083**	**10,784**	**39,867**
Depreciation				
At 1 January 2013	27,598	24,092	5,124	56,814
Charge for year	19,882	6,797	642	27,321
Disposals (Note 4)	(46,238)	(34,116)	(5,962)	(86,316)
Exchange differences	(1,242)	3,227	196	2,181
At 1 January 2014	–	–	–	–
Charge for year	–	2,149	6,951	9,100
Exchange differences	–	123	399	522
	–	2,272	7,350	9,622
At 31 December 2013	–	–	–	–
Net Book Value				
At 31 December 2014	**–**	**26,811**	**3,434**	**30,245**
At 31 December 2013	–	–	–	–

13. INVESTMENTS

Listed Investments in Alecto

Group

Non Current	Quantity of shares held	Share Price £	% of Alecto Issued Share Capital	Listed investments £
At 1 January 2014	121,739,130	0.02325	14.8%	2,830,435
Additions at cost	20,000,000	0.01250	2.4%	250,000
Conversion of loan note	32,045,742	0.0085	3.9%	272,389
Change in market value of investment	–	–	–	(2,223,222)
Transfer to Current				(1,129,602)
At 31 December 2014				–
Current				
At 1 January 2014	–	–	–	–
Transfer from Non Current				1,129,602
At 31 December 2014	**173,784,872**	**0.0065**	**19.58%**	**1,129,602**

13. INVESTMENTS continued

The Investment in Alecto has been classified as current at 31 December 2014 as the lock-in period expired on 4 October 2014 and the Group has entered a 12 month orderly market period for 128,695,652 of the 173,784,872 shares held at that date, with the balance being freely tradeable.

In August 2013 the Group announced the conditional agreement to divest its subsidiary, AME West Africa Limited to Alecto Minerals Plc ("Alecto"). Included within the opening balance above is £1,250,000 in respect of 108,695,652 shares acquired in Alecto in respect of this divestment and a share subscription of 13,043,478 shares in Alecto for £150,000. 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 31 December 2014.

On 27 March 2014 the Company sold to Alecto its subsidiary, NewMines Holdings Limited, which, through its wholly owned subsidiary Tobon Tondo, holds the exploration rights to the Karan and Diatissan gold projects in Mali. The consideration payable of £250,000 was satisfied by the issue of 20,000,000 ordinary shares in Alecto which was considered to be its value.

On 27 July 2014 the Unsecured Loan Note ("Convertible Loan") in Alecto Minerals Plc ("Alecto") has been converted 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 has been converted at a fixed rate of £0.0115 per ordinary Share. The market value at the date of conversion was £0.0085 per Share. Additionally 1,610,959 Shares have been issued in satisfaction of the £18,831 interest earned on the Convertible Loan. Following the issue of the resulting 32,045,742 Shares, the Company's shareholding in Alecto will be 173,784,872 Shares acquired.

Company	**Shares in Group undertakings & listed investments £**
Non Current	
At 1 January 2014	2,956,562
Additions	250,081
Conversion of loan note	272,389
Change in market value of investment	(2,223,222)
Disposals	(125,927)
Transfer to Current	(1,129,602)
At 31 December 2014	**281**
Current	
At 1 January 2014	–
Transfer from Non Current	1,129,602
At 31 December 2014	**1,129,602**

13. INVESTMENTS continued

In September 2013 the Group entered into an agreement to acquire 80% of the share capital of Matilda Minerals Lda ("Matilda"), the owner of a mineral sands exploration project in a world class mineral sands province in Mozambique. In respect of the remaining 20% shareholding in Matilda Minerals Plc, this will be free carried at the Company's cost until the point of decision to carry out a Definitive Feasibility Study. When this point is reached the 20% shareholder can either: (a) contribute in proportion to its shareholding at that time; (b) become diluted in accordance with a pre-determined methodology; or (c) sell its shareholding pro rata to the Project value. The investment in Matilda has been accounted for as an asset acquisition and is included in intangible assets in Note 11.

A new 100% subsidiary Company, Savannah Resources B.V. was set up to be the immediate parent Company of Gentor Resources Inc. with an initial investment of €100 (~£81) in the ordinary share capital. On 10 April 2014 the Company entered into an agreement to acquire 100% of Gentor Resources Inc.'s subsidiary, Gentor Resources Limited ("GRL") through a the subsidiary, Savannah Resources B.V., which in turn acquired interests in Al Fairuz, Gentor Resources LLC, and Al Zuhra.

Gentor Resources Limited has a 65% interest in Al Fairuz (Block 5) and the right to earn up to a 70% interest in Al Zuhra (Block 6) exploration licences in Oman.

In consideration for acquiring 100% of the issued share capital of GRL, the Company initially paid cash consideration of USD 800,000. Additionally milestone payments, to be satisfied (up to 50% payable in ordinary shares in the Company) as follows: (a) USD 1,000,000 upon a formal final investment decision for the development of the Block 5 Licence; (b) USD 1,000,000 upon the production of the first saleable concentrate or saleable product from ore derived from the Block 5 Licence; (c) USD 1,000,000 within six months of the payment of the Deferred Consideration in (b). The Company will be responsible for all of the funding of the projects. This funding will be in the form of loans which would be reimbursed prior to any dividend distribution to shareholders.

In November 2014 the Group entered into an earn-in agreement ("Earn-in") to acquire up to a 65% interest in Al Thuraya LLC ("Al Thuraya") which wholly owns the highly prospective Block 4 Copper Project in Oman. In order for the Group to achieve a 51% shareholding in Al Thuraya, they are required to make a capital contribution of US$2,000,000 (~GBP £1,287,500) within two years and a further US$2,600,000 (~GBP £1,674,000) cash within four years to receive a further 14% shareholding in Al Thuraya. These funds will be used for exploration activities.

13. INVESTMENTS continued

The Company had the following subsidiary undertakings, either directly or indirectly, at 31 December 2014, which have been included in the Consolidated Financial Statements.

Subsidiary	Country of Incorporation	Nature of business	Class of share	% Holding
AME East Africa Limited	United Kingdom	Holding Company	Ordinary	100%
Matilda Minerals Limitada	Mozambique	Mining & exploration	Ordinary	80%3
Panda Recursos Limitada	Mozambique	Mining & exploration	Ordinary	99.99%
Savannah Resources B.V.	The Netherlands	Holding Company	Ordinary	100%
Gentor Resources Limited	British Virgin Is.	Holding Company	Ordinary	100%
Al Fairuz Mining Co L.L.C.	Oman	Mining & exploration	Ordinary	65%[3]
Gentor Resources L.L.C.	Oman	Dormant	Ordinary	70%[3]
Al Zuhra Mining L.L.C.	Oman	Mining & exploration	Ordinary	40%[1, 3]
Al Thuraya Mining L.L.C.	Oman	Mining & exploration	Ordinary	0%[2, 3]
African Mining & Exploration Limited	United Kingdom	Dormant	Ordinary	100%

[1] The Group has legal rights to 40% of equity holding, official registration of the ownership is pending.

[2] Al Thuraya has been consolidated at 31 December 2014 as the Group has controlling rights to the Project via the Earn-in.

[3] These entities have been consolidated 100% despite the Group owing less than 100% of the voting rights. This is due to the Company having Earn-in contracts whereby the Company is the only contributing party and has the ability to control the operations.

14. LOAN RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	£	£	**£**	£
Loan	**–**	228,474	–	228,474
Derivative	**–**	344,906	–	344,906
	–	573,380	–	573,380

The loans receivable above relate to the purchase of convertible loan notes in Alecto Minerals Plc. The loan was converted in July 2014 into Alecto's shares at a fixed price of 1.15 pence through the issue of 30,434,783 ordinary Alecto shares, refer to note 13. This derivative has been recognised at fair value using the Black Scholes valuation technique.

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	£	£	**£**	£
Non-Current:				
Other receivables	**17,049**	2,998	–	-
Amounts due from subsidiaries	**–**	–	**2,301,121**	310,354
	17,049	2,998	**2,301,121**	310,354
Current:				
VAT recoverable	**46,331**	31,449	**46,331**	30,630
Other receivables	**36,259**	76,766	**12,663**	76,595
	82,590	108,215	**58,994**	107,225

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	**2014**	2013
	£	£	**£**	£
Cash at bank and in hand	**1,778,338**	859,616	**1,634,371**	855,023

17. LOAN PAYABLES

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 was convertible at Bergen's election into ordinary shares in the Company (the "Convertible Security"). The relevant conversion price is 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 was fair valued using the Black-Scholes valuation technique. In November 2014 the Convertible Security was exercised by Bergen. There are no loans payable as at 31 December 2014.

18. SHARE CAPITAL

Allotted, issued and fully paid	**2014** £0.01 ordinary shares number	**2014** £	2013 £0.01 ordinary shares number	2013 £
At beginning of year	**138,365,781**	**1,383,658**	84,213,306	842,133
Issued during year:				
Cash subscription by David Archer (Director)	**–**	**–**	22,222,224	222,222
Share placement	**55,173,104**	**551,731**	18,047,748	180,478
Bergen financing arrangement	**26,244,600**	**262,446**		
Acquisition of 80% of Matilda Minerals Lda	**–**	**–**	10,643,107	106,431
In lieu of notice	**–**	**–**	2,666,667	26,667
In lieu of cash for professional services[1]	**3,386,229**	**33,862**	572,729	5,727
At end of year	**223,169,714**	**2,231,697**	138,365,781	1,383,658

[1] The shares issued in lieu of cash for professional services were valued at the fair value of the services received, £132,393 has been recorded in share premium for these transactions.

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

Refer to Note 24 for details of warrants and options issued.

19. TRADE AND OTHER PAYABLES

	Group **2014** £	Group 2013 £	**Company** **2014** £	Company 2013 £
Current:				
Trade payables	**100,813**	172,307	71,111	78,224
Other payables	**15,969**	8,635	11,738	3,916
Accruals and deferred income	**140,356**	138,950	74,084	38,065
	257,138	319,892	156,933	120,205

20. 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:

- loan receivables
- trade and other receivables
- derivatives – equity conversion option in receivables/payables convertible to share capital
- cash at bank
- trade and other payables
- investments

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

Liquidity Risk

The Group has sufficient funding in place to meet its operational commitments and is not exposed to any liquidity risk but in common with many exploration companies, the Company is likely to need to raise funds for its exploration activities. The Group's policy continues to be to ensure that it has adequate liquidity by careful management of its working capital. The Board receives rolling 18-month cash flow projections on a regular basis as well as information regarding cash balances. At the reporting date, these projections indicated that the Group expected to have sufficient liquid resources to meet its current obligations under all reasonably expected circumstances.

Foreign Exchange Risk

The Group is exposed through its operations to foreign exchange risk which arises because the Group has overseas operations located in Mozambique whose functional currency is MZN and in Oman whose functional currency is OMR which is pegged to the USD. The Group's net assets arising from overseas operations are exposed to currency risk resulting in gains or losses on retranslation into Pound Sterling.

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, OMR, MZN or Pound Sterling) with the cash remitted to their own operations in that currency. 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. To mitigate the risk of the CFA / Euro expenditure in Oman, the Group holds cash in a Euro denominated bank account, sufficient to meet committed expenditure and other liabilities. The OMR is pegged to the USD at a rate of 1 OMR to 2.6 USD. To further mitigate foreign exchange risk, larger contracts in Mozambique are denominated in USD.

20. FINANCIAL INSTRUMENTS continued

Market Risk

The Group holds an equity investment in Alecto (see Note 13). 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 £112,960 (2013: £283,043). 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 Company is exposed to credit risk on its' receivables from its subsidiaries. The subsidiaries are exploration 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 an exploration project resulting in revenue being generated by a subsidiary.

Fair Value

Derivatives are measured at fair value and relate to assets traded in an active market. Fair values are determined using the quoted share price and applying the Black-Scholes valuation methodology.

The fair values of derivatives as at 31 December 2014 were as follows:

Financial instrument	**Fair value £**	**Revaluation gains/ (losses) £**	**Measurement methodology**
Loan Receivable Derivative – equity conversion option within a receivable convertible to share capital.	–	(314,517)	Based on share price using Black-Scholes model
Loan Payable Derivative – equity conversion option within a payable convertible to share capital.	–	(174,565)	Based on share price using Black-Scholes model

The fair values of derivatives as at 31 December 2013 were as follows:

Financial instrument	**Fair value £**	**Revaluation gains/ (losses) £**	**Measurement methodology**
Loan Receivable Derivative – equity conversion option within a receivable convertible to share capital.	344,906	178,184	Based on price using Black- Scholes model

The level of the fair value hierarchy within the measurement is categorised as Level 2 and there are no unobservable inputs within the measurement. There were no transfers between Level 1 and Level 2 for the year.

20. FINANCIAL INSTRUMENTS continued

The loan receivable derivative valuation has been calculated using a Black-Scholes Model. The valuation at conversion for 2014 and at year end for 2013 has been calculated using the following parameters:

	2014 £	2013 £
Stock asset price (£)	**0.0085**	0.023
Option strike price (£)	**0.012**	0.012
Maturity (years)	**0.2**	0.75
Risk-Free interest rate	**2.5%**	2.5%
Volatility	**100%**	100%

The loan payable derivative valuation at conversion has been calculated using a Black-Scholes Model and using the following parameters:

	2014 £	2013 £
Stock asset price (£)	**0.6**	–
Option strike price (£)	**0.36**	–
Maturity (years)	**2.6**	–
Risk-Free interest rate	**2.5%**	–
Volatility	**64%**	–

Financial instruments by category (Group)

As at 31 December 2014

	Loans and receivables £	**Assets at fair value through profit and loss £**	**Available for sale £**	**Total £**
Investment in Alecto	–	–	**1,129,602**	**1,129,602**
Cash and cash equivalents	**1,778,338**	–	**–**	**1,778,338**
	1,778,338	–	**1,129,602**	**2,907,940**
At 31 December 2013				
Investment in Alecto	–	–	2,830,435	2,830,435
Loan receivables	228,474	–	–	228,474
Derivative	–	344,906	–	344,906
Cash and cash equivalents	859,616	–	–	859,616
	1,088,090	344,906	2,830,435	4,263,431

Available for sale assets are measured at fair value. The fair value hierarchy is level 1 as the valuation is based wholly on quoted prices. There were no transfers between level 1 and level 2 for the current year.

20. FINANCIAL INSTRUMENTS continued

Financial instruments by category (Group) Continued

As at 31 December 2014

	Financial liabilities at amortised cost £	Total £
Trade and other payables	**257,138**	**257,138**
At 31 December 2013		
Trade and other payables	319,892	319,892

As at 31 December 2014 and 31 December 2013, the currency exposure of the Group was as follows:

At 31 December 2014	**GBP £**	**USD £**	**AUD £**	**OMR £**	**MZN £**	**Total £**	**Other £**
Cash and cash equivalents	**1,166,120**	**483,480**	**–**	**83,758**	**44,980**	**–**	**1,778,338**
Trade and other payables	**130,197**	**25,871**	**49,314**	**43,080**	**8,675**	**–**	**257,137**
At 31 December 2013							
Cash and cash equivalents	852,299	–	–	–	4,593	2,724	859,616
Loan receivables	573,3800	–	–	–	–	–	573,380
Trade and other payables	206,674	–	–	–	107,852	5,366	319,892

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 provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company currently does not have any debt.

21. 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 it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

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, the Company paid initial consideration of AUD$400,000 (~GBP £210,000) in ordinary shares and a cash payment for cost reimbursements of AUD$125,000 (~GBP £66,000). Additionally milestone payments, to be satisfied by the issue of ordinary shares in the Company are payable as follows: (a) AUD$500,000 (~GBP £263,000) upon the establishment of a JORC Inferred Resource of 150Mt @ 3% THM; (b) AUD$500,000 (~GBP £263,000) upon the establishment of a JORC Indicated Resource of 350Mt @ 3% THM; (c) AUD$500,000 (~GBP £263,000) upon the establishment of a JORC Indicated Resource of 500Mt @ 3% THM.

Deferred consideration payable in relation to the acquisition of Oman Copper

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 Company paid initial consideration of USD $800,000 (~GBP £515,000) with the following deferred consideration required to complete the acquisition of 100% of the issued share capital of Gentor Resources Ltd (“GRL”):

1. Deferred Consideration (up to 50% payable in Savannah shares)

(a) a milestone payment of USD $1,000,000 (~GBP £644,000) upon a formal final investment decision for the development of the Block 5 Licence;

(b) a milestone payment of USD $1,000,000 (~GBP £643,750) 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 £643,750) within six months of the payment of the Deferred Consideration in (b).

2. 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.

22. RELATED PARTY DISCLOSURES

Details of Director's remuneration are disclosed in note 3. During the year £62,545 (2013: £25,614) was payable to Blue Bone Consulting Pty Ltd (a Company controlled by Dale Ferguson) for consultancy fees of which £5,632(2013: £nil) remained unpaid. In 2013 £141,286 was payable to J Cubed Ventures Ltd (a Company controlled by former Director Mark Jones) for consultancy fees, no fees were payable in 2014. The amounts payable to Blue Bone Consulting Pty Ltd and J Cubed Ventures Ltd have been included in the Directors' remuneration in note 3.

During the year £18,038 (2013: Nil) was payable to Arlington Group Asset Management (a Company which Charlie Cannon-Brookes is a Director and Shareholder) for the provision of a serviced office. No amounts remain unpaid. During the year £1,750 (2013: Nil) was payable to Lautner Group Limited (a Company which David Archer's close family member is a Director) for the provision of office support. No amounts remain unpaid.

These transactions were entered into on an arms-length basis.

23. COMMITMENTS

	2014	2013
	£	£
Operating Lease Commitments		
No later than 1 year	**30,372**	30,215
Later than 1 year and no later than 5 years	**–**	12,292
Later than 5 years	**–**	–
	30,372	42,507

The operating lease commitments are for business premises in the United Kingdom, Mozambique and Oman.

Other Commitments

As announced on 18 November 2014 the Group entered into an agreement to acquire Al Thuraya LLC ("Al Thuraya"), owner of the highly prospective Block 4 Copper Project. In order for the Group to achieve a 51% shareholding in Al Thuraya, the Company is required to make an initial contribution of US$400,000 (~GBP £257,500), a capital contribution of US$1,600,000 (~GBP £1,030,000) within two years and a further US$2,600,000 (~GBP £1,674,000) cash contribution within four years to receive a further 14% shareholding in Al Thuraya. These funds will be used for exploration activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. SHARE OPTIONS AND WARRANTS

Share options and warrants to subscribe for Ordinary Shares in the Company are granted to certain employees, Directors, investors and suppliers providing services to the Group. 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.

	2014			2013		
	Number	**Weighted average exercise price**	**Weighted remaining life**	**Number**	**Weighted average exercise price**	**Weighted remaining life**
Share Options						
Opening Balance	17,223,443	4.5p	–	5,550,000	10.5p	–
Granted	7,300,000	6.8p	–	16,386,776	3.6p	–
Lapsed	–	–	–	(4,713,333)	8.7p	–
Closing Balance	**24,523,443**	**5.2p**	**3.19**	**17,223,443**	**4.5p**	**4.18**
Share Warrant Options						
Opening Balance	2,000,000	12.5p	–	4,850,000	12.5p	–
Lapsed	–	–	–	(2,850,000)	12.5p	–
Forfeited	(1,636,740) [1]	12.5p	–	–	–	–
Closing Balance	**363,260**	**12.5p**	**0.81**	**2,000,000**	**12.5p**	**1.81**
Investor Warrants						
Opening Balance	69,061,105	11.0p	–	57,949,993	12.5p	–
Granted	2,800,000	11.0p	–	11,111,112	3p	–
Lapsed	(57,949,993) [2]	12.5p	–	–	–	–
Closing Balance	**13,911,112**	**4.6p**	**3.50**	**69,061,105**	**11.0p**	**1.43**

[1] Share Warrant Options were forfeited upon the lapse of the 2010 Investor Warrants

[2] Investor Warrants expired on 1 November 2014

24. SHARE OPTIONS AND WARRANTS continued

Share schemes outstanding at 31 December 2014 are as follows:

	Outstanding 31 December 2014	Exercisable 31 December 2014	Outstanding 31 December 2013	Exercisable 31 December 2013	Exercise Price	Expiry Date
Share Options						
October 2010	2,000,000	1,750,000	2,000,000	1,750,000	10.0p	21 October 2015
April 2011	100,000	100,000	100,000	100,000	10.4p	28 April 2016
February 2013	3,726,667	3,726,667	3,726,667	3,726,667	4.6p	31 January 2018
July 2013	5,321,776	5,321,776	5,321,776	5,321,776	3.0p	20 July 2018
September 2013	4,500,000	4,500,000	4,500,000	–	3.0p	21 September 2018
September 2013	1,575,000	1,575,000	1,575,000	1,575,000	4.6p	30 September 2018
February 2014	3,000,000	3,000,000	–	–	8.8p	25 February 2019
July 2014	3,300,000	3,300,000	–	–	5.0p	3 July 2017
September 2014	1,000,000	–	–	–	7.0p	12 September 2017
	24,523,443	**23,273,443**	**17,223,443**	**12,473,443**		
Share Warrant Options						
October 2010	363,260	317,852	2,000,000	1,750,000	12.5p	21 October 2015
	363,260	**317,852**	**2,000,000**	**1,750,000**		
Investor Warrants						
October 2010	–	–	57,949,993	57,949,993	12.5p	1 November 2014
September 2013	11,111,112	11,111,112	11,111,112	11,111,112	3.0p	19 July 2018
April 2014	2,800,000	2,800,000	–	–	11.0p	17 April 2018
	13,911,112	**13,911,112**	**69,061,105**	**69,061,105**		

All of the options and warrants granted attract a share based payment charge. The grants 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.

24. SHARE OPTIONS AND WARRANTS continued

The range of inputs of the options and warrants granted in the year are as follows:

	2014	2013
Share Options		
Stock price	4.6p – 8.2p	1.9p – 4.1p
Fair value of option	1.9p – 4.4p	0.8p – 3.0p
Exercise Price	5.0p – 8.8p	3.0p – 4.6p
Expected volatility	62% – 66%	53% – 62%
Expected life	3 – 5 years	5 years
Risk free rate	2.5%	2.5%
Dividend yield	nil	nil
Investor Warrants		
Stock price	7.8p	4.0p*
Fair value of option	3.2p	2.4p
Exercise Price	11.0p	3.0p
Expected volatility	65%	62%
Expected life	4 years	5 years
Risk free rate	2.5%	2.5%
Dividend yield	nil	nil

* The stock asset price was greater than the option strike price due to the delay between the Board approval and the Shareholder approval of the options.

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. If the issue was a share issue cost the charge is to the Share Premium account.

Share options issued

During the year 7,300,000 share options were issued to employees and Directors to assist with the recruitment, reward and retention of key employees. Some of the options vest immediately and some vest upon the employee meeting service and/or performance conditions.

During the 2013 financial year 6,565,000 share options were issued to key employees and the former CEO Mark Jones, in lieu of cash salary as part of the Company's cash conservation measures. A further 9,821,776 share options were issued in respect of either reduced fees/nominal fees (£1 per annum) paid to Directors and key personnel.

Investor Warrants issued

During the year 2,800,000 warrants were issued to Bergen Global Opportunity Fund LP in accordance with the execution of the facility agreement. The warrants were issued with an exercise price of 11.0p, equal to 135% of the average weighted price for the 20 trading days prior to issue.

During the 2013 financial year David Archer was granted 11,111,112 warrants in consideration of a cash subscription of £500,000 for shares and warrants with shareholder approval obtained at a shareholders meeting on 24 September 2013.

Options issued to Directors

Refer to Report of Directors for share options and warrants issued to Directors.

25. EVENTS SINCE THE REPORTING DATE

On 19 January 2015 the Company issued 637,381 ordinary shares as consideration for an exploration database relating to the Block 4 Copper Project in Oman. The ordinary shares were issued to settle the AUD 40,000 (~£22,000) consideration for the database.

The Company has disposed of 16.1m of the 173m shares it held in Alecto at 31 December 2014 for consideration of £49k. The valuation of the Alecto shares at 31 December 2014 was based on a share price of £0.0065 and as at 23 February 2015 the share price is £0.0015. The Company considers this to be a non-adjusting post balance sheet event.

On 24 February 2015 the Company transferred US$400,000 (~GBP £257,500) as an initial capital contribution to achieve a 51% shareholding in Al Thuraya.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Savannah Resources Plc ('the Company') will be held at the offices of RFC Ambrian Ltd, Condor House, 10 St. Paul's Churchyard, London EC4M 8AL, on 15 April 2015 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions in the cases of resolutions 1-4 and as a special resolution in the case of resolution 5.

ORDINARY BUSINESS

1 To receive the report of the Directors and the audited Financial Statements of the Company for the year ended 31 December 2014.

2 To re-appoint Mike Johnson who retires as a Director in accordance with article 23.1 of the Articles of Association at the conclusion of the meeting and, being eligible, offering himself for re-election as a Director of the Company.

3 To re-appoint BDO LLP as auditors of the Company to act until the conclusion of the next Annual General Meeting and to authorise the Directors to determine the remuneration of the auditors.

ORDINARY RESOLUTION

4 That in substitution for all existing and unexercised authorities, the Directors of the Company be and they are hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 ('the Act') to exercise all or any of the powers of the Company to allot equity securities (within the meaning of Section 560 of the Act) up to a maximum nominal amount of £1,400,000 provided that this authority shall, unless previously revoked or varied by the Company in general meeting, expire on the earlier of the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of this Resolution, unless renewed or extended prior to such time except that the Directors of the Company may before the expiry of such period make an offer or agreement which would or might require equity securities to be allotted after the expiry of such period and the Directors of the Company may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTION

5 That in substitution for all existing and unexercised authorities and subject to the passing of the immediately preceding Resolution, the Directors of the Company be and they are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred upon them by the preceding Resolution as if section 561(1) of the Act did not apply to any such allotment provided that the power conferred by the Resolution, unless previously revoked or varied by special resolution of the Company in general meeting, shall be limited:

(a) to the allotment of ordinary shares arising from the exercise of options, warrant options and warrants outstanding at the date of this resolution;

(b) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all such shareholders are proportionate (as nearly as may be) to the respective numbers of the ordinary shares held by them subject only to such exclusions or other arrangements as the Directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory;

(c) the grant of a right to subscribe for, or to convert any equity securities into Ordinary Shares otherwise than under sub-paragraph (a) above, up to a maximum aggregate nominal amount of £150,000;

NOTICE OF ANNUAL GENERAL MEETING

(d) pursuant to the share exchange agreement for 80% of the issued share capital of Matilda Minerals Lda, up to a maximum aggregate nominal value of £400,000; and

(e) to the allotment (otherwise than pursuant to sub-paragraphs (a), (b), (c) and (d) above) of equity securities up to an aggregate nominal amount of £450,000 (approximately 20% of the Company's issued share capital) in respect of any other issues for cash consideration;

and shall expire on the earlier of the date of the next Annual General Meeting of the Company or 15 months from the date of the passing of this Resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

If you are a registered holder of Ordinary Shares in the Company, whether or not you are able to attend the meeting, you may use the enclosed form of proxy to appoint one or more persons to attend and vote on a poll on your behalf. A proxy need not be a member of the Company.

A form of proxy is provided.

This may be sent by facsimile transfer to 01252 719 232 or by mail using the reply paid card to:

The Company Secretary
Savannah Resources Plc
c/o Share Registrars Limited
Suite E
First Floor
9 Lion and Lamb Yard
Farnham
Surrey GU9 7LL

In either case, the signed proxy must be received no later than 48 hours (excluding non-business days) before the time of the meeting, or any adjournment thereof.

Registered Office:	By order of the Board
Third Floor 55 Gower Street London WC1E 6HQ 24 February 2015	**Stephen Ronaldson** Company Secretary

Registered in England and Wales Number: 07307107

NOTICE OF ANNUAL GENERAL MEETING

Notes to the Notice of General Meeting
Entitlement to Attend and Vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members 48 hours before the time of the Meeting shall be entitled to attend and vote at the Meeting.

Appointment of Proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of Proxy Using Hard Copy Proxy Form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:

   – Completed and signed;

   – Sent or delivered to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by facsimile transmission to 01252 719 232; and

   – Received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

   In the case of a member which is a Company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of Proxy by Joint Members

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing Proxy Instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

   Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821 390.

   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of Proxy Appointments

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

   By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by facsimile transmission to 01252 719 232. In the case of a member which is a Company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

   In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

   If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

   Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

10. As at 24 February 2015, the Company's issued share capital comprised 223,807,095 ordinary shares of £0.01 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 24 February 2015 is 223,807,095.

Communications with the Company

11. Except as provided above, members who have general queries about the Meeting should telephone the Company Secretary, Stephen Ronaldson, on (020) 7580 6075 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

CREST

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.

    CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

    In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via euroclear.com/CREST).

    The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: 7RA36) by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of Instructions to proxies appointed through CREST should be communicated to the appointee through other means.

    CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of CREST by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

    The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

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

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 & BROKER:
RFC Ambrian Ltd
Condor House
10 St. Paul's Churchyard
London
EC4M 8AL

SOLICITORS:
Ronaldsons LLP
55 Gower Street
London
WC1E 6HQ

REGISTRARS:
Share Registrars
9 Lion & Lamb Yard
Farnham
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GU9 7LL

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