

SAVANNAH

SAVANNAH RESOURCES PLC

Company No 07307107

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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CHAIRMAN'S STATEMENT

The energy transition accelerates

The global energy transition, in which lithium is set to play such a critical role, moved forward rapidly in 2022. Russia's invasion of Ukraine, which is now sadly into its second year, has led western nations to rapidly reduce their reliance on Russia's production of oil & gas. As energy prices have soared as a result, this has placed even greater emphasis on the need for significant, and rapid, increases in domestic renewable energy generation capacity and accompanying energy storage methods. Lithium batteries have a key role to play in renewable energy storage, in addition to the critical role they are already playing in the ever-growing electric vehicle market.

This global geopolitical backdrop continues to create a favourable economic environment for Savannah's planned development of the Barroso Lithium Project (the 'Project') in Portugal. As was the case in 2021, EV sales have seen significant year-on-year growth (55% to 10.5m worldwide) and the suite of lithium raw material products – spodumene concentrate, lithium carbonate and lithium hydroxide saw further notable price rises during the year, as supply struggled to keep pace with the rising level of demand. The price rises weren't quite as marked as those seen as the global economy began to reawaken in 2021 (+250%-500%). However, all three key raw materials saw their prices more than double during 2022, with the spodumene concentrate price, which is the particular focus of Savannah, increasing by over 150% (source: S&P Global Platts) to nearly US\$7,000/t in December 2022.

During 2022, there was also a notable change in the level of government support in certain western countries for strategic mineral production and industries key to the energy transition. The US, Canada and Australia began to catalyse the energy transition they are targeting for their economies, with the provision of funding for projects deemed critical to its successful execution. The EU's 'Critical Raw Materials Act' which was published in mid-March 2023 identifies lithium as both a critical and a strategic raw material and calls for at least 10% of the EU's annual demand for strategic raw materials, such as lithium, to be sourced from domestic supplies by 2030. Among many other measures the Act also talks of selected 'Strategic Projects' benefiting from support for access to finance and shorter permitting timeframes. Whether our own Project receives financial support will come down to specific factors no doubt, but we were pleased to see that a clear message in support of

domestic, responsibly managed production of critical raw materials for use in Europe was given by the region's governing body. We firmly believe that our industry, particularly when focused on provision of the 'new' raw materials which society so desperately needs if it is to effectively tackle climate change, can sit comfortably alongside communities and other industries and earn a valued place in society.

Transition within a transition

While the market backdrop to our efforts grew stronger in 2022, and commercial interest in the Project remained very encouraging, two events specific to our own situation last July required us to adapt rapidly and effect our own transition to keep our goal of responsible lithium raw material production on track. As shareholders will remember, the first event was the proposal from Portugal's environmental regulator that the evaluation process of the Project's Environmental Impact Assessment ('EIA'), the major step in obtaining the Environmental licence required, should continue under 'Article 16' of the relevant legislation. Following the previous phases of the EIA review process, which began in 2020, we took the decision to accept this proposal as this option featured both a fixed time period, 180 working days, and provided Savannah with greater opportunity to engage directly with Portugal's environmental regulator, Agência Portuguesa do Ambiente ('APA') than in previous phases. The second event was the departure of David Archer from the CEO role, after nearly nine years at the helm. Both events created a sizeable challenge for our Company but pleasingly, as I discuss below, our team have shown great fortitude and commitment when it has been needed and have led us to the point we have now reached, awaiting a decision on the Project's future in just a few weeks.

Taking responsibility and moving forward

During his long tenure as CEO, David Archer did much to progress Savannah to a point where it wholly owns, in a stable European jurisdiction, one of the most significant projects in one of the market's most prized commodities. After his departure, it was important that those remaining make the most of this opportunity. It was also important that we quickly appointed a new CEO who could not only take on the CEO's duties around market and stakeholder engagement, but also take a leading role in the upcoming engagement with APA in the Article 16 process.

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Dale Ferguson, Savannah's long time Technical Director and a significant shareholder, was the ideal candidate and I was delighted he accepted the role on an interim basis to steer the Company through the then unknown process of Article 16. With so much to be done against the clock, it has been equally pleasing to see other members of the team also step up and take on new and greater responsibility. In many cases this has meant managing relationships with key stakeholders and potential partners in addition to other duties. While we don't shy away from the reality of the challenge that faces us in terms of wider acceptance, I believe that many of our relationships with key stakeholders are improving, even when views on the Project may not always be shared.

Beyond the CEO change, we have also made other changes to our board with the focus on broadening the knowledge and relevant experience of the Group in readiness for the much-desired move towards production.

As Maqbool Ali Sultan (Non-Executive Director) and Murtadha Ahmed Sultan (Alternate Director for Imad Sultan) retired from the Board, Manohar Shenoy (Alternate Director to Maqbool Sultan) became a Non-Executive Director and Mary Jo Jacobi joined last April as an Independent Non-Executive Director. Mary Jo brings a wealth of experience in business and ESG matters gained through time with major energy companies and banks, as well as periods working in the public sector both in the UK as a member of the UK Advisory Committee on Business Appointments, and the US as Assistant United States Secretary of Commerce, and Special Assistant to US President Ronald Reagan. Mary Jo has already made a valuable contribution providing sage advice around communication of our key messages and helping to orientate our focus in the rapidly evolving landscape of ESG guidelines and reporting.

In November, Diogo da Silveira joined as another Independent Non-Executive Director. As a former McKinsey Partner, CEO of Portuguese forestry operator, Navigator, and current Chair of Floene Energias, the leading Gas Distribution System Operators in Portugal, Diogo has significant business experience, particularly within Portugal. As a result, he has a comprehensive network among Portugal's leading players in multiple industries as well as amongst politicians, key decision makers, and opinion leaders. Diogo is now taking a

leading role in communicating the key messages from the revised EIA to the Portuguese political and business communities and the media.

Meanwhile the search for a permanent CEO continues. If we are fortunate enough to receive a positive decision from APA and can move ahead with the Project's ongoing evaluation and development, it would be ideal to have a new CEO in place as early as possible for that journey. However, we are looking for a very specific combination of skills, not least the ability to lead what is effectively a Portuguese business, making sure it integrates effectively into Portuguese business and social frameworks, while also being comfortable with the technical and social challenges of mining and dealing with international investors and other stakeholders. We look forward to making an appointment during 2023.

EIA: We listened and responded

When writing my statement for last year's Annual Report I said that our key focus for 2022 would be on getting the approval of the EIA for the Barroso Lithium Project in Portugal. It was indeed the main focus of all of 2022, but not in the way we expected at the beginning of the year. At the start of 2022, we had expected to receive a decision on the initial EIA during the year. However, as shareholders will now be very well aware, the regulator, APA, suggested in July that in order to progress its review of the EIA, the application should move into the so-called 'Article 16' process. Updates on this process are given throughout our Annual Report but as we stated in our 6 July announcement, after the extended previous phases of the review process we welcomed this phase's strict time-control element and the opportunity it brings to engage regularly in-person with APA. Having submitted our revised EIA by the 17 March deadline set by the Article 16 process, we now expect a decision from APA on or before 31 May 2023.

Dale Ferguson and his team have certainly taken on board the feedback received from APA and have adapted the Project's design to reflect these preferences including with respect to the road layout, the storage of mine waste and tailings, protection of water courses and aquatic ecosystems and shorter hours of operation in the mining operations. We hope our team's effort has resulted in a final design which is to APA's satisfaction so we can move forward with the Project.

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Being responsible and respectful to stakeholders

We have persistently tried to engage with all stakeholders, particularly local communities, through a variety of formats during our time on the Project. During the year, for example, we increased the number of information centres in the area with shop space taken in the centre of Boticas town and we were pleased to recruit new staff from the local population to staff the centres and to represent Savannah in the community. However, during this extended period of EIA review, it has been difficult to provide comprehensive and timely information on the Project and its status while significant uncertainties persist.

Pleasingly, some good progress is being made with a Social Impact Assessment (the 'Assessment' or the 'SIA') in relation to the Project. In the first phase of the study, completed in Autumn 2022, Community Insights Group were on the ground in the local area, listening to views of local people on the Project and their expectations and preferences for benefit sharing from the Project. The resulting 'Social Issues Scoping Report' was submitted to APA as part of Savannah's revised EIA submission and Savannah has used these findings to shape its current and future communication with stakeholders now that the revised EIA has been resubmitted and its details made public.

Some of the new formats being tried as a result of the study are a comprehensive series of fact sheets which summarise the key topics in the EIA as well as a second community information sheet which summarises the Project and highlights the new features which have been introduced to further reduce the Project's impact following feedback from stakeholders.

Financial Overview

Starting 2022 with a cash balance of £13.0m put Savannah in a strong position to begin its plans to progress the Barroso Lithium Project Definitive Feasibility Study ('DFS'). The unexpected development in the environmental licencing process caused by the movement into the additional Article 16 phase caused Savannah to change its planned activities somewhat. However, continuing prudent cost management has resulted in a year end cash balance of £7.2m. Importantly, throughout the period, the Company continued to invest in its asset base in Portugal (£2.6m; 2021: £1.9m). Hence, our opening cash position for 2023 is more than sufficient to see us through the Article 16 process, and will carry us into the second phase of the

environmental licencing process and allow us to progress the DFS, which would follow a positive decision from APA on the EIA.

In terms of the broader financial performance, Savannah recorded a loss from continuing operations of £2.7m (2021: £3.5m) with a £0.8m exchange rate gain resulting from treasury management (2021: loss £0.2m). Administration fees were relatively flat over the period at £3.5m (2021: £3.3m), however H2 2022 Administration fees were £0.3m lower than in H1 2022, resulting from a reduction in professional fees plus the remuneration costs eliminated following the departure of David Archer who stepped down as CEO in July.

Outlook

Our team has worked tremendously hard over recent months to make the revisions to the Project's design and I thank them sincerely for all their efforts. We hope the resulting EIA will meet with approval from APA's Evaluation Committee and the wider stakeholder group as well. We are currently undertaking a fresh communication campaign in the local communities to explain the changes we have made to the Project and to explain the potential benefits it can bring to local society. Assuming that Savannah receives a positive decision from APA, we will look to move forward with the Project in a responsible way, being sure to communicate its plans to all stakeholders.

As we look towards the future, your board will continue to follow the same responsible approach it has adopted up to now in the overall management and positioning of Savannah. As we all know, the continuation of the conflict in Ukraine and wider global geopolitical tensions are placing considerable strain on the global economy in the near term through rising cost inflation and risks to supply chains. While the underlying market drivers for the development of the Barroso Lithium Project remain positive, Savannah's board will continue to closely monitor both internal and external risks to the business, and make decisions with a clear focus on the long term stability and growth of the business.

For 2023, subject to receipt of the EIA, the next steps in the overall Project development process would include; re-commencing the fieldwork required for the DFS and advancing the Study, initiating the second, Environmental Compliance Report of the Execution Project ('RECAPE') phase of the environmental licencing process, and progressing with the decarbonisation study

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and offtake discussions. We also plan to provide a new Scoping Study on the Project based on the latest design and updated lithium price forecasts. Putting an initial offtake agreement or strategic partnership in place would then, along with the completion of all outstanding technical studies in 2024, allow Savannah to move into project financing and initiating construction of the Project in 2025. 2026 would bring the completion of construction and the long awaited first production of spodumene concentrate from the Barroso Lithium Project. With that agenda ahead, 2023 could be Savannah's most exciting year to date. My thanks also go to our shareholders for their own commitment to being part of Savannah's journey.

Matthew King

Chairman

Date: 4 April 2023

CHIEF EXECUTIVE'S REPORT

It is an exciting time to be writing my first CEO report because in a few short weeks we will reach a defining moment for our Company. By the end of May the decision from the Portuguese environmental regulator on the Barroso Lithium Project Environmental Impact Assessment is due to be announced. If we receive a positive decision at that point, the development of the Project as a source of responsibly produced lithium raw material in Europe, and for Europe, will move a significant step closer.

Everyone at Savannah along with our consultants and advisers has worked fantastically hard to get the Company to this point. Whether it has been working on the revised EIA submission itself, producing communication materials in support of the EIA, meeting with stakeholders and shareholders, maintaining relationships with potential commercial partners, or managing our spending and cash flow, everyone has played their part. Many of the dedicated employees and Directors are also shareholders, including myself.

If the award of an environmental licence was based on effort alone, I'm sure Savannah would receive one. However, as part of taking a responsible approach I should reiterate that we cannot provide a guarantee that the regulator will give a positive decision. If we receive a negative decision, we would be required to submit a wholly new EIA for the Project. Equally, I am keen to point out, particularly to the population living near the Project, what a positive decision would mean in respect of Project construction timelines and other associated work streams. I have outlined the 'next steps' in the process below, so that everyone is clear about what lies ahead and when to expect each step to take place. Stakeholders can be assured that Savannah will match the outstanding technical work that must be completed before we reach a Final Investment Decision with ongoing community and stakeholder engagement.

While much of the talk over the past year has been about the EIA, it is important to highlight that from a commercial perspective, the Project remains the same. There has been no change to the overall JORC compliant resources present on the Project across the C-100 Mining Lease (23.5Mt at 1.02% Li₂O) and Aldeia Mining Lease Applications areas (3.5Mt at 1.3% Li₂O). The Mine Plan submitted to APA is still based on the sequential mining of four spodumene lithium bearing orebodies on the C-100 Mining Lease and the assumed tonnage of 'mineable material' is also unchanged at 17.3Mt.

The central plant will utilise conventional technology and an environmentally sensitive processing circuit to produce spodumene concentrate and a quartz-feldspar by-product. The annual mining rate and spodumene concentrate annual production rate are retained at around 1.5Mtpa and c.200ktpa, respectively, or approximately 15% larger than the Project perceived for the 2018 Scoping Study.

Environmental Impact Assessment – Work done, decision awaited

While the extension to the EIA review process was not something we had planned for, I'm hopeful that the additional time spent will ultimately prove to be a good investment for all stakeholders in the Project and deliver the full opportunity for all which this project can offer. Most importantly, the Article 16 process has allowed us the direct engagement with APA and the other groups on its Evaluation Committee which was very limited in the previous parts of the EIA review process. I trust this engagement in turn has resulted in us producing a revised design which gives the decision makers the additional reassurances and peace of mind they need to make an informed decision on the Project. We believe that the revised design addresses the feedback we have received during our constructive meetings with APA and its Evaluation Committee while retaining many of the key components and features of the original design, which have always made it a Project which tries to balance the production of a mineral critical to Europe's efforts to tackle climate change with being sympathetic to the local environment and population.

Savannah has provided a series of updates in recent times on the revised design and I briefly summarise just four of the key areas below.

Waste management: Dry stack tailings storage to be maintained, waste rock used for backfill

The original design included an 'Integrated Waste Landform' approach to onsite waste storage, which would have seen the inert waste rock from the mine workings stored together with the inert, dried, and compacted tailings from the processing plant in a highly stable 'dry stack' structure. This innovation meant that there would be no traditional, upstream 'wet' tailings dam. In the revised design, the same innovative, stable dry stack approach is maintained for the tailings, however, waste rock and tailings will be stored separately. Furthermore, despite the inert nature of the

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tailings, the storage facility will be lined with an impermeable membrane, eliminating the possibility of any solutions from the tailings percolating into the subsoil and entering groundwater. Furthermore, the natural groundwater flow direction from the tailings storage facility ('TSF') is back towards the Pinheiro pit, which would contain any fluids moving away from the TSF if the lining was compromised. This represents another degree of environmental protection which the new design provides.

To meet with the additional requirements of APA, significant quantities of waste rock will now be stored in Waste Rock Facilities ('WRFs') and then used for backfill purposes. Savannah has taken an extremely cautious approach to this aspect of the design and ensured that in the unlikely event of any failure of the largest WRF adjacent to the Grandao pit, it can be contained in the valley immediately surrounding the structure and no material will reach the Covas River. Under the new plan, the smaller Pinheiro and NOA pits will be completely backfilled, while the larger Grandao and Reservatorio pits will be backfilled to above the local water table to avoid the formation of a waterbody at each pit. In addition, any watercourses impacted by the workings will be remediated and reinstated. A proposed WRF to the north of the Grandao deposit has now been moved to avoid impact on marshland in that area. There is no risk from acid mine drainage as test work shows that the waste rock is inert and that any trace elements will not be leached out. Sediment runoff from the WRFs reporting to the Covas River is considered the main risk associated but detailed designs have been drawn up to ensure that this will not happen. The residual, permanent WRFs will be landscaped into the natural topography and revegetated with native species.

Simulation of the Grandao pit, tailings storage facility, processing plant and water storage facilities during the operating phase (left) and following rehabilitation, landscaping, revegetation and closure (right):



Source: Company

Water: Local supply and aquatic environment to be unaffected due to Project's self-sufficiency & recycling
In our design we have carefully considered both the Project's own water requirements and its impact on the area's water ecosystem.

The Project will be its own water source with water collected from within or beneath mine workings and from the wider Project footprint. The water will then be stored in dedicated facilities on the Project (see image on section 'Waste management: Dry stack tailings storage to be maintained, waste rock used for backfill') which will also act as sediment control structures and have been designed to withstand a once in a 100 year storm event. This approach means there will be no requirement to extract water from the Covas River. The Project's water system is made more efficient by the 85% recycling level expected to be achieved in the processing plant, which accounts for 80% of the Project's overall water requirement. With this level of recycling, which includes using recycled water in the Project's buildings for drinking, means that once the system is filled (a process which can begin during the construction phase) the annual requirement for 'top up' water will equate to less than half of the Project's total water requirement.

In terms of protecting the local water ecosystem, the Project's water system will be a closed network, with significant water treatment infrastructure and recycling capacity installed. Process water will not be discharged to the environment, and any water that does need to be released will meet with the Portuguese Government's regulations. Furthermore, due to the local geology and poor flow rates in the area's aquifers, the Project is not expected to influence groundwater abstraction for either public supply (the nearest extraction point is

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1.3km upstream from the nearest pit) or agricultural use. However, Savannah has committed to install a replacement water source of equal size if there is any impact.

As highlighted above, Savannah has committed to avoiding impact on watercourses wherever possible to protect these important habitats and to preserve water quality. Where location of workings or infrastructure makes this avoidance impossible, Savannah has designed to minimise impact. For example, the new river crossing that will be required to access the Reservatorio and NOA deposits will feature a single span bridge to avoid infrastructure in the river and to minimise disturbance on the riverbank. Savannah will rehabilitate watercourses on a progressive basis where they have been impacted.

Road access: Avoiding local villages and towns, improving access to the area

A detailed Traffic Study in accordance with the regulations of the Municipal Master Plan (PDM de Boticas) and Infraestruturas de Portugal, S.A. (IP, SA) was completed into access options for the planned Project for both light and heavy vehicles and to access potential impacts. Based on this study and stakeholder consultation a transport plan was developed including two new roads which will further limit the movement of Project-related traffic through local communities. Savannah has committed to limiting road transport to weekdays only between 7am and 8pm and by accessing the Project from the north of the concession with a new purpose built 11.6km access road, which connects the Project to the R311 highway, all communities to the north of the Project would be bypassed and no water crossings would be required. Furthermore, a section of this road will be available for use by the public. A second proposed 17km bypass section connecting to the A24 highway would also avoid traffic passing through Boticas, Granja and Sapiaos which will mean that no Project traffic will pass through any villages or towns between the Project and the A24 freeway.

Rehabilitation

The revised EIA sees Savannah reiterating its previous commitment to rehabilitation of the Project area. Our objective at the end of the project is to leave the land rehabilitated, safe, valued and with new opportunities for different uses by the population. Savannah commits to ensuring future sustainable use, whether for tourism, agriculture, or other purposes. Today, of the 271 hectares (2.71km²) which will be temporarily or permanently impacted by the Project's development is 95% forest or scrub vegetation with just 14 hectares, or 5%, consisting of agricultural land and pastures. Hence, the operation's impact on local agricultural land is very limited. Furthermore, one of the key advantages of the Barroso Lithium Project is that mining will take place in a sequential fashion which will allow for continual rehabilitation from early in the Project's life. Hence, the Project will never have large, disturbed areas and only essential operating areas will be left open at the end of the Project's operating life for the final phase of rehabilitation. Soil removed from working areas will be carefully stored, maintained and enhanced to allow its use during the landscape recovery phase.

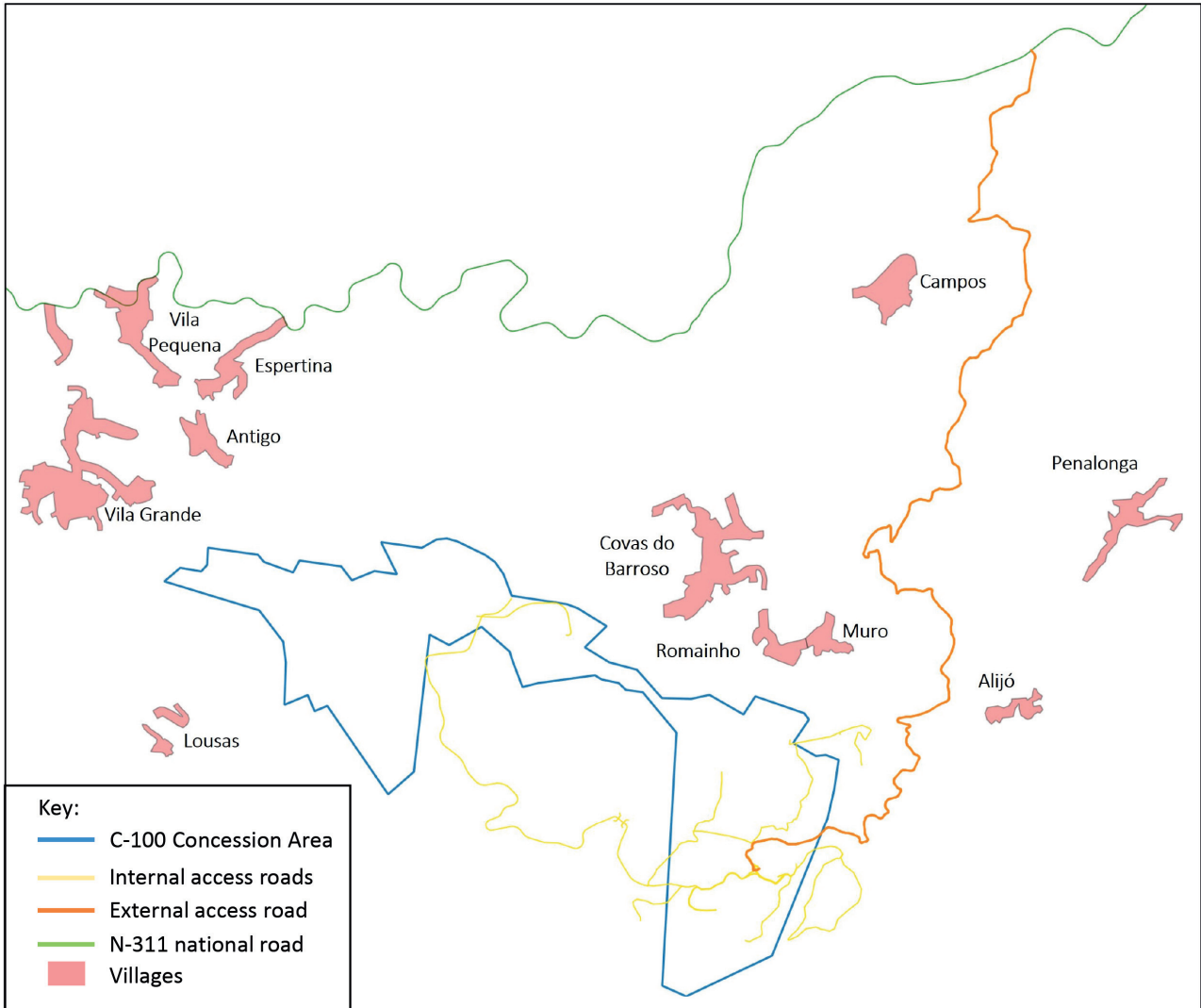
Focus will be placed on harmonising the Project area back into the local landscape by contouring landforms and backfilling the pits, replanting with native species of plants and trees, some of which have been lost in forest fires. In turn, this will encourage local fauna to recolonise previously impacted areas.

On closure, the processing plant, other supporting facilities, semi-mobile and fixed equipment will all be dismantled and removed from site. Structures used to deviate existing water courses will also be removed, and water courses reinstated as close to their original orientation as reasonably possible. Office buildings and other facilities could be retained for subsequent alternative use by the local community or local businesses.

Monitoring of key environmental performance indicators, such as water quality, will be maintained over the long term once rehabilitation is completed. The Project area will be offered to the respective Parish Councils, making it available for use by the communities for agriculture, tourism, and community owned businesses.

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Barroso Lithium Project: Proposed new road layout avoids Project-related traffic passing through local villages:



Source: Company

Stakeholder Engagement – As critical as the mineral itself

The extra time added by the Article 16 process, as well as the management and responsibility changes that we have made amongst our team in the past nine months, has allowed us to refresh and strengthen our relationships with key contacts within local and national government, associated agencies and the broader stakeholder group. As a result, we are pleased with the greater level of engagement we are achieving with key contacts.

As the Chairman outlined, we have also been undertaking more ‘hands on’ interaction with local communities under the banner of the Social Impact Assessment via Community Insights Group (‘CIG’). As part of this exercise, CIG will be training our own staff to make for more effective engagement with community

members going forward. We have also been proactive in our provision of information about the revised EIA for the community. The community information sheet, mentioned by the Chairman, was delivered to every residence in the Municipality, and the follow up fact sheets on individual EIA topics hopefully press home the key messages we are keen to make regarding the responsible manner in which we have designed and plan to operate the Project. We are looking forward to feedback on these publications as the Social Impact Assessment work continues.

Although they do not represent examples of the positive stakeholder engagement we are trying to generate, we are also equally comfortable to provide an update on the two legal cases which have been brought involving our Project.

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In the civil claim lodged by the Management Commission of the Covas do Barroso Baldios (the 'Baldios Commission') against certain private landowners in respect of some land packages at the Project which they sold to Savannah (RNS 25 July 2022), Savannah and the private owners submitted their contestation to the lawsuit at the end of October 2022. The claimant had until 13 January 2023 to reply to our contestation, which it did not. On 24 January 2023, the Vila Real district court provided an additional timeline of 10 working days for the Baldios Commission to reply, this time only applies to the legal protocols (i.e., not the legal arguments in the lawsuit). During that extension the Baldios Commission requested the judge to provide a minimum of 30 days to allow it to correct some documentation and a response is awaited from the judge. Assuming this request is granted, and the Baldios Commission is permitted to amend its documentation, we would then have to wait for the Vila Real district court to set a date for a preliminary hearing (expected mid-2023).

In the case brought by the Parish of Covas do Barroso ('Parish Council') against the Republic of Portugal and the Ministry of Economy as defendants in which Savannah's wholly owned subsidiary, Savannah Lithium Unipessoal Lda, was joined as the counter-interested party (not a defendant), the Miranda Fiscal and Administrative Court acquitted the defendants and Savannah's subsidiary in February 2023 having ruled that the defendants were not the legitimate parties in the lawsuit. The case was subsequently extinguished in March 2023 after the period available for the Parish Council to appeal expired. The litigation was seeking to nullify certain administrative actions taken by the defendants in June 2016 including the addition of lithium to and the expansion in the area of the C-100 Mining Lease.

The lawsuits have neither impacted the Barroso Lithium Project's activities nor the current environmental impact assessment process which is moving to a conclusion. The C-100 Mining Lease which contains the Barroso Lithium Project is fully granted, has a term of 30 years to 2036 and remains in good standing. The advice from Savannah's lawyers was and remains that the both the extinguished and ongoing claim are without foundation.

Next steps – The Barroso Lithium Project through to production

Ongoing licencing:

As we have flagged in our recent releases, if we receive a positive 'DIA' decision from APA at this stage, we expect it will be conditional upon us fulfilling some further specific design requirements which will be set

out with the decision. This is a normal aspect of the environmental licencing process, which Savannah has planned for, and this will be managed through the remainder of the licencing process.

The DIA award is the first approval in a multi-stage environmental licencing process. Receipt of the DIA would allow the approval process to move on to the subsequent Environmental Compliance Report of the Execution Project ('RECAPE') and environmental licence stages during which approval of the Project's detailed final designs are received ('DCAPE') and the Project's environmental title is awarded. These stages are expected to run in parallel. If Savannah receives a positive DIA decision, we expect the RECAPE phase to take approximately 9-12 months, meaning the TUA could be awarded in second half of 2024.

Once the DCAPE declaration has been made and environmental licence received, Savannah will then be able to apply for the remainder of the licences required for the Project's development and operation. These licences cover permissions for construction and use of services on site such as power and water. The conditions set by the DIA and the agreement of the Project's final designs in the RECAPE phase will also provide important input parameters for the DFS.

Updated Scoping Study:

The extended timetable on EIA and the accompanying Definitive Feasibility Study has meant we have not been able to publish an update to the 2018 Project Scoping Study. If the DIA decision is positive, we will prepare and publish a new Scoping Study in the second half of 2023 based on the revised EIA and Mine Plan. This study won't reflect all of the details which will come through the RECAPE phase however, it will act as a useful prelude to the Definitive Feasibility Study for all stakeholders. As many shareholders will know, cost inflation in the mining sector over the last 12 months has been running at over 20%, and Savannah will need to reflect this in our modelling, along with any additional costs (and savings) that result from the latest Project design. Overall, between inflation and the Project's expansion and the EIA revisions, we expect this to result in an increase in capex from the c.US\$125m (including contingencies) estimate in the Scoping Study nearly five years ago. However, no amount of cost inflation, however sizeable, has matched the 1300% inflation seen in lithium prices since the low of US\$375/t in August-October 2020. While we will not run our models using today's spot price of US\$4,750/t over the long term, we will be able to incorporate a spodumene price deck which reflects updated forecasts from banks, brokers and market

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commentators, which all far exceed the average US\$685/t we used in the 2018 Study. I am confident, the new Scoping Study level economics will remain highly positive.

Definitive Feasibility Study:

In terms of timing, assuming a positive DIA decision is received, work to complete the DFS will be undertaken in parallel with the remainder of the environmental licensing process. Alongside the final Project designs which will come through the RECAPE phase of the ongoing environmental licencing process, a modest fieldwork programme is also required. This will include drilling for reserve and resource delineation and geotechnical purposes. This programme has been planned and Savannah would look to initiate it during H2 2023, subject to the DIA decision. Savannah expects the DFS to be completed no later than 12 months following the restart of the required fieldwork, so in H2 2024.

Importantly, the process flowsheet for the concentrator plant was finalised in Q1 2022. Based on industry standard equipment and processing techniques and an environmentally friendly reagent regime, which complies with all relevant regulations and allows both mica and spodumene flotation to operate at near neutral pH, the plant will be capable of producing a high quality, spodumene concentrate grading $\geq 5.5\% \text{Li}_2\text{O}$ with low levels of impurities.

Decarbonisation Study:

We are excited and committed to decarbonising the Project and achieving our goal of net zero carbon over the life of the Project. The first phase of the Decarbonisation Study took longer than we had expected, but we have been pleased by its findings, including the 54% reduction in the calculated Scope 2 emissions the Project before we initiate any changes. We have also been very pleased by the interest we have generated with a number of OEMs (vehicle manufacturers), which are developing new zero emissions surface mining vehicles. As we announced in early 2023, we will be further investigating some of the key

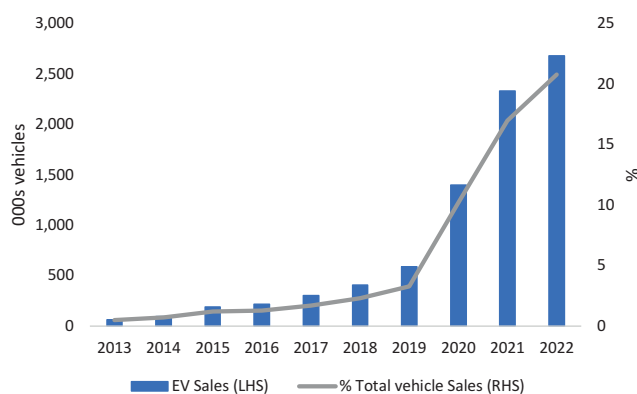
recommendations from the first phase of the study in the second phase, with the assistance of our consultants and ABB. This will include our options around increasing the renewable power supply to the Project and forging commercial partnerships with one or more of the OEMs which has expressed interest in working with Savannah. We look forward to providing further updates on the study during the year and incorporating its final recommendations into our DFS and subsequent operations.

Commercial discussions:

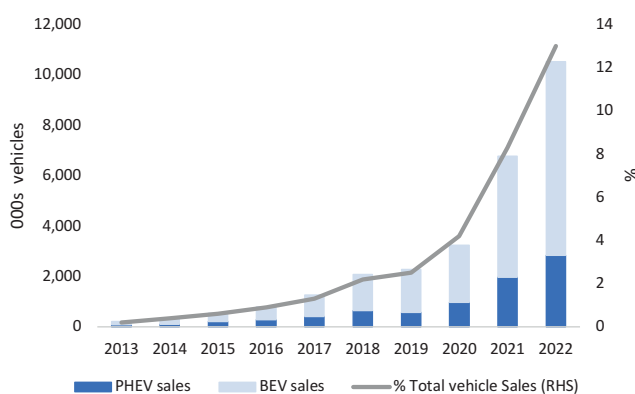
With our focus on the EIA in recent months, we have not been looking to finalise offtake agreements during the period. Equally, for most of the counterparties we have been in discussions with, the uncertainty regarding the EIA has checked their own willingness to commit to a long term commercial arrangement. Importantly though, the level of underlying interest in Savannah's future production of spodumene concentrate has not waned, despite the EIA process. We continued to receive new commercial inquiries throughout the year and that has also continued into 2023. This is clear evidence, along with the persistent high price levels, that sourcing of lithium raw materials, particularly from low risk jurisdictions remains a significant challenge for downstream users.

EV sales have remained very strong with European EV sales growing again to 2.7m units (+15%) as part of global sales of 10.5m (+55%, source EV-volumes.com). Hence, when Savannah is in a position to proceed to finalise commercial arrangements, which we expect to do next year, we will be pushing hard to secure deals which meet our criteria including working with a partner or partners committed to using Savannah's product within the European battery value chain, willing to talk about pricing levels in line with reported spot prices at the time, and prepared to contribute significantly towards the CAPEX of our Project as part of the offtake's financial arrangements.

European Electric Vehicle Sales



Global Electric Vehicle Sales



Source: EV-volumes.com

CHIEF EXECUTIVE'S REPORT

Construction & Production: 2025, 2026 and beyond:

If the above timetable can be met, Savannah should be in a position to make its final investment decision on the Project in late 2024 / early 2025 and move on with securing the finance required to construct the Project. Construction could then begin in H2 2025, and is expected to take approximately 15 months. Commissioning of the plant, ramp up of production, and delivery of Savannah's first product to a European customer could then all take place in H2 2026.

Outlook

Getting Savannah to this point, where we are just a few weeks away from receiving a DIA decision that we have waited for since 2020, has been a huge effort for everyone in the Company. I would like to take this opportunity to thank them for their hard work and resolve. My thanks also go to our shareholders for their patience and support, and to those stakeholders who have been willing to engage with us over the past year. Savannah hopes to bring benefits to all as it looks to make its contribution to Europe's efforts to tackle climate change through the provision of responsibly sourced, low carbon, European lithium.

Dale Ferguson

Chief Executive Officer

Date: 4 April 2023

ESG

This review of Savannah's ESG activities represents the Company's fifth year of reporting on these themes in a dedicated section of the Annual Report. We trust that the duration of this reporting gives some indication of the Company's long-term commitment to these matters, a commitment which is matched by the ever greater focus placed on corporate ESG practices by shareholders and other stakeholders alike. For some, a natural resource company, like Savannah, does not fit with their perception of an ESG 'type' company, but for the energy transition away from fossil fuels to be successfully

achieved, the mining industry is going to be needed more than ever before by society to provide the raw materials it needs. Therefore, it is in the interests of society and the mining sector alike that the necessary expansion of the industry and mass production of critical raw materials is conducted as a mature and respectful partnership. From a mining company's perspective this means operating in a highly responsible and transparent way with a firm focus on safety, environmental management, stakeholder engagement and benefit sharing.

Savannah recognises the importance of sound environmental, social and corporate governance:



Source: Adobe stock images

The next five years are set to be a defining period for Savannah during which the Company hopes to achieve its goal of becoming an established responsible, low carbon, producer of lithium in Europe which shares the social and economic benefits of its developments with stakeholders while also generating value for shareholders. To achieve that goal, the Company's commitment and delivery of good ESG practices will need to equal its commitment to technical excellence on a Project's development and operation.

Environmental and Social Management System

The work begun in 2021 on the Corporate Environmental and Social Management System ('ESMS') has been completed. The ESMS can now act as the 'manual' that provides the framework for Savannah to systematically identify and manage its most potentially significant ESG risks. It also provides a roadmap for our operating Portuguese subsidiary to develop its own project-specific ESMS, aligned with the Corporate ESMS, and in

compliance with all applicable ESG-related laws, regulations and permits.

Application of other guidelines and protocols

The ESMS incorporates elements from the International Finance Corporation's Performance Standards on Environmental and Social Sustainability, the World Bank Group's Environmental Health & Safety, Mining and General Guidelines, and reflects the applicable principles and provisions of the Quoted Companies Alliance's Corporate Governance Code.

However, as many stakeholders will already be aware, there is a growing number of other ESG-related guidelines, goals, and frameworks produced by a number of highly relevant groups and agencies. As Savannah moves forward and looks to initiate and then mature a comprehensive ESG strategy, part of the requirement will be to select the most appropriate guidelines to apply and subsequently report to. Savannah is currently in the process of assessing a number of these reporting frameworks put forward by various groups.

Portugal

Our environmental and social efforts during the year were naturally heavily focused on Portugal and particularly dominated by the work in the second half of the year engaging with APA and other key stakeholders and undertaking the work of revising the EIA and associated Mine Plan.

Environmental

All at Savannah were disappointed that the wait for the DIA decision on the Barroso Lithium Project EIA was extended last July. However, after the previous 24 months spent with great uncertainty during the initial review period, we were keen to take the opportunities which the Article 16 phase offered Savannah. This included direct engagement with APA and the other groups on its Evaluation Committee, and a clearly defined timeline in law. As was reported during the second half of 2022, our meetings with APA and the other groups were cordial and very constructive. Savannah's team and its consultants were given a clear understanding of what aspects of the Project's physical design and its associated socio-economic programmes needed to be addressed to give the Project the best chance of receiving a positive DIA decision from APA. The revised EIA, featuring an updated site layout and mine plan which reflects the feedback received, has now been submitted and we await the decision on or before 31 May 2023.

The Barroso Lithium Project has been specifically designed to minimise its impact on the natural environment and local communities wherever possible and should, via the responsibly sourced lithium it will produce, bring a significant net benefit with respect to removal of CO₂ and other emissions within the European Union. The Project and all its processes have been designed to meet or exceed the stringent regulations that exist in Portugal and the European Union.

One of the key advantages of the Barroso Lithium Project is that mining will take place in a sequential fashion which will allow for continual remediation and rehabilitation of the areas impacted from early in the Project's life. Focus will be placed on reharmonising the Project area with the local landscape, replanting with native species of plants and trees to encourage local fauna, and protecting and re-establishing local water courses. Another critical feature is the innovative 'dry stacking' technique that will be used for the storage of tailings from the processing plant. This will completely avoid the need for a traditional 'wet tailings dam' onsite.

Our objective at the end of the project is to leave the land rehabilitated, safe, valued and with new opportunities for different uses by the population. Savannah commits to ensuring future sustainable use, whether for tourism, agriculture, or other purposes.

With regards to water, Savannah appreciates the critical importance of both water availability and water quality to the population and natural environment in the Barroso region. Hence, the Project has been designed so that its water usage does not impact other local users or the natural environment. The Project is expected to be self-sufficient for its water needs with the water required collected on the site, primarily from within or below the mine workings. The single largest consumer of water on the Project will be the processing plant, and 85% of the water used in the plant will be recycled and used again.

In addition to not depriving other local users or the local environment of water, nor will the Project pose a threat to local water quality, thanks to its benign production processes and innovative water treatment and storage process.

To provide peace of mind to local residents, we are also planning to offer real-time data on the Project's environmental performance to the public (air quality, water quality, noise, ground vibrations). This will be done by making the relevant data, which we will collect from

ESG

a series of sensors located across the Project area and local surroundings, available via an app and our website. In addition, local communities will be saved from disturbance from Project-related traffic thanks to a road plan which avoids villages and towns and allows trucks safe and efficient access onto the national highway network.

As part of its commitment to the decarbonisation of Europe, in 2021 Savannah announced its intention to target net zero scope 1 and 2 emissions over the life of the Project and is also seeking to significantly minimise scope 3 emissions by exploring a number of innovative technology options. Work on this decarbonisation

strategy has been underway since March 2022. The Project is significantly aided in its decarbonisation goal by the 60%+ renewable energy mix which already exists in Portugal's grid power. The commercialisation of zero or ultra-low emission surface mining equipment over the medium term is also likely to contribute significantly to our plans.

The following table summarises the key steps that Savannah has taken and intends to take to minimise its impact on the natural and urban environment neighbouring the Barroso Lithium Project.

Summary of Environmental protection measures and commitments made at the Barroso Lithium Project

Consideration	Previous & Recent activities/ commitments	Future activities/commitments
Air quality management	<ul style="list-style-type: none"> • Baseline monitoring of local air quality completed • Annual monitoring of local air quality, during exploitation works on the NOA pit 	<ul style="list-style-type: none"> • Constant monitoring of local air quality during operating phase and real-time reporting of data to stakeholders • Dust suppression through regular dowsing of site roads from water trucks and use of 'fog cannons' at plant delivery point • Future air quality to benefit from targeted reductions to Scope 1 & 2 emissions to net zero and additional reductions to Scope 3 emissions • Comprehensive action plan prepared to deal with any air pollution incidents
Biodiversity	<ul style="list-style-type: none"> • Baseline monitoring of local flora and fauna completed • Survey of local land use completed • Annual monitoring for the Iberian Wolf completed 	<ul style="list-style-type: none"> • Rehabilitation and revegetation of impacted areas on the Project and on surrounding Savannah owned lands beginning during operating phase • Continue monitoring of key land and aquatic fauna in the area, including the Iberian Wolf

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Consideration	Previous & Recent activities/ commitments	Future activities/commitments
Carbon abatement	<ul style="list-style-type: none"> • 3rd party Scope 1-3 emissions assessment completed in 2019. Scope 1 & 2 emissions inventory estimate revised and restated in 2022 (see below) • Commitment to move towards net zero Scope 1&2 emissions during operating phase and target additional Scope 3 reductions announced • Decarbonisation strategy initiated in March 2022 with study led by the Portuguese environmental consultant, ECOPROGRESSO. First phase of study concluded: <ul style="list-style-type: none"> ○ Confirmation that Battery Electric Mining Equipment will provide the most effective and flexible means to reduce Scope 1 emissions at the Project to zero. Scope 1 emissions represent 68% of the Scope 1 and 2 total ○ The estimate of Scope 2 baseline emissions was reduced by 54% from the original 2019 forecast, based on the potential for a reduction in the estimated power requirement of the Project's plant and a 41% reduction in the emissions associated with Portugal's grid power ○ A number of viable options are available to secure 100% renewable energy supply to the Project including regional solar and wind generation, on market purchase, via direct Power Purchase Agreements, or a combination of these. Use of 100% renewable energy would reduce the Project's Scope 2 emissions to zero 	<ul style="list-style-type: none"> • Decarbonisation studies to be continued. Next steps to include: <ul style="list-style-type: none"> ○ More detailed analysis of the options available for 100% renewable energy provision as part of the Definitive Feasibility Study on the Project; and ○ Studies with a number of mining equipment OEMs to determine a site specific solution for a transition to battery operated mining fleet and associated charging infrastructure • Execution of study findings to deliver on the defined emissions targets through final project design, ongoing optimisation during production

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Consideration	Previous & Recent activities/ commitments	Future activities/commitments
	<ul style="list-style-type: none"> Signed a Memorandum of Understanding ('MoU') with ABB, the global technology leader as the first of the decarbonisation 'specialist' appointments. Under the MoU, ABB will: <ul style="list-style-type: none"> Apply its industrial automation and electrification expertise to develop and co-ordinate an extensive suite of production control and process solutions for the Project Work with ECOPROGRESSO and its partners to provide engineering support for the Barroso Lithium Project Definitive Feasibility Study 	
Land rehabilitation	<ul style="list-style-type: none"> Ongoing rehabilitation of areas impacted by previous exploration activities (drill pads and access routes) Annual monitoring ongoing of the small exploitation works on the NOA deposit 	<ul style="list-style-type: none"> Continue with rehabilitation of previous exploration sites Progressive and comprehensive rehabilitation during and after operating phase using native species to revegetate impacted areas
Noise & light abatement	<ul style="list-style-type: none"> Baseline noise studies completed Annual monitoring ongoing of the small exploitation works on the NOA deposit Processing plant location selected to reduce light and noise impact on local communities Time limited, regulated blasting schedule included in Project plan 	<ul style="list-style-type: none"> Execute Project design and plans at the relevant time Constant monitoring of noise emissions during operating phase and real-time reporting of data to stakeholders and the environmental regulator Noise levels may be further reduced by the introduction of zero-emission mining fleet and other equipment
Transport management	<ul style="list-style-type: none"> Inclusion of new access roads in the Project design to mitigate impact on local communities and minimise use of local roads Commitment to daily time limits on truck movements during operating phase 	<ul style="list-style-type: none"> Execute access road plan Evaluate use of low/zero emission road trucks as part of decarbonisation strategy

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Consideration	Previous & Recent activities/ commitments	Future activities/commitments
Visual impact abatement	<ul style="list-style-type: none"> Visual impact proactively considered in Project design (e.g., processing plant location, road layout) Large, vegetated earth berms included in Project design to reduce the visual impact of the operation on local communities 	<ul style="list-style-type: none"> Refine and finalise Project design through the environmental licencing and DFS processes Execute final Project design
Waste management	<ul style="list-style-type: none"> Waste to be minimised through sale of quartz and feldspar products Processing plant waste (tailings) to be dried and stacked to avoid risks associated with wet storage in traditional tailings dam Waste rock to be stored in temporary storage facilities before being used to fill closed pits as part of rehabilitation programme Beginning in the operating phase, residual waste storage areas to be contoured into existing topography and progressively re-vegetated 	<ul style="list-style-type: none"> Refine and finalise the Project design through the environmental licencing and DFS processes Execute final Project design Comprehensive action plan prepared to deal with any potential pollution incidents
Water management	<ul style="list-style-type: none"> Continued baseline monitoring of local water courses, including surface and underground chemical analysis 3rd party estimate of annual water requirement for operating phase completed Project to be self-sufficient for water usage through on-site water harvesting, and storage, wastewater recycling and recovery of water from concentrate and waste products Lithium recovery process based on use of REACH registered chemicals with low environmental toxicity; will operate at near neutral pH 	<ul style="list-style-type: none"> Refine and finalise Project design through the environmental licencing and DFS processes Execute final Project design Constant monitoring of local water quality both upstream and downstream of the process plant during and post operating phase and real-time reporting of data to stakeholder Comprehensive action plan prepared to deal with any potential pollution incidents
Vibrations management	<ul style="list-style-type: none"> Monitoring of vibration, during blasting works at the NOA pit 	<ul style="list-style-type: none"> Constant monitoring of vibrations during operating phase and real-time reporting of data to stakeholders Comprehensive action plan prepared in case the vibrations results exceed what was expected

Social

Local Community engagement

During the year Savannah made significant efforts to maintain its interaction with the local communities. However, the ongoing wait for a DIA decision in the first half followed by Article 16 process in the second half, made it challenging for the Company to provide detailed information on the Project's future development or to make firm commitments on Project-related matters which would involve the community. We did increase the number of information centres in the area with shop space taken in the centre of Boticas town and we were pleased to recruit new staff from the local population to staff the centres and to represent Savannah in the community. We continued to give preference to local suppliers of goods and services wherever possible, and to provide support to local groups and events including the local fire service.

Pleasingly, a greater level of community engagement was achieved on Savannah's behalf by Community Insights Group (CIG), the highly experienced social performance consultancy, which has been commissioned to produce a Social Impact Assessment (the 'Assessment' or the 'SIA') in relation to the Barroso Lithium Project. The SIA will provide Savannah with a clear assessment of the range of views that exists among stakeholders towards the Project and the Company, as well as the expectations and preferences that stakeholders have for benefit sharing from the Project. The first phase of the Assessment, saw CIG representatives spending time in the area during the Autumn conducting interviews with local residents. The outcome of this phase was a 'Social Issues Scoping Report' which was submitted to APA as part of Savannah's revised EIA submission.

The findings in this report demonstrated both local residents' concerns about the impact of the Project and their appreciation of the potential for the Project to generate jobs and to make the area more accessible. Savannah has been using these findings to shape its current and future communication with stakeholders now that the revised EIA has been resubmitted and its details made public.

One of the other community consultation actions which is underway is dialogue with the local community groups (Baldios) which acts as guardian of parcels of land on behalf of the community, a portion of which may be required for the Barroso Lithium Project. This dialogue is designed to fairly compensate the local community during the period construction and operation of the mine.

Government & wider engagement

We met regularly with a range of ministers during the year to keep them informed of developments on the Project and progress with the Article 16 process, and to ensure that the economic opportunity available to Portugal through our Project and the wider lithium battery value chain is fully understood at the highest level. We also met with European Commission Vice President, Maroš Šefčovič, who is responsible for coordinating the Commission's work on the European Battery Alliance, and representatives of the US Government, which is lobbying for critical raw material production in Europe, as part of a wider, western, response to the growing global competition for these resources.

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Summary of social and government interaction and commitments made in relation to the Barroso Lithium Project

Consideration	Recent activities	Future activities
Community engagement	<ul style="list-style-type: none"> • Additional Information centre opened in Boticas town • Initial phase of Social Impact Assessment completed by Community Insights Group, incorporating interviews with community members and resulting in a 'Social Issues Scoping Report' which accompanied Savannah's revised EIA submission to APA • Communication also maintained with local communities through the Information Centres and newsletters • Land acquisition programme continued • Produced a comprehensive series of Information sheets for stakeholders highlighting the key design points and socio-economic programs within the revised EIA 	<ul style="list-style-type: none"> • Completion of the Social Impact Assessment to support finalisation of Stakeholder Engagement Plan to complement future phases of the Project • Refine and finalise the Benefit Sharing and Good Neighbour Plans • Continue with land acquisition programme
Community support	<ul style="list-style-type: none"> • Sponsorship of local cultural and sporting events & teams • Donations to local firefighting service (forest fire mitigation) • Repairs made to local housing stock • Incorporation of a foundation as part of the Benefit Share Plan which will invest in community focused programmes 	<ul style="list-style-type: none"> • Continue with current financial and resource support for local events, teams and groups; continue with support for local residents in need if positive DIA decision is received • Refine and finalise the Benefit Sharing and Good Neighbour Plans
Government engagement	<p>Engagement/Meetings held:</p> <p>European Commission:</p> <ul style="list-style-type: none"> • Vice President Maroš Šefčovič <p>Portugal:</p> <ul style="list-style-type: none"> • Portuguese Minister of Economy and Maritime Affairs • Portuguese Minister of Environment and Energy Transition • Portuguese Minister for Infrastructure • Portuguese Secretary of State for Energy 	<ul style="list-style-type: none"> • Continue and increase engagement with key national government ministers & departments, and local administrators • Maintain contact with British and US Embassies in Portugal • Maintain contact with European Commission & relevant EU bodies (see Membership section in Governance box below)

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Consideration	Recent activities	Future activities
	<ul style="list-style-type: none"> • Environmental regulator, APA • Institute for Nature Conservation and Forests • The Northern Portugal Regional Coordination and Development Commission (CCDR-N) • The Directorate-General for Energy and Geology (DGEG) • Mayor of Boticas • Mayors of Dornelas parish, Covas do Barroso parish, Ribeira de Pena • Portuguese Ambassador to UK <p>UK:</p> <ul style="list-style-type: none"> • British Ambassador to Portugal <p>USA:</p> <ul style="list-style-type: none"> • US trade delegation at US Embassy, Portugal • Office of Foreign Investment and National Security, U.S. Department of Energy 	
Health & Safety	<ul style="list-style-type: none"> • Continued to prioritise high standards of Health & Safety and updated the related policies • Zero Health & Safety incidents or loss time injuries reported in 2022 (2021: 0) 	<ul style="list-style-type: none"> • Maintain priority focus on Health & Safety and associated staff training
Local business engagement	<ul style="list-style-type: none"> • Became member of Mais Boticas (local Chamber of Commerce) • Preference given to local suppliers of goods & services 	<ul style="list-style-type: none"> • Maintain and increase engagement with local suppliers of goods and services • Maintain and increase engagement with suppliers of goods and services across Portugal

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Consideration	Recent activities	Future activities
Other stakeholder engagement	<ul style="list-style-type: none"> Attendance at relevant government and trade events in Portugal and elsewhere in the Europe Active engagement with national and international press and media resulting in significant coverage of Savannah and the Barroso Lithium Project in Portugal and across Europe Public consultation phase of EIA completed (April-July 2021) including public 'in-person' meetings arranged by environmental regulator Met with the Food and Agriculture Organisation of the United Nations 	<ul style="list-style-type: none"> Maintain presence at relevant government and industry events in Portugal, UK and across Europe Public relations campaigns across multiple media channels in Portugal and beyond to highlight importance of domestic battery raw material supply in Europe and Savannah's responsible approach to its own lithium operation
Staff	<ul style="list-style-type: none"> 18 members of staff as at February 2023 with 60:40 male:female demographic with 16% from minority ethnic groups; currently 34% of Project staff are from the local community 	<ul style="list-style-type: none"> Add to the existing team across the range of disciplines required to develop the Project Project expected to generate over 300 construction jobs during its development, around 215 long term direct jobs during the operating phase, and around 2,000 indirect and induced jobs Continue to seek opportunities to recruit from the local population and within Portugal
Other activities	<ul style="list-style-type: none"> Sponsorship of FST Lisboa, the Lisbon University student electric vehicle racing team 	<ul style="list-style-type: none"> Evaluate other sponsorship and support opportunities with relevant groups if positive DIA decision is received

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Governance

Consideration	Recent activities	Future activities
Board Composition	<ul style="list-style-type: none"> Annual evaluation of the Board's performance implemented Appointment of Mary Jo Jacobi, Manohar Pundalik Shenoy and Diogo Antonio da Silveira as Non-Executive Directors in 2022. Retirement from the board of Maqbool Ali Sultan (non-executive director) and Murtadha Ahmed Sultan (alternate director for Imad Kamal Abdul Redha Sultan) Mary Jo Jacobi is a leader of the ESG movement and will oversee Savannah's ESG program going forward. She also has a wealth of relevant industry and government relations expertise Diogo Antonio da Silveira's appointment to the Board brings a highly experienced business leader with extensive experience in Portugal and Europe 	<ul style="list-style-type: none"> Appointment of Directors to meet needs identified by the Nomination Committee Ongoing annual Board performance review
Environmental & Social Management System	<ul style="list-style-type: none"> Finalised Corporate ESMS, aligned with internationally recognised ESG standards Work initiated on development of a project-level ESMS for the Barroso Lithium Project 	<ul style="list-style-type: none"> Finalise Barroso Lithium Project ESMS to provide complementary framework for environmental management and social engagement alongside licence commitments
ESG Reporting	<ul style="list-style-type: none"> Completion of ESG questionnaires for institutional investors and lithium industry analysts 	<ul style="list-style-type: none"> Commence reporting to specific ESG standards Provision of relevant data into the Digbee system for public disclosure

ESG

Consideration	Recent activities	Future activities
<p>Membership of industry Trade bodies & Associations</p>	<p>Lithium Industry:</p> <ul style="list-style-type: none"> • International Lithium Association • British Standards Institute Technical Committee on Lithium Industry Standardisation (UK is a participant member of the International Standards Organisation’s Technical Committee on Lithium Industry Standardisation) <p>European Union Associated initiatives:</p> <ul style="list-style-type: none"> • Business Investment Platform managed by EIT InnoEnergy • European Battery Alliance • EIT RawMaterials • European Raw Materials Alliance <p>European Mining Industry:</p> <ul style="list-style-type: none"> • European Association of Mining, Metal Ores & Industrial Minerals ('Euromines') <p>Portuguese initiatives:</p> <ul style="list-style-type: none"> • Association for the Battery Cluster (founding member) • Mineral Resources Cluster • Business Council for Sustainable Development • Mais Boticas (Chamber of Commerce in Boticas area) • Forest Association of Trás-os-Montes Forestry Association • Cotec Portugal <p>UK:</p> <ul style="list-style-type: none"> • Quoted Company Alliance 	<ul style="list-style-type: none"> • Maintain current memberships and evaluate membership of additional initiatives which would support our efforts to follow industry best practices and complement other ESG and corporate goals

ESG

Consideration	Recent activities	Future activities
Policies and Procedures	<ul style="list-style-type: none"> • Annual online training / acknowledgement of Company's Code of Conduct and Anti-Bribery Code (Directors / Employees / Company Consultants) • Implementation of Social Media Policy • Implementation of Travel and Expenses Policy • Translation of key policies into Portuguese 	<ul style="list-style-type: none"> • Introduction of policies to reflect the Group's growing maturity and transition to building and operating a mine • Introduce policies to reflect the requirements of potential customers or financiers
Risk Management	<ul style="list-style-type: none"> • Refinement of Group's insurance coverage in conjunction with leading global brokers, Marsh • Nomad's attendance at Board Meeting to keep the Directors abreast of governance developments • Enhancement of IT security protocols 	<ul style="list-style-type: none"> • Review and update of Group's Financial Reporting Procedure • Annual Board Risk workshop • Ongoing review of Risk Register

STRATEGIC REPORT

Section 414A of the Companies Act 2006 (the 'Act') requires that the Group inform members as to how the Directors have performed their duty to promote the success of the Group, 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 2022 Annual Report, which are incorporated by reference into the Group's Strategic Report.

Principal Activities, Fair Review of the Business and Future Developments

The following table provides summary reviews of the principal activities of the Group in the year, financial results and potential future developments. The comments below build on the commentary provided in the Chairman's Statement and Chief Executive's Report:

Asset & location	Ownership	Activities undertaken
The Barroso Lithium project, Portugal	100%	<ul style="list-style-type: none"> Exploration and Evaluation: Beyond the small amount of mining from the existing workings at the NOA deposit, which is undertaken every year to meet the conditions of the Mining Lease, fieldwork was kept to a very limited level during 2022 as a result of the ongoing Environmental Impact Assessment ('EIA') review process (see below). Fieldwork which was undertaken included ongoing baseline studies and monitoring, and specific tasks required in support of the work for the resubmission of the EIA under the Article 16 process. <p>A modest fieldwork programme, including drilling for reserve and resource delineation and geotechnical purposes, is required for completion of the Definitive Feasibility Study ('DFS'). This programme has been planned and Savannah would look to initiate it during H2 2023 if a positive decision is received on the EIA from the regulator.</p> Environmental Licencing Process: For Savannah to achieve its goal of becoming a responsible lithium raw material producer it must secure a new Environmental Licence for its Barroso Lithium Project. The major step in this Licencing process is the approval by Portugal's environmental regulator (Agência Portuguesa do Ambiente, 'APA', the 'Regulator') of an Environmental Impact Assessment for the Project. An EIA evaluates a project's environmental and social impact during its construction, operation, closure and post-closure phases. The outcome of the EIA is a project design and a set of actions to be undertaken which minimises the environment and social impact of the project throughout all its active phases and over the long term, post closure. <p>Having submitted the Project's EIA in June 2020, Savannah spent the first half of 2022 continuing to wait on a Declaration of Environment Impact ('DIA') decision from the Regulator following completion of the EIA's public consultation phase in mid-July 2021. In early July 2022, before giving its final DIA decision on the Project, APA proposed that the EIA evaluation process for the Project should continue under Article 16 of Decree-Law No. 151-B/2013, amended and republished by the Decree-law 152-B/2017 of 11 December ('Article 16'), which regulates Environmental Impact Assessments</p>

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Asset & location	Ownership	Activities undertaken
		<p>in Portugal. Under Article 16, Savannah had up to 180 business days (deadline 17 March 2023) to redesign or revise certain physical aspects of the Project's design and associated environment, ecology and socio-economic considerations and resubmit them to APA for consideration. Savannah agreed to the review process entering this extra phase as it allowed the Company to meet with APA and receive direct feedback from its Evaluation Committee on the initial EIA submission, an element which had been lacking in previous parts of the review. Based on feedback received during a number of productive meetings with APA and other member groups of its Evaluation Committee, Savannah duly made revisions to the EIA and resubmitted its documents on 16 March 2023.</p> <p>Under the legislation, APA has a maximum of 50 business days to review the resubmission and give its DIA decision. Based on the date of resubmission, this gives APA until 31 May 2023 to inform Savannah on its decision and Savannah will have up to 10 days to respond.</p> <p>Subject to a positive DIA decision, the environmental licencing process would then move onto the final design phase (Environmental Compliance Report of the Execution Project, 'RECAPE') and the Environmental License phase, which run in parallel. If both phases are completed and the Project's detailed final designs are approved, the Barroso Lithium Project would receive a positive 'DCAPE' decision and its single environmental title (Título Único Ambiental').</p> <ul style="list-style-type: none"> Other Licencing processes: Once the DCAPE declaration has been made and environmental licence received, Savannah will then be able to apply for the remainder of the licences required for the Project's development and operation. These licences cover permissions for construction and use of services on site such as power and water. Permits will also be required for the proposed new road sections which are included in the revised Project design to further limit traffic impact for among local communities. <p>During the period Savannah remained engaged with key stakeholders in these licencing process including local authority leaders, ministers and Secretaries of State.</p> <ul style="list-style-type: none"> Definitive Feasibility Study ('DFS'): The major advance made in DFS-related workstreams during the year was in metallurgical test work which resulted in the process flowsheet for the concentrator plant being finalised in Q1 2022. The Environmental Licencing process once finalised will provide more key inputs, as will the outstanding fieldwork programme. The DFS will include: JORC resource and reserve estimates; final designs and schedules for site layout, mining, processing, storage of processed materials, and infrastructure; capital and operating cost estimations; labour studies; commodity market studies; and a project risk review.

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Asset & location	Ownership	Activities undertaken
		<p>Assuming a positive DIA decision is received from APA, we expect the DFS work to be re-initiated in H2 2023 and completed no later than 12 months following the restart of the required fieldwork.</p> <ul style="list-style-type: none"> • Decarbonisation Study: In March 2022 Savannah announced the initiation of a Decarbonisation Strategy to support its goal of producing a net carbon zero lithium product from the Project. By setting this goal Savannah is helping to minimise the carbon footprint associated with the European lithium battery value chain, thus maximising the environment benefit these batteries can bring. ECOPROGRESSO, a subsidiary of the Portuguese engineering and environmental consultancy, Quadrante Group, was commissioned to lead on the multiple phased study. Phase 1, which was focused on updating the estimate of the Project’s greenhouse gases (‘GHG’) emissions based on international guidelines, and defining targets for overall GHG reduction was completed during the year and the results announced in January 2023. The study confirmed that: <ul style="list-style-type: none"> ○ Battery Electric Mining Equipment will provide the most effective and flexible means to reduce Scope 1 emissions at the Project to zero. Scope 1 emissions represent 68% of the Scope 1 and 2 total. ○ The estimate of Scope 2 baseline emissions was reduced by 54% from the original 2019 forecast, based on the potential for a reduction in the estimated power requirement of the Project’s plant and a 41% reduction in the emissions associated with Portugal’s grid power. ○ A number of viable options are available to secure 100% renewable energy supply to the Project including regional solar and wind generation, on market purchase, via direct Power Purchase Agreements, or a combination of these. Use of 100% renewable energy would reduce the Project’s Scope 2 emissions to zero. <p>Next steps in the study are to include:</p> <ul style="list-style-type: none"> ○ More detailed analysis of the options available for 100% renewable energy provision as part of the Definitive Feasibility Study on the Project; and ○ Studies with a number of mining equipment OEMs to determine a site specific solution for a transition to battery operated mining fleet and associated charging infrastructure. <ul style="list-style-type: none"> • Government Engagement: Savannah staff engaged extensively with stakeholders among government and government-related entities at the national and local level during the year. The mid-year team changes and the move into the Article 16 phase of the EIA review, gave the Company the opportunity to re-invigorate previous discussions and existing relationships with stakeholders.

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Asset & location	Ownership	Activities undertaken
		<p>As a result, Savannah is now benefiting from good working relationships with key officials in the relevant departments, agencies and ministries.</p> <ul style="list-style-type: none"> Community Engagement: Savannah engagement with its local community stakeholders evolved on a number of fronts during the year. As in previous years, Savannah continued with its support of local groups and events and its preferential use of local suppliers for goods and services. The Company also increased the number of information centres in the local area and recruited new staff from the local population to staff these centres and to represent Savannah in the community. <p>In parallel with the Article 16 work on the EIA and to support planning for future stakeholder engagement, Community Insights Group (CIG) were commissioned to produce a Social Impact Assessment (SIA). During H2 2022, CIG's staff undertook an extensive survey amongst the local community to build a detailed profile of local attitudes towards the Project, to better understand the relationship that members of the local community expect to have with the Project, and what actions they would like Savannah to undertake. The SIA was submitted alongside the revised EIA to APA in March 2023.</p> <ul style="list-style-type: none"> Commercial discussions: Commercial interest in the future production of spodumene concentrate from the Project remained strong during the year, as the outlook for future market tightness persisted and raw material prices rose. During the year Savannah remained in discussions with several potential customer groups, and kept these parties informed about the move into the Article 16 phase on the EIA, and the impact on the Project's timeline. Savannah preference remains to supply concentrate to European-based customers and with our revised expectation of first production in 2026, our timeline is still well aligned with the development schedules of the two proposed merchant refineries in Portugal and other merchant plants elsewhere in Europe. Finalising offtake agreements will be dependent on the Project receiving a positive DIA decision and being able to proceed as scheduled.
Fair review of business		<ul style="list-style-type: none"> A review of the Group's performance during the period and prospects is included in the Chairman's Statement and the Chief Executive's Report.

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Principal Risks and Uncertainties

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

Environmental Impact Assessment Approval Risk

As noted in the Licence and Title Risk and Social Licence Risk sections below, the Group understands and takes proactive steps in order to mitigate or eliminate those risks, and an intersection of these is demonstrated in the environmental licencing evaluation process, the failure to do so could result in the Project's approval being delayed or withheld. Specifically, in July 2021, following an extended review period, including a public consultation, the Portuguese environmental regulator, APA, proposed that the environmental licencing evaluation process for the Project should continue under 'Article 16' which provided Savannah a legally binding timeframe to redesign or revise certain physical aspects of the Project's design and associated environment, ecology and socio-economic considerations and resubmit them to APA for consideration. Savannah agreed to the review process entering this extra phase as it allowed the Company to meet with APA and receive direct feedback from its Evaluation Committee on the initial submission, an element which had been lacking in previous parts of the review. Based on feedback received during a number of productive meetings with APA and other member groups of its Evaluation Committee, Savannah duly made revisions to the Environmental Report and Mining Plan and resubmitted those documents on 16 March 2023. Under the legislation, APA has a maximum of 50 business days to review the resubmission and give its Environmental Impact Statement ('DIA') decision by 31 May 2023.

Natural Resource Project Development & Construction Risk

There can be no guarantee that mineral exploration and evaluation programmes will result in the delineation of a commercially viable project. However, to reduce this risk, the Group focused its activity primarily on brownfield locations, previously delineated resources or established exploration targets. Notably, the Barroso Lithium Project in Portugal ('BLP') which already has a granted Mining Lease following exploration work conducted by previous owners.

When a commercially viable project is delineated, the Group will then be exposed to construction and project delivery risk factors. These risk factors will include: project financing (see Future Funding Requirements section below); licence and permitting (see Licence and Title Risk section below); key person (see Attraction and Retention of Key People section below); and contractor and contract fulfilment/cost overrun. Risks relating to the main project contractors will be mitigated by comprehensive tendering and due diligence processes being performed to identify competent and financially robust service providers. Contract fulfilment and cost management will be mitigated by structuring contracts to include adequate penalty and incentive clauses.

Attraction and Retention of Key People

The success of the Group 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 Group. The Board, supported by the Remuneration Committee and professional advisers, has adopted a remuneration framework aimed at rewarding performance, encouraging retention of key staff, and aligning their interests with those of shareholders, including via its (share options based) Long-Term Incentive Plan.

Future Funding Requirements

The Group has an ongoing requirement to fund its exploration and mine development activities and will need to obtain additional finance to execute its plans. Potential sources of finance include the established debt and equity capital markets (which themselves may be impacted by global and regional shocks, or macro-economic, political or environmental trends), offtake or other industrial partners which could provide prepayment and working capital facilities in exchange for long term supply contracts, commodity based royalty and stream finance groups which can also provide up-front payments in exchange for exposure to future revenue or production streams, major suppliers, and grants or other facilities from government or other centralised bodies (e.g., EU which is focusing particularly on the clean energy revolution which the BLP helps to underpin). Finance could also be raised through the sale of a stake in the Project. Senior Management and

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the Board closely monitor the cashflows of the Group. Cashflow projections are presented regularly to the Board for review and this assists in ensuring that expenditure is focused on areas of greatest development potential. Overheads and administration costs are carefully managed. The mining industry has witnessed inflation running at high levels, but positive recent, current, and future outlooks for lithium prices have seen much greater improvements than inflation.

Country Risk

A greater or lesser degree of sovereign and political risk exists in all countries. At the reporting date, the Group carried out a combination of exploration and mine development work in Portugal. Being a member of the EU, Portugal operates within the framework of the EU, and in January 2022 it elected a majority government for the first time since 2005, and it is a pro-lithium industry government. Country risk is further mitigated by ensuring the Group prioritises local in-country employment and maintains working relationships at all levels with government, administrative bodies, local communities, and other stakeholders. The Board actively monitors relevant political and regulatory developments and the appointment as a Non-Executive Director in 2022 of Diogo da Silveira, a highly experienced senior Portuguese business leader, has strengthened the Company's network within Portugal.

Licence and Title Risk

The granting, maintaining and renewal of the appropriate licence or licence equivalent is essential to the Group's exploration, mineral development, and mining activities, and is usually at the discretion of the relevant government authority. The Group seeks to ensure that its activities are always in compliance with the relevant licencing and associated standards, laws and regulations and will attempt to respond in a timely manner to any changes in licence regulations. The costs associated with maintaining and renewing licences and complying with all related licence requirements, together with delays experienced in the issuance of licences or conversion of exploration licences into mining licences, may have a financial impact on the Group through additional costs or extensions to work programmes. The mining licence relating to the BLP has been the subject of legal due diligence in order to establish validity of legal title. It is in good standing and regular communication is maintained with the relevant government authority (Direção-Geral de Energia e Geologia (DGEG)). Such actions mitigate the risks posed by challenges from anti-mine groups in respect of licence and title risk, as do the actions taken in respect of Social Licence Risk.

Social Licence Risk

In parallel with obtaining the necessary licences and permits to operate from national and local administrators, natural resource companies must also operate in a way that is acceptable to local community stakeholders and broader civil society. Obtaining social acceptance is deemed by the industry to be the one of the most significant risk factors it faces, and failure to achieve and maintain broad social acceptance could have a temporary or permanent material adverse impact on the ability of a business to operate. The Group places great importance on its relationships with its neighbouring communities and wider stakeholder groups and looks to mitigate 'social licence' risk through its proactive, community engagement programmes, and through its wider group policies, including those relating to environmental standards, corporate governance, code of conduct, and reporting and communication and in H2 2022 commissioned a Social Impact Assessment. See ESG section for more details. The use of 'lawfare' is a common tool used by parties seeking to disrupt project developments, and details of a pending legal case relating to the Project is reported in the Chief Executive's Report.

The Group's innovative Benefit Sharing Plan ('BSP') and Good Neighbour Plan ('GNP') were part of the overall EIA submission. Both plans will be finalised after extensive analysis by the Group and with input from key local stakeholders to address a number of area specific social, economic, and environmental themes. Via the BSP and GNP, Savannah is demonstrating its desire to become a valued member of the local community through the commitments it is making to operate the BLP in a responsible and sustainable way and to share with stakeholders the many benefits the Project can bring.

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Commodity Price Risk

The Group's commodity focus is lithium and the price movement in this commodity can be volatile. This volatility can be caused by numerous factors beyond the Group's control. A sustained period of significant price volatility has the potential to adversely affect the Group operations.

Assuming all previously highlighted development and construction related risks have been mitigated and production is established at the BLP, specific commodity price risk can be more actively managed. This could be achieved in the case of the BLP, where spodumene lithium and its co-products are not currently exchange traded commodities, by entering into off-take agreements as part of the Project financing.

Global and Regional External Shocks

Operating in an increasingly globally mobile economy and population, the Group may be affected by global or regional shocks such as pandemics, energy crisis, inflation, or military conflicts. The worldwide COVID-19 pandemic impacted the Group's day to day operations (e.g., ability to perform field-work) to undertake a variety of activities, although, the rapid approval and distribution of multiple vaccine programs provides an improved back-drop for future activity. Global or regional shocks potentially impact the worldwide economy and the Group's financial outlook (e.g., in the event of a global depression impacting demand for commodities, albeit, lithium's unique place in the EV revolution provides a basis for its demand growth to remain strong), thus the Group maintains a minimum cash balance to mitigate any such adverse impacts. However, actions by the EU and governments show that funds designed to generate economic recovery will be targeted at projects which are deemed to have a positive impact on climate goals, such as the BLP. Furthermore, the global response to recent external shocks has led national governments, the EU, and global industrial business to focus on energy security and regionalisation of supply chains, thus increasing the importance to Europe of the BLP.

Analysis of the Development and Performance of the Business

This information is contained in the Chairman's Statement, and the Chief Executive's Report.

Analysis of the Position of the Business

This information is contained in the Chairman's Statement, and the Chief Executive's Report.

Key Financial Performance Indicators and Milestones

Our key performance indicators ('KPIs') help the Board and executive Management assess performance against our strategic priorities and business plans.

Analysis Using Key Financial Performance Indicators and Milestones

KPIs	Description	Performance
Cash balance (for exploration, development and going concern purposes)	Cash balance available to continue with the activity of the Group.	At the reporting date the Group's cash balance was £7.2m (2021: £13.0m). The major source of cash funding during the year was the 2021 year-end balance resulting from an oversubscribed £10.3m equity placing and subscription in April 2021 and the US\$9.5m termination compensation from Rio Tinto on cancellation of the unconsolidated Mutamba joint venture in December 2021. The Directors believe that the Group's project portfolio is attractive and are confident that funding will continue to be secured and that it is appropriate to prepare the Financial Statements on a going concern basis. The Company currently has a number of options in respect of future financing and has engaged with potential financiers, strategic partners, and offtakers (equity investment and / or prepayments).

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KPIs	Description	Performance
Subscription and placing of shares	To continue with its operating activities as an active and growing mineral development group, the Group has raised funds from the market.	Given its opening cash balance of £13.0m at the start of the year, the Company did not deem it necessary to raise any funds via the issuance of ordinary shares in an equity fundraise during 2022.
Share price	The price reflects the value of the Group as determined by the free trading of its ordinary shares on public stock exchanges such as the AIM.	From an opening at 4.35p Savannah's share price began the year strongly. Backed by rising lithium prices, the share price reached 5.60p during trading on 18 January and set the year's high in the process before easing back to below 5p. The price would go on to briefly break back through the 5p level again in early February before falling to below 4p for the first time in the year on 24 February, despite some positive news on the finalisation of the BLP's process flowsheet. From that point the price recovered well during early Spring as lithium prices continued to rise, reaching or breaking the 5p level for 8 consecutive days during early to mid-April. The price was then maintained above the 4.10p level until mid-June. However, from that point the price slipped below 4p, reaching 3.33p as investor anxiety grew about the expected EIA decision. Following the announcement of the move into the Article 16 process on the EIA and the stepping down of David Archer as CEO on 6 July, the price fell to the year's low of 2.10p on 7 July with nearly 62m shares traded across the two days (vs. the average daily volume around 1.6m). Pleasingly, backed by Director buying, the share price made a robust recovery from the low, reaching 3.85p during trading on 10 August. With the remainder of the year dominated by work on the revised EIA ahead of its Q1 2023 submission, meaning other goals for the year were deprioritised, the share price eased back below the 3p level in late August and remained range bound between 2.22p and 2.95p for the remainder of the year. Shares closed the year at 2.30p, a 47% decline over the 12 month period.
Investment in Exploration & Evaluation Assets ('E&E Assets') and Property, Plant and Equipment ('PPE')	As an active and expanding mine development group, the investment in E&E Assets and PPE Assets can show the volume of activity which is adding value.	During 2022 the Company continued its investment in exploration activity, but with field work still relatively limited the increase in E&E Assets was a 6% lower year-on-year at £1.7m (2021: £1.8m). As in 2021, there was no significant equipment purchasing required during the year, but with £0.8m committed to land acquisition at the Barroso Lithium Project, PPE investment increased to £0.9m (2021: £0.6m).

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Analysis Using Other Key Performance Indicators and Milestones

KPIs	Description	Performance
Project pipeline	As an active mine development group, Management is up to date on the changes in the market and looking for new opportunities to increase the potential of the Company.	In recent years there has been (and continues to be) an increase in the importance of the lithium-ion battery markets, impacting on global lithium demand with projections showing significant increases in demand. In 2016 the Group started its investment in lithium projects with the acquisition of exploration licences in Finland (subsequently relinquished). Following the acquisition of the Barroso lithium Project in the north of Portugal in 2017 (100% ownership achieved in 2019), the Group has the potential to become the first significant lithium spodumene producer in Europe. While the short term focus of the Company has been on revising and resubmitting the EIA for the Barroso Lithium Project, one of Savannah's longer term goals is to further develop its lithium business in the Iberian Peninsula. To this end, it actively assesses potential lithium exploration targets in the area, and expects to participate in the much-awaited lithium exploration tender process in Portugal when it is launched by the Government.
Mining Lease Applications	As a mineral development company, the grant of mining leases as a precursor to commencement of production is a significant milestone.	<p><i>Portugal:</i> A 30-year Mining Lease (the C-100 Lease) was granted on the Project in 2006. To be allowed to execute its plan of developing a spodumene mine and concentrator operation of the Lease, Savannah is required to obtain a new Environmental Licence for the Project and associated licences covering areas such as construction and use of services on site (power, water, etc).</p> <p>In June 2020, the Group submitted a new Environmental Impact Assessment and Mine Plan to APA, the Portuguese environmental regulator, for the Barroso Lithium Project as part of the overall licencing process for the Project. That submission was made public in April 2021 and underwent a public consultation between April and July of that year. Before giving its final decision on the EIA, the Regulator recommended in July 2022 that the review process enter an additional phase of evaluation under Article 16 of the relevant EIA legislation during which Savannah could meet with the Regulator's Evaluation Committee, receive feedback on its original design and be given 180 working days to revised and resubmit its EIA. Savannah agreed to this proposal and resubmitted its EIA on 16 March 2023. Under the legislation, the Regulator is required to publish its decision on the revised EIA by 31 May 2023.</p> <p><i>Mozambique:</i> After the conclusion of the Mutamba transaction with Rio Tinto in December 2021, Savannah is in the process of divesting its residual interest in Mozambique which includes Mining Concession 9735C.</p>

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KPIs	Description	Performance
Mineral resources	As a mineral development company the reporting of satisfactory mineral resource estimates is a key indicator of the potential of the Group and its projects.	<p><i>Portugal:</i></p> <p>There was no update to the 2019 JORC resource estimates made in 2022. Hence the JORC resource estimates remained at:</p> <ul style="list-style-type: none"> Lithium: Measured Resources of 6.6Mt @ at 1.1% Li₂O; Indicated Resources of 8.4Mt @ at 1.0% Li₂O; and Inferred Resources of 12.0Mt @ at 1.1% Li₂O for a total of 27.0Mt at 1.06% Li₂O containing 285,900t of Li₂O. In addition to the JORC Mineral Resource estimate, the Exploration Target¹ also remained unchanged from 2019 at 11.0-19.0Mt at 1.0%-1.2% Li₂O. Co-products (Grandao deposit only): Measured resources of 7.1Mt at 32.6% quartz and 42.8% feldspar, Indicated Resources of 6.3Mt at 34.6% quartz and 42.6% feldspar; and Inferred resources of 1.0Mt at 30.9% quartz and 40.3% feldspar for a total Mineral Resource of 14.4Mt at 33.4% quartz and 42.6% feldspar contained 4.79Mt of quartz and 6.11Mt of feldspar. <p><i>Mozambique:</i></p> <p>There was no update to the 2017 JORC resource estimate on Mining Concession 9735C during the year. Hence the JORC resource estimate remained at:</p> <ul style="list-style-type: none"> Inferred Resource of 65 million tonnes @ 4.2% Heavy Minerals ('HM'). Ilmenite represents 60% of the total HM contained.
Economic Studies	Satisfactory completion of economic studies is a key indicator of the viability of the Group's mine development projects.	<p><i>The Barroso Lithium Project, Portugal:</i></p> <p>The major advance made in DFS-related workstreams during the year was in metallurgical test work which resulted in the process flowsheet for the concentrator plant being finalised in Q1 2022. The Environmental Licencing process once finalised will provide more key inputs, as will the outstanding fieldwork programme. Assuming a positive DIA decision is received from APA, Savannah expects the DFS work to be re-initiated in H2 2023 and completed no later than 12 months following the restart of the required fieldwork and it will prepare and publish a new Scoping Study in the second half of 2023 based on the revised EIA and Mine Plan.</p>

¹ Cautionary Statement: The potential quantity and grade of the Additional Resource Targets is conceptual in nature, there has been insufficient prospecting work to estimate a mineral resource and it is uncertain if further prospecting will result in defining a mineral resource.

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Section 172(1) Statement

The following disclosure describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the Directors' Statement required under section 414CZA of the Companies Act 2006.

Information is presented below on a number of 'principal decisions' which the Board made during the course of 2022. Principal decisions are not defined in legislation, but are considered material by the Board from the perspective of the Company, impacted stakeholder group, or both.

The table below sets out our key stakeholder groups and how we engaged with them during the year:

Stakeholder Group	Importance of engagement	How did the Board and/or management engage
<p>Industry trade bodies & associations</p> <p>A list of the relevant industry trade bodies and associations of which Savannah is pleased to be a member can be found in the Governance table in the ESG section and on the Company's website.</p>	<p>For Savannah:</p> <ul style="list-style-type: none"> Trade association can offer industry specific networking, training and education, technical advice, and support in interactions with governments, government departments, agencies, regulators, the media, and other stakeholders <p>For trade associations:</p> <ul style="list-style-type: none"> Interacting with Savannah offers a trade association another source of industry expertise; an opportunity to extend its network and reach, and an additional source of income and sponsorship 	<p>During the year members of the Savannah team regularly attended meetings, and interacted with relevant trade associations. The Company also joined the following trade associations during the year:</p> <p>Mining and raw materials:</p> <ul style="list-style-type: none"> European Raw Materials Alliance European Association of Mining, Metal Ores & Industrial Minerals ('Euromines')
<p>Shareholders/Investors</p> <p>A table of significant shareholders can be found on the Report of the Directors section and on the Company's website.</p> <p>Key metrics are:</p> <ul style="list-style-type: none"> Cash Investment in Exploration & Evaluation Assets Share price <p>The Company has not issued additional investment instruments beyond shares and share-related warrants, such as corporate bonds, and therefore has no other class of investors.</p>	<p>For Savannah:</p> <ul style="list-style-type: none"> To maintain access to capital in support of achieving the Group's stated business goals To receive feedback/ advice/ assistance on performance and execution of the Company's business plan <p>For the Shareholder/Investor:</p> <ul style="list-style-type: none"> To be kept informed on the Company's performance, changes to strategy and other developments To assist ongoing investment decision making 	<p>The key means of engagement with shareholders include:</p> <ul style="list-style-type: none"> AGM (held in person in 2022) Investor roadshows (held both in person and online in 2022) Meetings in relation to key news/questions (largely held online in 2022) Social media including Twitter and LinkedIn Attending industry-related conferences and events Video interviews and corporate videos via the newly designed corporate website in English and Portuguese

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Stakeholder Group	Importance of engagement	How did the Board and/or management engage
<p>Workforce</p> <p>The average number of monthly staff employed by the Company during 2022 was 17 (2021: 46) see Note 3 for further details.</p>	<p>The Company's day to day running and long-term development relies on the recruitment, retention and incentivisation of staff, and provision of a safe working environment.</p>	<p>The key means of engagement with staff include:</p> <ul style="list-style-type: none"> Regular internal calls, meetings and visits to Project sites by members of the Board and executive team Remuneration framework including Long Term Incentive Plan (Share options) and Short Terms Incentive Plan (Annual Bonus)
<p>Community</p> <p>Savannah will be often working alongside communities at its project sites. For example, it works alongside a number of small communities at the Barroso Lithium Project. The Company aims to act with integrity, transparency and honesty in its dealings with communities and wishes for its host communities to benefit from its projects.</p>	<p>For Savannah:</p> <ul style="list-style-type: none"> To ensure that Health & Safety standards and other regulations relating to Savannah's interaction with the general public and public services are being met To ensure it secures and maintains social acceptance of its business activities among the communities it works alongside through effective community engagement programmes To ensure that indirect benefits from its operations are maximised among the local community To receive feedback/ advice/ assistance on the above topics <p>For Communities:</p> <ul style="list-style-type: none"> To receive relevant information about site-specific Health & Safety matters and other guidance relating to Savannah's interaction with the general public Opportunity to receive up to date information on Savannah's business activities and programmes relevant to communities 	<p>Full details of the Group's community-related activities across its businesses can be found in the ESG section.</p>

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Stakeholder Group	Importance of engagement	How did the Board and/or management engage
	<ul style="list-style-type: none"> To register for and to take part in relevant community programmes To provide feedback on relevant topics To learn about job opportunities at a Savannah Project or to receive training/coaching 	
<p>Suppliers</p> <p>Savannah requires a wide range of services to maintain its business activities and uses a wide range of domestic and overseas suppliers to meet its needs. When Savannah moves into the development and production phase at an operation, supplier numbers are expected to rise significantly in-line with the scale up of the project concerned.</p>	<p>For Savannah:</p> <ul style="list-style-type: none"> To maintain good working relationships and credit terms with suppliers to ensure the timely and cost-effective delivery of services and supplies To aid planning for future supply requirements and to identify suitable suppliers <p>For Suppliers:</p> <ul style="list-style-type: none"> To maintain a working relationship with its customer and provide product information To help with planning for changing levels of demand from a client To identify future business opportunities with an existing client 	<p>The Company's engagement with current and potential service suppliers has been widespread during the year. For example, considerable time has been spent working with existing suppliers of goods and services to the Barroso Lithium Project, and identifying and evaluating other groups which may provide key contract services during the construction and/or production phases of the operation. Additionally, the Company is a member of the local chamber of commerce in Portugal and where possible the use of local service providers will be prioritised.</p>
<p>Customers</p> <p>As a pre-production business, Savannah is yet to start generating revenue from sales of product to customers. However, the Company expects to supply products to a number of industrial customers over time, beginning with customers buying its lithium and co-product concentrate products from the Barroso Lithium Project.</p>	<p>For Savannah:</p> <ul style="list-style-type: none"> To identify and build relationships with future customers to ensure our projects become viable commercial businesses To access capital for project development either directly from customers, or from other investors which view the establishment of customer relationships as a key de-risking factor in an investment decision 	<p>Management maintained its efforts to build relationships with multiple potential customers for its lithium and co-product concentrates from the Barroso Lithium Project as discussed in the Chairman's Statement and CEO's Report.</p>

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Stakeholder Group	Importance of engagement	How did the Board and/or management engage
	<p>For Customers:</p> <ul style="list-style-type: none"> To build a working relationship with a well-managed, long term raw material supplier To secure a long-term supply of product from a responsible producer in markets where the outlook is for increasing global competition for supply, such as lithium 	
<p>Lenders</p> <p>Savannah currently has no corporate bonds or project finance loans but may seek to secure project finance as part of the financing mix for the development of its projects, such as the Barroso Lithium Project.</p>	<p>For Savannah:</p> <ul style="list-style-type: none"> To identify and build relationships with future lenders to ensure sufficient finance can be secured to support project development <p>For Lenders:</p> <ul style="list-style-type: none"> To secure a future lending agreement with a responsible raw material producer operating in the battery metals sector 	<p>Management maintained a dialogue with potential project lenders in relation to the Barroso Lithium Project during the year. Discussions with these groups are expected to become more detailed once the DFS is completed as that study will be a key part of a lending bank's evaluation of the Project.</p> <p>The Company's ESMS incorporates elements from the International Finance Corporation's Performance Standards on Environmental and Social Sustainability, the World Bank Group's Environmental Health & Safety, Mining and General Guidelines.</p>
<p>Regulators/Government</p> <p>Depending on the jurisdiction, multiple departments and agencies of national, regional and/or local government can be involved in the licencing and monitoring of mining activities.</p>	<p>For Savannah:</p> <ul style="list-style-type: none"> To build strong and supportive, working relationships with all relevant departments of government and to ensure that the Company receives and complies with the required licences and authorities to operate its projects <p>For governments:</p> <ul style="list-style-type: none"> To ensure that the Company is meeting its responsibilities as per its licences To understand the needs of Savannah as an operating entity with respect to relevant legislation 	<p>As outlined in the Chairman's Statement and CEO's Report, Management has had regular interaction with the relevant departments and personnel in the various levels of government in both countries where it had operations during the period. Savannah views the establishment of active, two-way, relationships with government stakeholders as critical to the successful development of its projects and in its decision-making regarding the Company's long-term commitment to any jurisdiction.</p>

STRATEGIC REPORT

Stakeholder Group	Importance of engagement	How did the Board and/or management engage
<p>Environment Savannah is committed to minimising the environmental impact of its operations through design, monitoring, mitigation and remediation.</p>	<p>For Savannah:</p> <ul style="list-style-type: none"> Savannah places great emphasis on minimising the environmental impact of its operations and also realises the importance placed on good environmental management by all project stakeholders including governments, communities, customers, investors and lenders. 	<p>In parallel with all our project stakeholders, a priority for Savannah’s management is to minimise the Company’s environmental impact, and work undertaken across all its project sites to date has been completed in accordance with the relevant environmental regulations.</p> <p>Having collected baseline data and engaged with relevant groups since 2018, in June 2020, Savannah submitted a new Environmental Impact Assessment and Mine Plan to APA, the Portuguese environmental regulator, for the Barroso Lithium Project as part of the overall licencing process for the Project.</p> <p>That submission was made public in April 2021 and underwent a public consultation between April and July of that year. Before giving its final decision on the EIA, the Regulator recommended in July 2022 that the review process enter an additional phase of evaluation under Article 16 of the relevant EIA legislation during which Savannah could meet with the Regulator’s Evaluation Committee, receive feedback on its original design, and be given 180 working days to revise and resubmit its EIA. Savannah agreed to this proposal and resubmitted its EIA on 16 March 2023. Under the legislation, the Regulator is required to publish its decision on the revised EIA by 31 May 2023.</p>

STRATEGIC REPORT

Principal decisions

Savannah defines principal decisions as those which are material to the Group and its key stakeholder groups detailed above.

In making the following principal decisions during the year the Board considered the outcome based on the relevant stakeholders as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the Group:

Principal Decision 1: Entering into 'Article 16' EIA evaluation process

In July 2022, the Company's subsidiary, which operates the BLP, entered into the Article 16 of Decree-Law No. 151-B/2013 ('Article 16'), which regulates Environmental Impact Assessments in Portugal. Under Article 16, the Group had up to six months to work collaboratively with APA (Portugal's environmental regulator) to further optimise certain physical aspects of the BLP's design and associated environment, ecology and socio-economic considerations and resubmit them for consideration. After submission of revised EIA under Article 16 and acknowledgment of acceptance of the optimisation measures (submitted on 16 March 2023), Article 16 allows APA a period of up to 50 working days to carry out its assessment and issue any DIA decision.

In making the decision the Board considered:

- **Shareholders and Workforce:** Considering the extended timelines experienced in the EIA licencing process, entering into the Article 16 process provided certainty on the timelines relating to a DIA decision. Hence, subject to a positive decision, the Group would still be on track to be able to supply concentrate to Europe's first generation of lithium conversion plants as they come online in the mid-2020s.
- **Government / Regulators:** APA had invited the Company's subsidiary to enter into the Article 16 process.
- **Environment:** Article 16 provided the opportunity to work in conjunction with APA and incorporate additional perspectives into the Project's design, further reducing impacts on the environment.
- **Community:** Article 16 provided the opportunity for a public consultation exercise to provide additional perspectives to incorporate into the Project's design, further reducing impacts on the local community in particular.

Principal Decision 2: Independent Non-Executive Board appointments

The Board was strengthened by the appointments in 2022 (April and November respectively) of Mary Jo Jacobi and Diogo da Silveira as independent Non-Executive Directors. Ms Jacobi is a leader of the ESG movement and has a wealth of relevant industry and government experience. Mr Silveira is a highly experienced business leader with extensive experience in Portugal and Europe.

In making the decisions the Board considered:

- **Shareholders and Workforce:** Increasing the diversity and independence of the members of the Board, whilst also adding the experience of globally and locally recognised heavyweight business leaders. This experience includes operating major Portuguese companies, and employee engagement responsibility for a global mining sector operator.
- **Government / Regulators, Customers and Suppliers:**

Ms Jacobi has a wealth of relevant industry and government relations expertise, having amongst other experiences working in the UK as a member of the UK Advisory Committee on Business Appointments, and in the US as Assistant United States Secretary of Commerce, and Special Assistant to US President Ronald Reagan.

Mr Silveira has significant business experience, particularly within Portugal, including as the CEO of Portuguese forestry operator, Navigator, and current Chair of Floene Energias, the leading Gas DSO in Portugal. As a result,

STRATEGIC REPORT

he has a comprehensive network among Portugal's leading players in multiple industries as well as amongst politicians, key decision makers, and opinion formers. Additionally, he was a management member of several Portuguese industrial associations such as CIP, APS, Celpa, Cotec and BCSD as well as of European, Brussels based, CEPI and Worldwide, Geneva based, WBCSD.

- **Community and Environment:** Ms Jacobi is a leader of the ESG movement and will oversee Savannah's ESG program. Mr Silveira has extensive experience of Environment and Community matters from his role as CEO of a forestry operator.

Principal Decision 3: Appointment of Dale Ferguson as interim CEO

In July 2022, David Archer stepped down as CEO after almost nine years and he was succeeded on an interim basis by Dale Ferguson, the Company's Technical Director, whilst the Company progresses the search for a new full time CEO.

In making the decision the Board considered:

- **Shareholders and Workforce:** Mr Ferguson brings a wealth of technical expertise and a strong, global track record of bringing mines into production. He has been involved with the Project since the beginning and an integral member of the Board for nine years, providing a familiar and respected face to the staff. He also has strong financial interest in the Company, both directly and via his holding in the Company's second largest shareholder, Slipstream Resources Investments, amounting to 2.94% of the Company's issued share capital.
- **Government / Regulators, Environment and Community:** Mr Ferguson's wealth of technical expertise and a strong, global track record of bringing mines into production has included navigating both regulatory licencing processes and winning the social licence to operate. His familiarity with the technical aspects of the Project facilitates refreshed and effective interaction with APA.

Principal Decision 4: Decarbonisation strategy initiated

In March 2022, the Group entered into an agreement with ECOPROGRESSO - Quadrante Group - a Portuguese Consultant in Environment, Sustainability, Climate Change and Resources Management, to lead on the creation of a decarbonisation strategy for Project. This appointment follows on from the Group's commitment in November 2021 to move towards net zero Scope 1 and 2 emissions for the Project whilst also targeting the reduction of its Scope 3 emissions.

In making the decision the Board considered:

- **Shareholders:** The roadmap to Net Zero established by Savannah further emphasises the strong ESG credentials of Savannah, and in addition to its own Net Zero plans, Savannah estimates that the lithium from the Barroso Lithium Project could help to remove approximately 100 million tonnes of CO₂ from the EU transport sector once it is active in electric vehicle batteries. The groups developing greener technologies, which Savannah could adopt, are doing so using innovations that are designed to be both environmentally friendly and cost competitive, so this, combined with the prospects of increasing financial burdens (taxes and duties) relating to CO₂ equivalent emissions, provide an opportunity for reduced operational costs compared to traditional mining operations.
- **All stakeholders:** At the time of the appointment, for the Project's Environmental Impact Assessment study, Ecoprogresso estimated that, when operating, the Project would produce a maximum of c.62,000t CO₂ equivalent emissions per annum across Scopes 1 and 2, and a maximum of 96,200t CO₂ equivalent emissions per annum across Scopes 1-3. By reducing the Project's Scope 1 and 2 emissions to zero, Savannah would reduce the Project's overall emissions during its operating phase by over 60%. (see 'Carbon abatement' in the ESG section for further details).

STRATEGIC REPORT

- Customers and Lenders: Potential customers have the opportunity to purchase a product with a preferential carbon footprint and potential lenders have the opportunity to invest in a highly ESG conscious project.

Principal Decision 5: Savannah refreshes brand and launches new website

In April 2022, the Company announced its rebrand and the launch of its new website.

In making the decision the Board considered:

- Shareholders, Workforce and Customers: The rebranding was in response to the evolution of the business in the last two years to a singular focus as a European lithium ‘pure play’ helping to enable Europe’s energy transition. It also highlights the Company’s ESG credentials.
- Community and All: Easier access to information for all stakeholders, and in particular for Community members thanks to Portuguese language functionality being added.

Approval of the Board

This Strategic Report contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with mineral development businesses. 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:

Dale Ferguson

Chief Executive Officer

Date: 4 April 2023

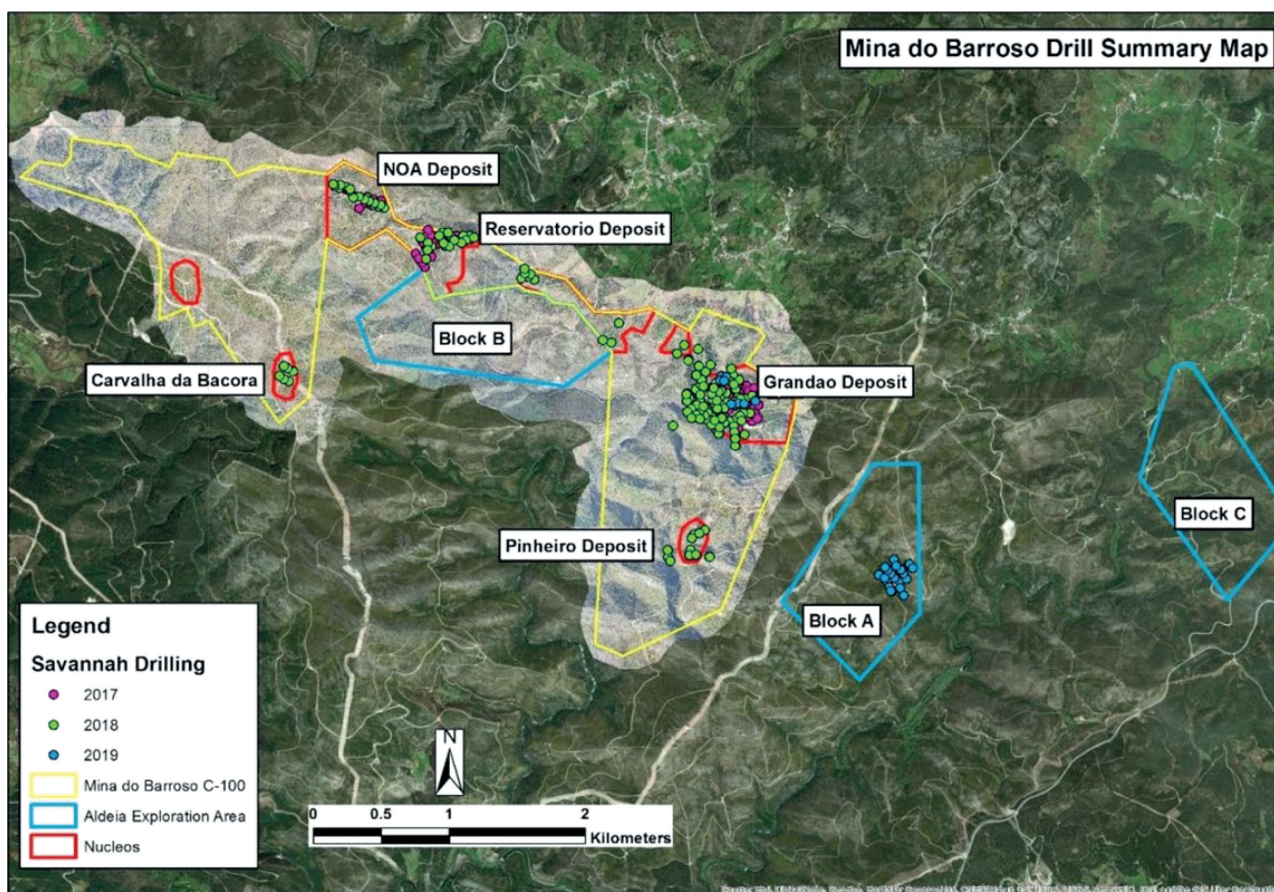
BARROSO LITHIUM PROJECT OVERVIEW

The Barroso Lithium Project, Portugal

Located less than 2 hours' drive northeast of the city of Porto, the Barroso Lithium project covers an area of 8.36km² in the Barroso hills of northeast Portugal and consists of the C-100 Mining Lease² (5.42km²) and an adjacent, three block, Mining Lease Application area (2.94km²). Through Savannah's successful exploration programme, the Barroso Lithium Project (the 'Project') has been defined as the most significant source of spodumene lithium in western Europe. In recent years, spodumene lithium deposits have surpassed brine deposits as the major source of lithium raw material production globally, and Savannah believes that the Barroso Lithium Project can become an important source of this 'conventional' lithium mineral for Europe's burgeoning domestic lithium battery industry.

Savannah Resources has operated the Project since May 2017 when an initial 75% stake was acquired (with all the milestones relating to purchase completed by October 2018). Savannah became the sole owner of the project in June 2019 following the acquisition of the residual 25% stake from the project's minority shareholders in an all-share transaction. June 2019 also saw the Group exercise the option it had taken in September 2018 to acquire the adjacent three block Mining Lease Application area from the Portuguese company Aldeia & Irmão, S.A. ('Aldeia') following a period of technical and legal due diligence. This increased the tenement portfolio footprint by over 50% to its current size.

Plan of the Barroso Lithium Project showing the location of the major orebodies:



Source: Company

Western Europe's most significant spodumene lithium resource

To date Savannah's extensive exploration programme, which includes over 31,000m of drilling, has identified 8 deposits bearing spodumene lithium mineralisation on the project. From being a 'pre-resource' project when acquired, JORC compliant Mineral Resources have now been estimated on five of these deposits (4 on the C-100 licence and 1 on Aldeia Block A) which, as of May 2019, totalled 27.0Mt at 1.06% Li₂O (containing 285.9kt of Li₂O or 707kt of lithium carbonate equivalent), representing the most significant spodumene lithium resource in Western Europe.

² The existing mining lease was granted to the previous project owners in 2006 and is valid for 30 years, but will need amendment or replacement for Savannah's proposed mine and concentrator development.

BARROSO LITHIUM PROJECT OVERVIEW

Many of the lithium deposits on the project remain open to possible extensions through further exploration and an Exploration Target³ ranging from 11-19Mt at 1.0-1.2% Li₂O has been estimated on three of the deposits as of May 2019. The project currently has a combined resource and exploration target³ of 38-48Mt at 1.0 to 1.2% Li₂O hence, Savannah believes significant exploration upside remains with the potential to significantly extend the Project's operational life.

The Barroso Lithium Project's Lithium JORC Mineral Resource Estimate & Exploration Target³:

JORC Mineral Resource Estimate (May 2019, 0.5% Li ₂ O cut-off)					
Deposit	Resource Category	Tonnes (Mt)	Li ₂ O grade (%)	Fe ₂ O ₃ grade (%)	Li ₂ O contained (t)
Grandao	Measured	6.6	1.1	0.7	71,600
	Indicated	6.4	1.0	0.8	65,300
	Inferred	4.8	1.0	0.7	48,900
	Sub-total	17.7	1.04	0.7	181,800
Reservatorio	Measured	–	–	–	–
	Indicated	–	–	–	–
	Inferred	3.2	1.0	1.4	32,000
	Sub-total	3.2	1.0	1.4	32,000
Pinheiro	Measured	–	–	–	–
	Indicated	–	–	–	–
	Inferred	2.0	1.0	0.7	20,000
	Sub-total	2.0	1.0	0.7	20,000
NOA	Measured	–	–	–	–
	Indicated	0.4	1.2	0.8	4,200
	Inferred	0.3	1.0	0.9	2,900
	Sub-total	0.6	1.1	0.9	7,100
Aldeia	Measured	–	–	–	–
	Indicated	1.6	1.3	0.5	21,300
	Inferred	1.8	1.3	0.4	23,700
	Sub-total	3.5	1.3	0.4	45,000
All Deposits	Measured	6.6	1.1	0.7	71,600
	Indicated	8.4	1.0	0.7	86,700
	Inferred	12.0	1.1	0.9	127,600
	Grand Total	27.0	1.06	0.8	285,900

Rounding discrepancies may occur

Source: May 2019 JORC Resource update RNS

³ Cautionary Statement: The potential quantity and grade of the Additional Resource Targets is conceptual in nature, there has been insufficient prospecting work to estimate a mineral resource and it is uncertain if further prospecting will result in defining a mineral resource.

BARROSO LITHIUM PROJECT OVERVIEW

Exploration Target ⁴ Summary (May 2019)			
Deposit	Tonnage Range (Mt)		Li ₂ O grade (%)
	Low	High	
Reservatorio	5.0	7.0	1.0-1.2
Grandao	4.0	8.0	1.0-1.2
Aldeia	2.0	4.0	1.0-1.3
Total	11.0	19.0	1.0-1.2

Rounding discrepancies may occur

Source: May 2019 JORC Resource update RNS

Not just a lithium project

In addition to the production of significant volumes of spodumene lithium concentrate, the Barroso Lithium Project also has the potential to produce significant volumes of feldspar and quartz which is in demand from the large ceramics and glass industries in Portugal and Spain. Sales of these 'co-products' would have the dual benefits of reducing the amount of processed material which the Project must store on-site and provide additional revenue which could significantly improve the net production costs of the lithium concentrate.

During 2019 the Group estimated its first co-product resource on the project, based only on pegmatite material located inside the proposed Grandao pit (i.e., wholly within the existing lithium mineral resource model). Hence, this resource is expected to increase further once similar estimates are performed on the NOA, Reservatorio, Pinheiro and Aldeia deposits. Savannah also completed marketing and test work studies during 2019 to confirm the co-products' suitability for various applications within the ceramic and glass industries.

The Barroso Lithium Project's Co-product JORC Mineral Resource Estimate:

JORC Mineral Resource Estimate (September 2019, no lithium cut-off grade applied)						
Deposit	Resource Category	Tonnes (Mt)	Quartz		Feldspar	
			Grade (%)	Mt	Grade (%)	Mt
Grandao	Measured	7.1	32.6	2.32	42.8	3.05
	Indicated	6.3	34.6	2.17	42.6	2.67
	Inferred	1.0	30.9	0.30	40.3	0.39
	Sub-total	14.4	33.4	4.79	42.6	6.11

Rounding discrepancies may occur

Source: September 2019 JORC Resource update RNS

This independent work, completed on separate quartz and feldspar samples and a mixed bulk tail product, confirmed that all three materials were suitable for commercial use. Specifically, the test work showed that both the separate quartz and feldspar products could be used in a variety of applications in both industries such as hotel-ware quality ceramics and container glass while the mixed bulk tail product could be used in ceramic applications, such as vitrification and bone china. Encouragingly, the marketing study confirmed that prices for all the products could be potentially higher (in the range of US\$40-100/t) than had been assumed in the 2018 Scoping Study (US\$39 per tonne for feldspar and US\$33 per tonne for quartz) as summarised below. Furthermore, production of the bulk material would also potentially eliminate approximately US\$15m from the estimated processing plant capex that would otherwise be required to produce separate quartz and feldspar co-products.

⁴ Cautionary Statement: The potential quantity and grade of the Additional Resource Targets is conceptual in nature, there has been insufficient prospecting work to estimate a mineral resource and it is uncertain if further prospecting will result in defining a mineral resource.

BARROSO LITHIUM PROJECT OVERVIEW

Positive Scoping Study completed in 2018

Based on the rapid delineation of an initial JORC (2012) Mineral Resource estimate and Exploration Target⁵ during late 2017 and early 2018, Savannah commissioned a Scoping Study on the project. This was completed in June 2018 and reported very positive project economics based on a 1.3Mtpa operation producing an average of 175ktpa of spodumene concentrate and associated co-products over an 11-year life. The Project design also featured an innovative 'dry stack' tailings facilities, meaning that a 'wet tailings dam' was completely avoided.

The Barroso Lithium Project 2018 Scoping Study Key Facts:

Operating Parameters and assumptions	
Mineable resource (June 2018)	14.4Mt at 1.07% Li ₂ O. All open pit. Life of mine strip ratio (waste: ore): 5.2: 1, years 1-4: 1.6:1
Initial life of mine	11 years at 1.3Mtpa throughput rate
Processing route & recovery rate	Crush-grind-Dense Media Separation-flotation (80% recovery)
Concentrate production & spec	175ktpa (minimum), 6% spodumene
Concentrate production as LCE/Lithium Hydroxide Equivalent (net of assumed processing losses in a chemical conversion plant)	~22ktpa; ~25.5ktpa. Sufficient for ~0.5M 60kWh car battery packs per annum
Co-products	Feldspar (~276ktpa), quartz (~173ktpa) for use in the ceramics and other industries
Initial capex	US\$109m (Additional contingency of US\$24.9m, included in financial model)
Sustaining capital & closure costs	US\$17.2m
LoM C1 Cash Operating cost (US\$/t conc)	US\$271/t (US\$210/t average in Years 1-4). Costs include all mining, processing, transport, shipping/freight, corporate, admin, marketing & royalty costs and are net of co-product credits (included in gross revenue).
Financial & economic outcomes	
Pricing assumptions (Average life of mine)	Spodumene concentrate: US\$685/t; Feldspar US\$39/t; Quartz US\$33/t
Gross Revenue (LoM; Avg pa)	US\$1,555m; US\$140m (includes co-product revenue)
EBITDA (LoM, Avg pa)	US\$805m; US\$73m
Pre-tax FCF (LoM; Avg pa)	US\$651m; US\$59m
Net FCF (LoM; Avg pa)	US\$458m; US\$41m
NPV (8% discount rate)	Pre-tax US\$356m; Post-tax US\$241m
IRR	Pre-tax 63.2%; Post-tax 48.6%
Payback	Pre-tax 1.7 years; Post-tax 2.1 years

Source: June 2018 Scoping Study and subsequent company press releases

⁵ Cautionary Statement: The potential quantity and grade of the Additional Resource Targets is conceptual in nature, there has been insufficient prospecting work to estimate a mineral resource and it is uncertain if further prospecting will result in defining a mineral resource.

BARROSO LITHIUM PROJECT OVERVIEW

Progressing the Project: Environmental Licencing, Economic Studies, and Decarbonisation

As a result of the positive Scoping study, Savannah took the decision to progress the Project towards a Final Investment Decision point. While the Project has an existing Mining Lease, Savannah's plan to produce spodumene concentrate and mine on a larger scale than previously envisaged, means it is necessary for the Project to receive a new Environmental Licence and have a new Mine Plan approved by the Portuguese authorities. Savannah must also justify its potential capital investment in the Project with a robust business case. Hence, to progress on both these fronts, Savannah commissioned an Environmental Impact Assessment ('EIA') study, the first stage in the Environmental Licencing process, and a Definitive Feasibility study (DFS) on the project in the second half of 2018.

Environmental Licencing

For the Environmental Licencing process, Savannah first submitted its Environmental Impact Assessment and Mine Plan to Agência Portuguesa do Ambiente ('APA'), the Portuguese environmental regulator, in June 2020. The EIA study identifies all the potential environmental and social impacts the Project may have and details how Savannah would monitor and minimise these throughout all phases of the Project's life, including after its closure.

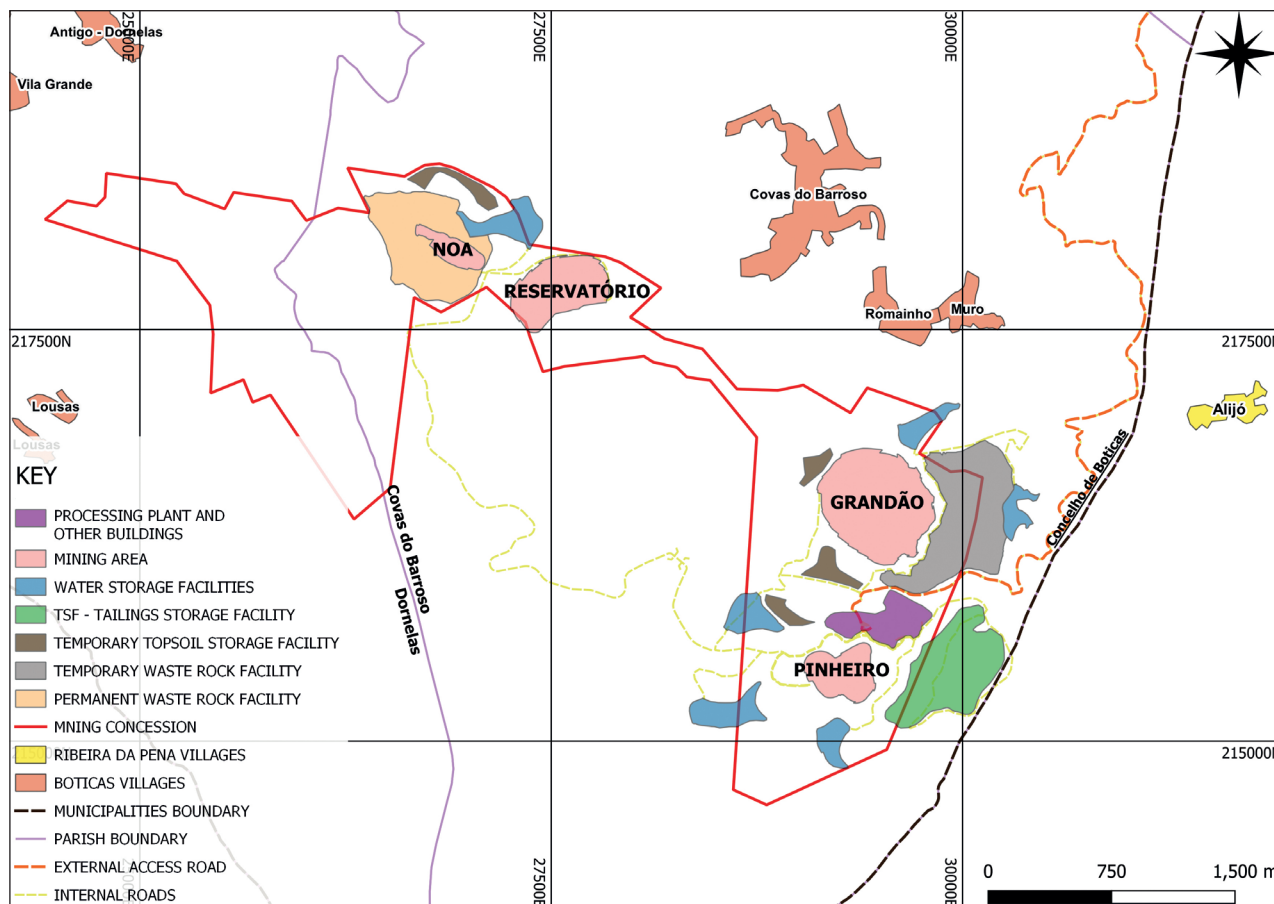
Following submission, Savannah's EIA was made public in April 2021 and underwent a public consultation between April and July of that year. APA then continued with its review and consideration of feedback from the public consultation until July 2022 when the Regulator recommended that the review process enter an additional phase of evaluation under Article 16 of the relevant EIA legislation. In contrast to the initial period of the EIA review, Under Article 16 the applicant can meet with the Regulator's Evaluation Committee and receive feedback on its original design. Article 16 also has a closely defined schedule with the applicant given 180 working days to revise and resubmit its EIA based on the feedback received. Savannah agreed to this proposal, and after a series of productive meetings with members of APA's Evaluation Committee and a period of revising the Project's EIA, resubmitted its EIA and associated Mine Plan in March 2023. Under the legislation, the Regulator has 50 working days to review and publish its 'Environmental Impact Declaration' ('DIA') decision on the revised EIA. In the case of the Barroso Lithium Project this should result in a decision being received in late May 2023.

The DIA award is the first approval in a multi-stage environmental licencing process. Receipt of the DIA would allow the approval process to move on to the subsequent Environmental Compliance Report of the Execution Project ('RECAPE') and Environmental Licence stages during which approval of the Project's detailed final designs are received ('DCAPE') and the Project's environmental title is awarded. These stages are expected to run in parallel.

Once the DCAPE declaration has been made and the environmental licence received, Savannah will then be able to apply for the remainder of the licences required for the Project's development and operation. These licences cover permissions for construction and use of services on site such as power and water. The conditions set by the DIA and the agreement of the Project's final designs in the RECAPE phase will also provide important input parameters for the DFS.

BARROSO LITHIUM PROJECT OVERVIEW

Key elements of the Barroso Lithium Project during the operating phase as proposed in the 2023 revised EIA:



Source: Company

Definitive Feasibility Study and Updated Scoping Study

The DFS is a comprehensive technical and economic study of the proposed Project and will include among other elements; an updated JORC resource for the Project as well as its maiden reserve estimate; final designs for site layout and associated infrastructure; schedules for mining, processing, storage of processed materials; commodity market studies; and capital and operating cost estimations and a cashflow model. As a result of the c.90% increase in overall resources defined since the 2018 scoping study, the DFS is considering the possibility of increasing the annual throughput rate to 1.5Mtpa resulting in an average annual output of c.200ktpa lithium concentrate.

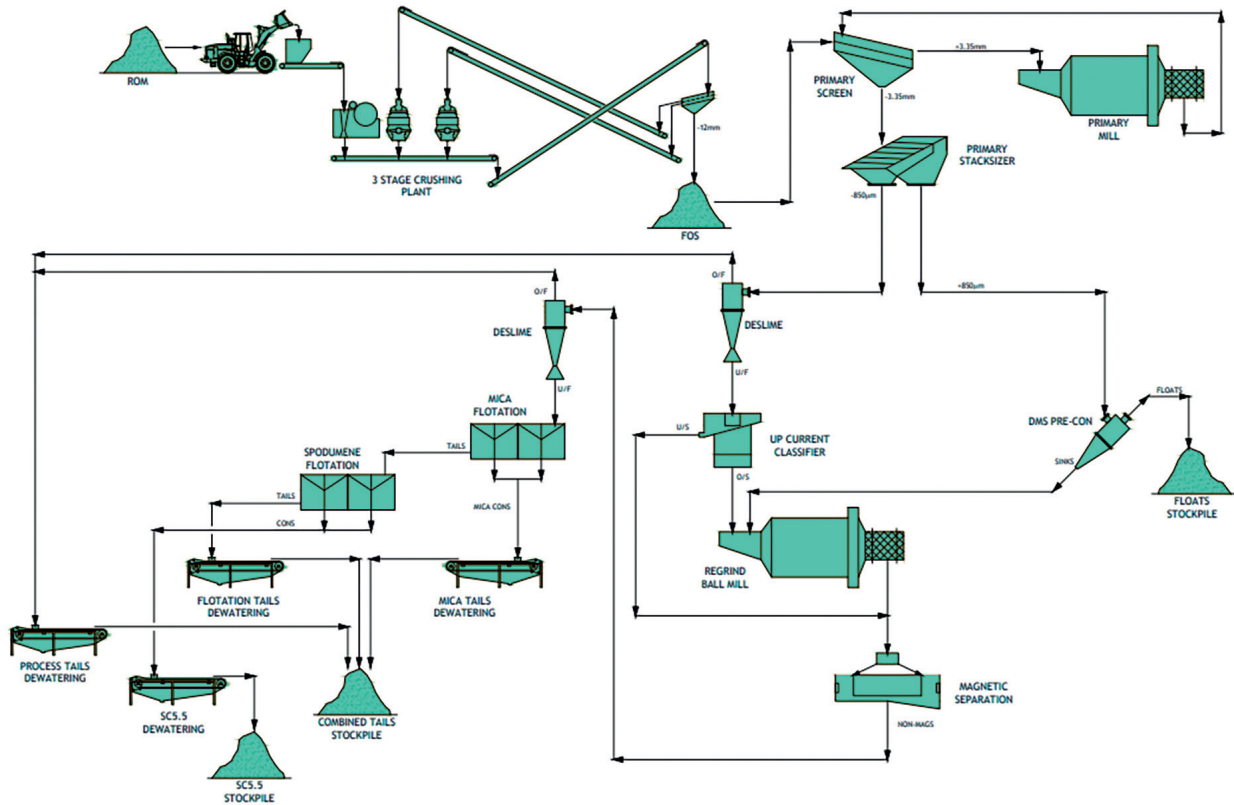
Assuming a positive DIA decision is received, work to complete the DFS will be undertaken in parallel with the remainder of the Environmental Licensing process. Alongside the final Project designs which will come through the ongoing Environmental Licencing process, a modest fieldwork programme is also required. This will include drilling for reserve and resource delineation and geotechnical purposes. This programme has been planned and Savannah would look to initiate it during H2 2023, subject to the DIA decision. Savannah expects the DFS to be completed no later than 12 months following the restart of the required fieldwork.

Importantly, the process flowsheet for the concentrator plant was finalised in Q1 2022. Based on industry standard equipment and processing techniques and an environmentally friendly reagent regime, which complies with all relevant regulations and allows both mica and spodumene flotation to operate at near neutral pH, the plant will be capable of producing a high quality, spodumene concentrate grading $\geq 5.5\%$ Li_2O with low levels of impurities.

Assuming a positive DIA decision is received from APA, the Company will prepare and publish a new Scoping Study in the second half of 2023 based on the revised EIA and Mine Plan, and is confident that the new Scoping Study level economics will remain highly positive.

BARROSO LITHIUM PROJECT OVERVIEW

Simplified Process Flowsheet Block Flow Diagram



Source: Company

Decarbonisation Study

In March 2022 Savannah announced the initiation of a Decarbonisation Strategy to support its goal of producing a net carbon zero lithium product from the Project. By setting this goal Savannah is helping to minimise the carbon footprint associated with the European lithium battery value chain, thus maximising the environmental benefit these batteries can bring. ECOPROGRESSO, a subsidiary of the Portuguese engineering and environmental consultancy, Quadrante Group, was commissioned to lead on the multiple phased study. Phase 1, which was focused on updating the estimate of the Project's greenhouse gases ('GHG') emissions based on international guidelines, and defining targets for overall GHG reduction was completed during 2022 and the results announced in February 2023. Key findings of the first phase study included; confirmation that battery electric mining equipment provides the most effective and flexible means to reduce Scope 1 emissions, which account for 68% of the combined Scope 1 & 2 total and; the Scope 2 emissions estimate being reduced by 54% from the 2019 estimate based on a lower power consumption at the Project's processing plant and a 41% reduction in the emissions associated with grid power due to the increase in contribution from renewable sources in the intervening period. The recommendations for ongoing studies to further reduce the Project's CO₂ footprint include assessing the options for securing a 100% renewable energy supply for the Project, and working with mining equipment OEMs to determine a site specific solution for a transition to a battery operated mining fleet and associated charging infrastructure.

BARROSO LITHIUM PROJECT OVERVIEW

Developing and commercialising the project

Assuming the Project's environmental licencing is progressing as hoped, a final investment decision on the project's development will be taken by the Company once the DFS has been completed in H2 2024. Alongside receiving the necessary regulatory approvals and social acceptance of the project, Savannah also needs to secure the capital required to fund the project's construction. The Company expects to obtain the capital it needs from multiple sources including from new strategic partners investing directly in the project or Savannah's equity, finance linked to offtake agreements for the project's lithium concentrate, the debt capital markets in the form of a project finance loan, government and/or EU grants or loans, and from the equity capital markets. If the necessary finance can be sourced in a timely manner once a final investment decision has been made, construction could begin in 2025 and be followed by commissioning and first production at the Project in 2026. If this schedule can be met, Savannah will be well placed to supply spodumene concentrate into the new merchant lithium chemicals plants being proposed in Europe, including two in Portugal, which are also to be targeting first production around this time.

Drillcore from the Grandao orebody:



Source: Company

The Barroso Lithium Project – a first for Portugal in the new lithium battery industry

Portugal is already established as Europe's 'largest' lithium producer with approximately 900t produced in 2021. However, all of the country's current lithium production is used in the domestic ceramics and glassware industries, and not in lithium battery production. Significant lithium mineralisation exists in Portugal, including at Barroso Lithium Project, and in 2018 the Portuguese Government announced its 'lithium strategy' to support the development of a new national manufacturing industry to service the growing lithium battery market in Europe.

BARROSO LITHIUM PROJECT OVERVIEW

As part of this strategy, the Portuguese Government has earmarked six areas prospective for lithium mineralisation which will be made available for exploration via a public tender process in due course. This follows the publication of strategic environmental assessments on an initial nine areas and a public consultation round which was completed in December 2021. As the most advanced lithium development company in the country, Savannah plans to participate in the tender process when it is initiated.

In parallel with its plans to develop its lithium mining industry the government published new legislation relating to mineral deposits in 2021, Decree-Law 30/2021 from 7th May, which sets more demanding standards of environmental sustainability, the sharing of economic benefits with the populations and gives more powers to municipality-level administrators in regard to mineral project development. This new Regulatory Decree is designed to ensure that the exploration and development of mineral deposits complies with the principles of 'green mining'.

Given its own focus on low impact project design and maximising the benefits which can flow from mineral project development to stakeholders, Savannah welcomes this new legislation. The Company is already committed to developing the Barroso Lithium Project in a responsible way and by applying the best international practices that minimise the impact associated with the operation so that the maximum overall environmental benefit is gained from the lithium once it is incorporated into a battery. It also means that Savannah is dedicated to ensuring the best outcomes for the project's stakeholders in terms of social, demographic and economic benefits.

While larger scale lithium mining alone would represent a new industry for Portugal, the government has stated that it wants to develop a domestic lithium industry that goes beyond mining and features downstream stages such as lithium chemical production. Hence, the Barroso Lithium Project must be seen as part of the first phase in the development of a much larger national concern as demonstrated recently by the large lithium chemical production plant proposals announced by two partnerships in December 2021. As a result of these objectives, the Barroso Lithium Project has received strong support at national government level. If lithium production is achieved at the Barroso Lithium Project, Portugal would be placed at the centre of the new European lithium battery supply chain which the European Commission is so keen to establish as part of its efforts to combat climate change while maintaining the region's large automotive industry. The transport sector is the second largest generator of emissions (CO₂ equivalent) in the EU behind energy supply, and the transition to mass adoption of zero or low emission vehicles is a key part of the European Commission's target of achieving a net zero carbon economy by 2050.

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 2022.

Dividends

The Directors do not recommend the payment of a dividend (2021: £nil).

Events Since the Reporting Date

This information is contained in Note 25 to the Financial Statements.

Directors

The Directors who have held office during the period from 1 January 2022 to the date of this report (unless otherwise stated) are as follows:

David Stuart Archer (stepped down on 6 July 2022)

Dale John Ferguson

Mary Jo Jacobi (appointed on 7 April 2022)

Matthew James Wyatt King

James Gerald Leahy

Manohar Pundalik Shenoy (appointed on 7 April 2022, previously Alternate Director)

Diogo da Silveira (appointed on 10 November 2022)

Imad Kamal Abdul Redha Sultan

Maqbool Ali Sultan (retired from the Board on 7 April 2022)

Murtadha Ahmed Sultan (Alternate Director, retired from the Board on 7 April 2022)

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.

Financial Instruments Risk

This information is contained in Note 18 to the Financial Statements.

Future Development

This information is contained in the Chairman's Statement and the Chief Executive's Report.

Key Stakeholder Groups and Principal Decisions

Details of how the Directors have had regard to the need to foster Savannah's business relationships with suppliers and others, and the principal decisions taken by the Company during the year, can be found in the Strategic report in Section 172 (1) Statement.

Going Concern

This information is contained in the Strategic Report in the Key Financial Performance Indicators and Milestones section and in Note 1.

Streamlined Energy & Carbon Reporting ('SECR')

The Group does not meet the SECR requirements and therefore is not required to perform this reporting.

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 interests (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 2022	No. of shares held at 31 December 2021
Dale John Ferguson	50,649,510 ¹	49,581,604 ¹
Mary Jo Jacobi	–	–
Matthew James Wyatt King	2,916,528	2,916,528
James Gerald Leahy	1,365,889	1,150,000
Manohar Pundalik Shenoy	5,809,524	5,809,524
Diogo da Silveira	–	–
Imad Kamal Abdul Redha Sultan ²	–	–

¹ 46,161,656 shares (2021: 45,993,750 shares) held indirectly through Slipstream Resources International Pty Ltd.

² The Director indicated is a representative of Al Marjan Ltd which held 268,262,589 shares at the reporting date (2021: 268,262,589 shares).

Details of Directors' remuneration are disclosed in the Remuneration Report.

Details of Directors' interests in Share Options and Investor Warrants are disclosed in the Remuneration Report.

Substantial Shareholding

At the date of this report the Company has been notified or is aware of the following interest in the shares of the Company of 3% or more of the Company's total issued Share Capital¹:

Name of Shareholder	No. of shares	%
Al Marjan Ltd (Director ²)	268,262,589	15.88%
Slipstream Resources International Pty Ltd	147,717,300	8.75%
Dale John Ferguson (Director/CEO) ³	50,649,510	3.00%

¹ Except those exempts under DTR 5.1.5 regulation.

² One Director is representative of Al Marjan.

³ This is including a 2.73% included in the holding reported for Slipstream Resources International Pty Ltd.

On behalf of the Board:

Dale Ferguson

Chief Executive Officer

Date: 4 April 2023

REMUNERATION REPORT

The Remuneration Committee comprises of James Leahy (Chairman), Manohar Shenoy and Diogo da Silveira. Mary Jo Jacobi also served as a member of the Remuneration Committee and relinquished her role and was replaced by Diogo da Silveira in November 2022.

The main purpose of the Remuneration Committee is to:

- (to the extent practicable) be independent non-executive directors in determining and reviewing the remuneration of executives on behalf of the 'Board'; and
- ensuring that remuneration policies and packages attract and retain, motivate quality directors whilst not exceeding market rates.

Procedures for developing policy and fixing remuneration

The Remuneration Committee fixes executive remuneration and ensures that no Director is involved in deciding his or her own remuneration. The Remuneration Committee is authorised to obtain outside professional advice and expertise. The Remuneration Committee is authorised by the Board to investigate any matter within its Terms of Reference, and it is authorised to seek any information that it requires from any employee.

Details of the remuneration policy

The fees to be paid to the Directors and senior management are set by the Remuneration Committee.

Directors' service agreements

Service agreements for Directors and senior management are terminable by either party on notice periods up to a maximum of 6 months.

Directors' remuneration

The following remuneration information comprises Directors' fees and benefits in kind that were paid to Directors during the year:

	Directors' emoluments 2022				Total	Directors' emoluments 2021				Total
	Salary	Bonus	Pension	Non-cash share options		Salary	Bonus	Pension	Non-cash share options	
	£	£	£	£	£	£	£	£	£	£
Executive Directors										
Dale Ferguson	241,142	16,274 ¹	–	41,413	298,829	149,837	82,556 ¹	–	35,071	267,464
David Archer ²	174,268	–	16,525	53,217	244,010	310,000	124,000 ¹	43,400	51,783	529,183
Non-Executive Directors										
Matthew King	65,000	–	–	–	65,000	65,000	–	–	–	65,000
Mary Jo Jacobi	29,282	–	–	–	29,282	–	–	–	–	–
James Leahy	40,000	–	–	–	40,000	40,000	–	–	–	40,000
Manohar Shenoy	–	–	–	–	–	–	–	–	–	–
Diogo da Silveira	6,941	–	–	–	6,941	–	–	–	–	–
Maqbool Sultan ³	–	–	–	–	–	–	–	–	–	–
Imad Sultan	–	–	–	–	–	–	–	–	–	–
Murtadha Sultan ³	–	–	–	–	–	–	–	–	–	–
	556,633	16,274	16,525	94,630	684,062	564,837	206,556	43,400	86,854	901,647

¹ Bonuses unpaid as at 31 December 2022 and 31 December 2021

² Stepped down as Director (and employee) on 6 July 2022

³ Termination of appointment as Director on 7 April 2022

The Board recognises that Directors' remuneration is of a legitimate concern to the Company's shareholders and is committed to following the current best business practices. The Company operates within a competitive environment and its performance depends on the individual contributions of the Directors.

The Board's policy is to provide executive remuneration packages designed to attract, motivate and retain directors of the calibre necessary to maintain the Company's position and to reward the Directors (and senior management)

REMUNERATION REPORT

for enhancing shareholder value and return. The Company aims to provide sufficient levels of remuneration to do this, but to avoid paying more than necessary; the remuneration will also reflect the Directors' duties and responsibilities.

David Archer stepped down from his role as CEO in July 2022 and the Board approved the appointment of Dale Ferguson as the Interim CEO combined with his Technical Director role. The Company sought advice from Company's Remuneration Adviser, Alvarez and Marsal for the salary benchmarking for the Interim CEO role. Following which the Remuneration Committee and Board approved and implemented the Remuneration Adviser's recommendation, being a temporary adjustment of Dale Ferguson's salary in consideration of the expanded role (an additional payment of AUD 23,766.66 per month effective July 2022).

In the calendar year, the Board appointed two Non-Executive Directors, with Mary Jo Jacobi joining the Company in April 2022 and Diogo da Silveira in November 2022. Diogo da Silveira was appointed and owing to him being in Portugal he was/is expected to be engaged in regular stakeholder engagement within Portugal, the Board approved an annual fee of £50,000 (which is £10,000 higher than the remuneration of the Board's standard NEDs).

Following the Company's announcement on the Environmental Impact Assessment evaluation process update and further work required on the Environmental Impact Assessment with Portugal's environmental regulator, Agência Portuguesa do Ambiente, the Board cancelled the 2022 KPI performance bonus for Mr Dale Ferguson which was replaced by a 10% bonus award versus gross salary (applied to the Technical Director annual fee only – i.e., it did not apply to the temporary increase). Furthermore, following the cancellation of the 2022 KPI performance bonus and in recognition of the senior management's valuable contributions, including assuming increased responsibilities following David Archer stepping down as CEO, the Company awarded a 10% bonus to recognise this.

The Executive Directors were awarded a 5% pay rise to reflect the inflationary environment, and this was the first such adjustment since 2020.

Remuneration Policy and Long-Term Incentive Plan

In 2019, the Remuneration Committee undertook a review of remuneration packages and developed a new

remuneration policy aimed at rewarding performance, encouraging retention of key staff and aligning their interests with those of shareholders. This resulted in a long-term incentive plan ('LTIP') intended to support this policy being implemented in March 2019 which is designed to incentivise the Company's executive Management Team and other key employees. Along with the implementation of the LTIP, the Remuneration Committee established an overall remuneration policy which included benchmarking exercises, feedback from institutional shareholders and engaging internationally recognised consulting firm Alvarez and Marsal. This resulted in a remuneration policy for the executive Directors which combines short term incentives ('STI' – cash bonus which is assessed against key business objectives) and long-term incentives ('LTI' – under the Company's LTIP). The STI is based upon maximum potential bonus of 150% / 100% of base salary for the CEO / Technical Director respectively and is assessed against key business objectives.

The LTIP was established to encourage long-term value creation for Savannah's shareholders and to align the interests of the participants with shareholders. Awards under the LTIP take the form of options over the Company's ordinary shares of 1 pence each, (the 'Options'). The Board believes that the implementation of the LTIP will incentivise the participants and will also help Savannah to attract and retain talented individuals in the future as the Company expedites the development of its mining projects. The LTIP allows for up to 7.5% of the Company's issued share capital to be allocated to employees. The Remuneration Committee adopted a policy whereby up to 5% of the Company's issued share capital should be made available via the LTIP to the Executive Management Team only, with the balance being available to other employees. These percentages are reviewed annually by the Company's Remuneration Committee and did not change between 2021 and 2022. The LTIP also includes malus and clawback clauses.

The LTIP is a share option scheme of the kind commonly adopted by listed companies. The Remuneration Committee took advice and recommendations from leading remuneration consultancy, Alvarez and Marsal.

David Archer (former CEO) stepped down from the Company in July 2022 and all 20,000,000 Options issued to him lapsed on him leaving the Company.

No share options were issued in 2022 under the LTIP.

REMUNERATION REPORT

The Directors' interests in the Share Options of the Company are as follows:

	Options at 1 Jan 2022	Quantity granted during the year	Exercised during the year	Lapsed during the year	Options/ Warrants at 31 Dec 2022	Exercise price	Date of the grant	First date of exercise	Final date of exercise
Dale Ferguson ¹	3,000,000	–	–	–	3,000,000	10.0p	11/03/19	11/03/22	11/03/24
Dale Ferguson ²	3,625,000	–	–	–	3,625,000	4.7p	30/06/21	30/06/24	30/06/29
Dale Ferguson ²	3,625,000	–	–	–	3,625,000	6.2p	30/06/21	30/06/24	30/06/29
David Archer ^{2,3}	10,000,000	–	–	(10,000,000)	–	4.7p	30/06/21	30/06/24	30/06/29
David Archer ^{2,3}	10,000,000	–	–	(10,000,000)	–	6.2p	30/06/21	30/06/24	30/06/29

¹ Granted under the 2019 LTIP

² Granted under the 2021 LTIP

³ Stepped down as Director (and employee) on 6 July 2022

	Options / Warrants at 1 Jan 2021	Quantity granted during the year	Exercised during the year	Lapsed during the year	Options/ Warrants at 31 Dec 2021	Exercise price	Date of the grant	First date of exercise	Final date of exercise
Dale Ferguson	2,000,000	–	–	(2,000,000)	–	7.59p	01/03/17	01/03/17	28/02/21
David Archer ³	7,000,000	–	–	(7,000,000)	–	7.59p	01/03/17	01/03/17	28/02/21
Dale Ferguson ¹	3,000,000	–	–	–	3,000,000	10.0p	11/03/19	11/03/22	11/03/24
David Archer ^{2,3}	–	10,000,000	–	–	10,000,000	4.7p	30/06/21	30/06/24	30/06/29
David Archer ^{2,3}	–	10,000,000	–	–	10,000,000	6.2p	30/06/21	30/06/24	30/06/29
Dale Ferguson ²	–	3,625,000	–	–	3,625,000	4.7p	30/06/21	30/06/24	30/06/29
Dale Ferguson ²	–	3,625,000	–	–	3,625,000	6.2p	30/06/21	30/06/24	30/06/29

¹ Granted under the 2019 LTIP

² Granted under the 2021 LTIP

³ Stepped down as Director (and employee) on 6 July 2022

No share options were granted to the Non-Executive Directors.

On behalf of the Board:

James Leahy

Chairman of the Remuneration Committee

4 April 2023

CORPORATE GOVERNANCE STATEMENT

The Company strives to ensure that its corporate governance policies and procedures which are in place across the Group are of a high standard. The Board acknowledges the importance of good corporate governance and in light of the Group's size and rate of progression, decided to adopt the provisions of the QCA Corporate Governance Code in September 2018 ('the Code').

The Corporate Governance Statement in relation to the principles of the QCA Corporate Governance Code is provided on the Company website at <http://www.savannahresources.com/investor-relations/corporate-governance/>.

The Code is described as a practical, outcome orientated approach to corporate governance that is tailored for small and mid-size companies. It is a valuable reference for growing companies wishing to follow good governance practice. The Company has adopted the Code because it allows it to take a flexible yet adequate approach to corporate governance, ensuring that the Company places the right people in the right roles and to ensure that right things are being done to deliver value for all its stakeholders.

Following the appointment to the Board of James Leahy as an independent non-executive Director in November 2018, the Company's Chairman relinquished his roles as Chairman of the Remuneration Committee and Chairman of the Audit and Risk Committee, and subsequently left both Committees, thus strengthening the independence of those Committees from the Board itself.

In February 2021, the Company established a Nominations Committee, prior to that the Board itself was responsible for the matters falling under the responsibility of this Committee, and on an annual basis had reviewed the need for a Nominations Committee. The rationale for the creation of the Committee is to reflect the Company's growing maturity and its planned transition from explorer / developer into mine operator.

The Board of Directors

The Board comprises of one executive Director, and six non-executive Directors. Ordinarily, the Board formally meets approximately every quarter, and convenes for business updates in between those formal meetings. The Board is responsible for setting and monitoring group strategy, reviewing budgets and financial performance, ensuring adequate funding, examining

major portfolio management matters, formulating policy on key issues and reporting to the shareholders.

The Board was strengthened by the appointment in 2022 of Mary Jo Jacobi and Diogo da Silveira as independent non-executive directors. Mary Jo Jacobi is a leader of the ESG movement and will oversee the Company's ESG program, and has a wealth of relevant industry and government experience. Diogo da Silveira is a highly experienced business leader with extensive experience in Portugal and Europe.

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 continue to review the effectiveness of the procedures presently in place to ensure that they are appropriate to the nature and scale of the operations of the Group.

The Audit and Risk Committee

The Audit and Risk Committee comprises of three Non-Executive Directors – Manohar Shenoy (who chairs the Committee), Mary Jo Jacobi and Diogo da Silveira.

The Committee's key responsibilities with respect to audit are 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. It also reviews the Group's annual and interim Financial Statements before submission to the Board for approval.

The Committee's key responsibilities with respect to risk are supporting the Board in its assessment of enterprise risk and the determination of risk appetite as part of the overall setting of strategy for the Group. It also assists the Board in its oversight of the Group's risk management framework including monitoring its effectiveness. The Group operates a Risk Register, with the intention of allowing risks to be identified, tracked and addressed in order to mitigate any potential damage to the Group or its businesses. The Committee facilitates the management of the Risk Register, in conjunction with the Board, senior managers and appropriate professional advisers. The Committee also reviews any items reported under the Company's Code of Conduct and whistleblowing procedure.

CORPORATE GOVERNANCE STATEMENT

In 2022 Internal Audit reviews were completed for UK and Portugal operating entities, and the results of the tests demonstrated that controls were adequate to the nature and scale of the operations of the entities, and no material instances of noncompliance were noted.

The Remuneration Committee

The Remuneration Committee comprises of three Non-Executive Directors – James Leahy (who chairs the Committee), Manohar Shenoy, and Diogo da Silveira. It is responsible for reviewing the performance of the executive Directors and for setting the scale and structure of their remuneration, paying due regard to the interests of shareholders as a whole and the performance of the Group. The remuneration of the Chairman and any non-executive Director is determined by the Board as a whole, based on a review of the current practices in other companies.

In 2022 the Remuneration Committee, supported by the Company's Remuneration Adviser, Alvarez and Marsal, led the review for the fee setting for Dale Ferguson's temporary increase for the Interim CEO role.

AIM Rule Compliance Committee

The AIM Rule Compliance Committee comprises one non-executive and one executive Director – Matthew King (who chairs the Committee) and Dale Ferguson, the CEO. It is responsible for ensuring that resources and procedures are in place to ensure the Company is at all times in compliance with the AIM Rules for Companies and the Market Abuse Regulations. The Committee is responsible for the Company's Corporate Governance Code management. The Committee is also responsible for ensuring that the executive Directors and Management are communicating effectively with the Company's Nominated Adviser.

Furthermore, the Committee is responsible for monitoring the Company's compliance with the Market Abuse Regulations.

Nominations Committee

The Nominations Committee, established in February 2021, comprises three non-executive Directors – Matthew King (who chairs the Committee), Mary Jo Jacobi and Imad Sultan. It is responsible for reviewing the structure, size, and composition of the Board of Directors, giving consideration to succession planning for Directors and senior executives, and identifying and nominating candidates for the approval of the Board as required. It is also responsible for monitoring the performance of the Board of Directors.

The Nomination Committee played an instrumental role in the changes to the Board Composition in 2022, which saw the Board strengthened by the addition of Mary Jo Jacobi who has extensive ESG experience and Diogo da Silveira who is a Portuguese business heavyweight.

Anti-Bribery and Corruption

It is the Group'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 Group 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 necessary controls and procedures required in order to comply with the UK Bribery Act 2010 were updated by the Board in 2021 and will continue to be monitored for appropriateness and effectiveness.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Report of the Directors and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors are required to prepare the Group and Company Financial Statements in accordance with UK adopted international accounting standards. 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.

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 UK adopted international accounting standards, subject to any material departures disclosed and explained in the Financial Statements; and
- 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 (www.savannahresources.com) 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

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards 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.

We have audited the financial statements of Savannah Resources Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements concerning the Group's and the Parent Company's ability to continue as a going concern. As stated in note 1 depending on the outcome of the Environmental Impact Declaration (DIA), the group may be required to raise additional finance in the forecast period to fund the Definitive Feasibility Study (DFS) and the Environmental Compliance Report of the Execution Project (RECAPE). Due to the lack of any binding agreements to raise additional funds, there can be no certainty that the additional funding required by the Group and the Parent Company will be secured within the necessary timescale. As stated in note 1 these events or conditions, along with the other matters set out in note 1 indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

For the reasons set out above and based on our risk assessment, going concern was determined to be a key audit matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and in response to the key audit matter included:

- Assessing the reasonableness of Directors' forecast expenditure for a period of at least twelve months from the date of approval of the financial statements by reference to Directors' budgeted activity and actual expenditure in 2022.

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

- Agreeing the current cash resources to supporting documentation.
- Considering the impact on the cashflow forecasts should the DIA be granted or not granted and confirming whether liquidity is maintained under such scenarios.
- Considering the mitigating actions available to management such as deferring uncommitted capital expenditure on the Barroso Lithium Project and confirming whether these are reasonable and within management's control.
- Reviewing the adequacy and consistency of the disclosures within the financial statements in respect of going concern with the Directors assessment including the key judgements made by the Directors.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	94% (2021: 100%) of Group profit before tax 100% (2021: 100%) of Group total assets		
Key audit matters		2022	2021
	Carrying value of the Exploration and Evaluation assets	✓	✓
	Going concern	✓	x
Materiality	Group financial statements as a whole £390,000 (2021: £430,000) based on 1.5% (2021: 1.5%) of total assets		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Our Group audit scope focused on the Group's principal operating location being the Barroso Lithium Project in Portugal held in Savannah Lithium Unipessoal Lda, and the Parent Company, both of which were subject to full scope audits. These represent the significant components of the Group.

The remaining components of the Group were considered non-significant and the financial information of these components were principally subject to analytical review procedures by the Group engagement team, together with additional detailed testing over UK components subject to a statutory audit where applicable.

The Group engagement team performed the audit of the Parent Company and the Portuguese component, Savannah Lithium Unipessoal Lda, was audited by a BDO network member firm in Portugal.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Detailed Group reporting instructions were sent to the component auditor, which included the significant areas to be covered by the audit (including areas that were considered to be key audit matters as detailed below), and set out the information required to be reported to the Group audit team.

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

- The Group audit team was actively involved in the direction of the audit performed by the component auditor for the Group reporting purposes along with the consideration of findings and determination of conclusions drawn.
- The Group audit team reviewed the component auditor's work papers remotely, including review of group reporting documents and engaged with the component auditor regularly during their fieldwork and completion phases.
- The Group audit team performed procedures in respect of the significant risk areas that represented Key Audit Matters in addition to the procedures performed by the component auditor.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. In addition to the matter described in the Material uncertainty related to going concern section of our report, we have determined the matter described below to be the key audit matter to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Carrying value of the Exploration and Evaluation Assets (notes 1 and 8)

The Group holds one exploration and evaluation asset being the Barroso Lithium Project in Portugal. Accounting standards require Management to carry out an assessment at least annually for any indicators of impairment. This requires significant management judgement, which is explained in the section on key judgements relating to the Carrying value of Exploration and Evaluation Assets in note 1 to the financial statements. Therefore we considered this to be a key audit matter.

How the scope of our audit addressed the key audit matter

We reviewed and assessed whether Management's assessment was performed in accordance with the requirements of IFRS 6. We challenged Management's assessment of the indicators of impairment of the Barroso Lithium Project in Portugal, by performing the following procedures:

- We agreed management's assessment to third party supporting documentation where applicable, including:
 - Scoping studies,
 - Exploration and mining licence permits,
 - The revised Environmental Impact Assessment submitted by the Group to Portugal's environmental regulator.
- We reviewed the Group's Mina do Barroso mining licence which expires in 2036 and has a 20 years' extension available. We checked compliance with licence terms through inspecting supporting documents.
- We reviewed Management's plans and budgets to establish whether the Group is committed to the development of the project and that substantive expenditure on further exploration and evaluation of mineral resources in the area is budgeted and planned. We checked consistency of these with the Going concern forecasts.
- We considered whether the asset would be commercially viable with reference to the future lithium prices as per forecasts by Consensus Economics.
- We reviewed RNS announcements, minutes from the meetings of Directors and news articles to check whether there were any other potential impairment indicators.

Key observations:

We consider the judgements made in the impairment indicators assessment of Exploration and Evaluation Assets prepared by Management to be reasonable.

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Materiality	390	430	310	340
Basis for determining materiality	1.5% of total assets		79% of Group materiality	
Rationale for the benchmark applied	We considered total assets to be the most significant determinant of the Group's financial performance for users of the financial statements as the Group continues to bring its mining assets through to production.		Capped at a percentage of Group materiality taking into account our assessment of component aggregation risk.	
Performance materiality	293	322	233	255
Basis for determining performance materiality	75% of materiality considering the nature of activities and expected total value of known and likely misstatements, based on past experience.			

Component materiality

Materiality for the Parent Company is set out above. Materiality for the second significant component, Savannah Lithium Unipessoal Lda, was based on a percentage of 69% (2021: 69%) of Group materiality and amounted to £270,000 (2021: £300,000). We further applied performance materiality levels of 75% (2021: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £7,800 (2021: £8,600). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

Responsibilities of Directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and Parent Company and the industry in which they operate;

- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's and Parent Company's policies and procedures regarding compliance with laws and regulations,

we considered the significant laws and regulations to be the applicable accounting framework, the Companies Act 2006, Corporate tax and VAT legislation, Employment Taxes, Health and Safety and the Bribery Act 2010.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit to assist with assessing the Group's and Parent Company's compliance with applicable tax legislation;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Directing the component auditor's work to ensure an assessment is performed on the extent of the component's compliance with the relevant local and regulatory framework.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's and Parent Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and areas of judgement due to level of subjectivity involved with them.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Reviewing the Group's year end adjusting entries, consolidation entries and investigating any that appear unusual as to nature or amount by agreeing to supporting documentation; and
- Assessing significant estimates made by management for bias (refer to Carrying value of the Exploration and Evaluation Assets key audit matter).

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component engagement teams who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected

in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Peter Acloque (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 4 April 2023

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 2022

	Notes	2022 £	2021 £
CONTINUING OPERATIONS			
Revenue		–	–
Other Income		–	–
Administrative Expenses		(3,531,894)	(3,305,649)
Foreign Exchange Gain/(Loss)		814,468	(213,088)
OPERATING LOSS		(2,717,426)	(3,518,737)
Finance Income		34,695	671
Finance Costs		(265)	(139)
LOSS FROM CONTINUING OPERATIONS BEFORE TAX	4	(2,682,996)	(3,518,205)
Tax expense		–	–
LOSS FROM CONTINUING OPERATIONS AFTER TAX		(2,682,996)	(3,518,205)
(LOSS)/GAIN ON DISCONTINUED OPERATIONS NET OF TAX	24	(176,396)	2,371
LOSS AFTER TAX ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT		(2,859,392)	(3,515,834)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Net change in Fair Value Through Other Comprehensive Income of Equity Investments		(19,598)	82,006
Items that will or may be reclassified to profit or loss:			
Exchange Gains arising on translation of foreign operations		665,656	154,815
OTHER COMPREHENSIVE INCOME FOR THE YEAR		646,058	236,821
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT		(2,213,334)	(3,279,013)
Loss per share attributable to equity owners of the parent expressed in pence per share:			
Basic and diluted			
From Operations	7	(0.17)	(0.22)
From Continued Operations	7	(0.16)	(0.22)
From Discontinued Operations	7	(0.01)	0.00

The Notes form part of these Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	Notes	2022 £	2021 £
ASSETS			
NON-CURRENT ASSETS			
Intangible Assets	8	16,459,599	14,137,817
Right-of-Use Assets	21	17,627	5,390
Property, Plant and Equipment	9	1,583,944	676,536
Other Receivables	13	454,651	–
Other Non-Current Assets	15	77,667	69,542
TOTAL NON-CURRENT ASSETS		18,593,488	14,889,285
CURRENT ASSETS			
Equity instruments at FVTOCI	11	11,977	31,575
Trade and Other Receivables	13	560,060	962,058
Other Current Assets	15	1,036	19,300
Cash and Cash Equivalents	14	7,202,334	13,002,084
TOTAL CURRENT ASSETS		7,775,407	14,015,017
TOTAL ASSETS		26,368,895	28,904,302
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share Capital	16	16,889,598	16,889,598
Share Premium		41,693,178	41,693,178
Merger Reserve		6,683,000	6,683,000
Foreign Currency Reserve		626,930	(38,726)
Share Based Payment Reserve	23	403,749	305,095
FVTOCI Reserve		(41,035)	(21,437)
Retained Earnings		(40,999,879)	(38,284,665)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		25,255,541	27,226,043
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease Liabilities	21	12,263	–
TOTAL NON-CURRENT LIABILITIES		12,263	–
CURRENT LIABILITIES			
Lease Liabilities	21	5,364	1,132
Trade and Other Payables	17	1,085,778	1,677,127
Other Current Liabilities		9,949	–
TOTAL CURRENT LIABILITIES		1,101,091	1,678,259
TOTAL LIABILITIES		1,113,354	1,678,259
TOTAL EQUITY AND LIABILITIES		26,368,895	28,904,302

The Financial Statements were approved and authorised for issue by the Board of Directors on 4 April 2023 and were signed on its behalf by:

Dale Ferguson
Chief Executive Officer
Company number: 07307107

The Notes form part of these Financial Statements

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

ASSETS	Notes	2022 £	2021 £
NON-CURRENT ASSETS			
Investments in Subsidiaries	10	333,740	333,831
Other Receivables	13	31,877,211	26,184,402
Other Non-Current Assets	15	6,776	6,776
TOTAL NON-CURRENT ASSETS		32,217,727	26,525,009
CURRENT ASSETS			
Equity instruments at FVTOCI	11	11,977	31,575
Trade and Other Receivables	13	238,189	207,129
Cash and Cash Equivalents	14	6,241,356	11,085,944
TOTAL CURRENT ASSETS		6,491,522	11,324,648
TOTAL ASSETS		38,709,249	37,849,657
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share Capital	16	16,889,598	16,889,598
Share Premium		41,693,178	41,693,178
Merger Reserve		6,683,000	6,683,000
Share Based Payment Reserve	23	403,749	305,095
FVTOCI Reserve		(41,035)	(21,437)
Retained Earnings		(27,442,644)	(28,707,640)
TOTAL EQUITY		38,185,846	36,841,794
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	17	523,403	1,007,863
TOTAL LIABILITIES		523,403	1,007,863
TOTAL EQUITY AND LIABILITIES		38,709,249	37,849,657

The Company total comprehensive income for the financial year was £1,101,220 (2021: loss £7,851,723) (Note 6).

The Financial Statements were approved and authorised for issue by the Board of Directors on 4 April 2023 and were signed on its behalf by:

Dale Ferguson

Chief Executive Officer

Company number: 07307107

The Notes form part of these Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	Share Capital £	Share Premium £	Merger Reserve £	Foreign Currency Reserve £	Warrant Reserve £	Share Based Payment Reserve £	FVTOCI Reserve £	Retained Earnings £	Total Equity £
At 1 January 2021	14,309,910	34,474,884	6,683,000	(193,541)	12,157	393,865	276,712	(35,450,713)	20,506,274
Loss for the year	-	-	-	-	-	-	-	(3,515,834)	(3,515,834)
Other Comprehensive Income	-	-	-	154,815	-	-	82,006	-	236,821
Total Comprehensive Income for the year	-	-	-	154,815	-	-	82,006	(3,515,834)	(3,279,013)
Issue of Share Capital (net of expenses)	2,579,688	7,218,294	-	-	-	-	-	-	9,797,982
Share based payment charges	-	-	-	-	-	200,800	-	-	200,800
Lapse of options	-	-	-	-	-	(289,570)	-	289,570	-
Lapse of warrants	-	-	-	-	(12,157)	-	-	12,157	-
Disposal of FVTOCI investments	-	-	-	-	-	-	(380,155)	380,155	-
At 31 December 2021	16,889,598	41,693,178	6,683,000	(38,726)	-	305,095	(21,437)	(38,284,665)	27,226,043
Loss for the year	-	-	-	-	-	-	-	(2,859,392)	(2,859,392)
Other Comprehensive Income	-	-	-	665,656	-	-	(19,598)	-	646,058
Total Comprehensive Income for the year	-	-	-	665,656	-	-	(19,598)	(2,859,392)	(2,213,334)
Share based payment charges	-	-	-	-	-	242,832	-	-	242,832
Lapse of options	-	-	-	-	-	(144,178)	-	144,178	-
At 31 December 2022	16,889,598	41,693,178	6,683,000	626,930	-	403,749	(41,035)	(40,999,879)	25,255,541

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 less costs of fundraising.
Merger Reserve	Amounts subscribed for share capital in excess of nominal value in respect of the consideration paid in an acquisition arrangement, when the issuing company takes its interest in another company from below 90% to 90% or above equity holding.
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 asset acquired and share options granted by Savannah Resources Plc, less transfers to retained losses in respect of options exercised, lapsed and forfeited.
FVTOCI Reserve	Cumulative changes in fair value of equity investments classified at fair value through other comprehensive income (FVTOCI).
Retained Earnings	Cumulative net gains and losses recognised in the Consolidated Statement of Comprehensive Income and other transactions recognised directly in Retained Earnings.

The Notes form part of these Financial Statements

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	Share Capital £	Share Premium £	Merger Reserve £	Warrant Reserve £	Share Based Payment Reserve £	FVTOCI Reserve £	Retained Earnings £	Total Equity £
At 1 January 2021	14,309,910	34,474,884	6,683,000	12,157	393,865	276,712	(21,455,793)	34,694,735
Loss for the year	–	–	–	–	–	–	(7,933,729)	(7,933,729)
Other Comprehensive Income	–	–	–	–	–	82,006	–	82,006
Total Comprehensive Income for the year	–	–	–	–	–	82,006	(7,933,729)	(7,851,723)
Issue of Share Capital (net of expenses)	2,579,688	7,218,294	–	–	–	–	–	9,797,982
Share based payment charges	–	–	–	–	200,800	–	–	200,800
Lapse of options	–	–	–	–	(289,570)	–	289,570	–
Lapse of warrants	–	–	–	(12,157)	–	–	12,157	–
Disposal of FVTOCI investments	–	–	–	–	–	(380,155)	380,155	–
At 31 December 2021	16,889,598	41,693,178	6,683,000	–	305,095	(21,437)	(28,707,640)	36,841,794
Profit for the year	–	–	–	–	–	–	1,120,818	1,120,818
Other Comprehensive Income	–	–	–	–	–	(19,598)	–	(19,598)
Total Comprehensive Income for the year	–	–	–	–	–	(19,598)	1,120,818	1,101,220
Share based payment charges	–	–	–	–	242,832	–	–	242,832
Lapse of options	–	–	–	–	(144,178)	–	144,178	–
At 31 December 2022	16,889,598	41,693,178	6,683,000	–	403,749	(41,035)	(27,442,644)	38,185,846

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 less costs of fundraising.
Merger Reserve	Amounts subscribed for share capital in excess of nominal value in respect of the consideration paid in an acquisition arrangement, when the issuing company takes its interest in another company from below 90% to 90% or above equity holding.
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 asset acquired and share options granted by Savannah Resources Plc, less transfers to retained losses in respect of options exercised, lapsed and forfeited.
FVTOCI Reserve	Cumulative changes in fair value of equity investments classified at fair value through other comprehensive income (FVTOCI).
Retained Earnings	Cumulative net gains and losses recognised in the Consolidated Statement of Comprehensive Income and other transactions recognised directly in Retained Earnings.

The Notes form part of these Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

	Notes	2022 £	2021 £
Cash flows used in operating activities			
Loss for the year		(2,859,392)	(3,515,834)
Depreciation and amortisation charges	9, 21	23,456	35,369
Impairment of Other Assets		–	5,948
Share based payment charge	4, 23	242,832	200,800
Finance Income		(34,695)	(671)
Finance Costs		265	139
Foreign Exchange (Gains)/Losses	4	(858,679)	213,088
Gain on relinquishment of the rights and obligations of discontinued operations		–	(627,078)
Cash flow used in operating activities before changes in working capital			
		(3,486,213)	(3,688,239)
Increase in Trade and Other receivables		(78,217)	(267,267)
(Decrease)/Increase in Trade and Other Payables		(538,972)	451,801
Net cash used in operating activities		(4,103,402)	(3,503,705)
Cash flow used in investing activities			
Purchase of Intangible Exploration Assets	8	(1,771,821)	(1,603,208)
Purchase of Right-of-Use Assets		–	(798)
Purchase of Tangible Fixed Assets	9	(852,127)	(633,090)
Proceeds from sale of Investments	11	–	654,347
Interest received		28,438	671
Proceeds from relinquishment of the rights and obligations of discontinued operations	24	89,981	6,506,852
Net cash (used in)/from investing activities		(2,505,529)	4,924,774
Cash flow from financing activities			
Proceeds from issues of ordinary shares (net of expenses)	16	–	9,797,982
Proceeds from exercise of share options	16	–	–
Principal paid on Lease Liabilities	21	(5,022)	(11,607)
Interest paid on Lease Liabilities	21	(265)	(139)
Net cash (used in)/from financing activities		(5,287)	9,786,236
(Decrease)/Increase in Cash and Cash Equivalents		(6,614,218)	11,207,305
Cash and Cash Equivalents at beginning of year	14	13,002,084	2,000,209
Exchange gains/(losses) on Cash and Cash Equivalents		814,468	(205,430)
Cash and Cash Equivalents at end of year	14	7,202,334	13,002,084

The Notes form part of these Financial Statements

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

	Notes	2022 £	2021 £
Cash flows used in operating activities			
Gain/(loss) for the year		1,120,818	(7,933,729)
Impairment Investment in Subsidiaries	10	17,821	–
Impairment of Financial Assets		102,988	39,215
Impairment of Other Assets		–	5,948
Share based payment reserve charge	4, 23	242,832	200,800
Dividends Income	4	(811,572)	–
Finance Income		(34,695)	(671)
Foreign Exchange (Gains)/Losses		(2,274,357)	1,756,702
Loss on relinquishment of the rights and obligations of discontinued operations		–	4,439,229
Cash flow used in operating activities before changes in working capital		(1,636,165)	(1,492,506)
Decrease/(Increase) in Trade and Other Receivables		168,209	(181,160)
(Decrease)/Increase in Trade and Other Payables		(488,024)	34,184
Net cash used in operating activities		(1,955,980)	(1,639,482)
Cash flow used in investing activities			
Loans to subsidiaries		(5,204,762)	(4,784,700)
Proceeds from repayment of loans to subsidiaries		799,772	6,014,021
Proceeds from sale of Investments	11	–	654,347
Proceeds from dividends from subsidiaries	4	811,572	–
Interest received		28,438	671
Net cash (used in)/from investing activities		(3,564,980)	1,884,339
Cash flow from financing activities			
Proceeds from issues of ordinary shares (net of expenses)	16	–	9,797,982
Net cash from financing activities		–	9,797,982
(Decrease)/Increase in Cash and Cash Equivalents		(5,520,960)	10,042,839
Cash and Cash Equivalents at beginning of year	14	11,085,944	1,237,876
Exchange gains/(losses) on Cash and Cash Equivalents		676,372	(194,771)
Cash and Cash Equivalents at end of year	14	6,241,356	11,085,944

The Notes form part of these Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

1. ACCOUNTING POLICIES

Basis of Preparation

These Consolidated Financial Statements and the Company Financial Statements have been prepared in accordance with UK adopted international accounting standards. The Consolidated Financial Statements and the Company Financial Statements have been prepared under the historical cost convention with the exception of FVTOCI investments.

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

In common with many mineral exploration companies, the Company has in the past raised equity to fund its exploration activities and to date has not earned any revenues from its exploration projects.

The Directors have prepared cash flow forecasts for the period to September 2024. This indicates that if the Barroso Lithium Project's Environmental Impact Statement ('DIA') is granted, additional funding will be required in late 2023 in order to fund the work on the DFS and Environmental Compliance Report of the Execution Project ('RECAPE'). The Directors believe that following the granting of the DIA the Group's Barroso Lithium Project would be attractive to investors and are confident that funding for the DFS and RECAPE would be obtained through options which may include equity, strategic partnership or offtake, in what are currently buoyant market conditions in the lithium market.

In the event that the DIA is not granted, a review of options would be undertaken to determine the most appropriate course of action. In this circumstance, the Group and Company has sufficient funding to cover its corporate overhead for at least 12 months from the date of approval of the Financial Statements.

While the Company has been successful at raising equity finance in the past, and while the Directors are confident of raising additional funding should it be required, their ability to do this is not completely within their control and the lack of a binding agreement means there can be no certainty that the additional funding required by the Group and the Company will be secured within the necessary timescale. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as a Going Concern, and its ability to realise its assets and discharge its liabilities in the normal course of business. The Financial Statements do not include any adjustments that would result if the Group and Company were unable to continue as a going concern.

Basis of Consolidation

Where the company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The Group accounts consolidate the accounts of Savannah Resources Plc and its domestic and foreign subsidiaries, refer to Note 10. The foreign subsidiaries have been consolidated in accordance with IFRS 10 'Consolidated Financial Statements' and IAS 21 'The effects of Foreign Exchange Rates'.

The consolidated Financial Statements present the results of the Company and its subsidiaries ('the Group') as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

1. ACCOUNTING POLICIES continued

Equity Investments

Equity Investments, excluding subsidiaries, are classified at fair value through other comprehensive income (FVTOCI). They are carried at fair value with changes in fair value recognised in Other Comprehensive Income and accumulated in the Fair Value Through Other Comprehensive Income Reserve. Upon disposal any balance within Fair Value Through Other Comprehensive Income Reserve is reclassified directly to Retained Earnings and is not reclassified to the Statement of Comprehensive Income.

All equity investments, excluding subsidiaries, held are quoted and traded in an active market. The change in market value represents the fair value of shares held at the reporting date less the cost or fair value at the start of the financial year.

An impairment is recognised for equity investments where there is a significant and sustained decrease in the market value of the investment.

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 Statement of Financial Position of the parent company.

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. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

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, on the basis the average rate is a reasonable approximation of the spot rates throughout the year, and the Statement of Financial Position 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

Exploration and Evaluation Assets

Once an exploration / mining licence or an option to acquire an exploration / mining 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. Where a licence is relinquished, a project is abandoned, or is considered to be of no further commercial value to the Group, the related costs will be written off.

Unevaluated mineral properties are assessed annually at reporting date for indicators of impairment in accordance with IFRS 6. For the purposes of assessing indicators of impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units) as disclosed in Note 8.

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, and subsequently amortised over the estimated life of the commercial ore reserves on a unit of production basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

1. ACCOUNTING POLICIES continued

Acquisitions of Mineral Exploration Licences

Acquisitions of Mineral Exploration Licences through acquisition of non-operational corporate structures that do not represent a business, and therefore do not meet the definition of a business combination, are accounted for as the acquisition of an asset. Related future cash consideration is contingent and is not recognised as an asset or liability.

Property, Plant and Equipment

Tangible Non-Current Assets used in exploration and evaluation and land are classified within Tangible Non-Current Assets as Property, Plant and Equipment and are initially recognised at cost. 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.

Depreciation is provided on all items of Property, Plant and Equipment, except land, 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	1 – 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

Trade and Other Receivables

These assets arise principally from the provision of goods and services to customers (e.g., trade receivables), but also incorporate other types of Financial Assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. 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.

Under IFRS 9, impairment provisions are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the Financial Asset. For those where the credit risk has not increased significantly since initial recognition of the Financial Asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group derecognises a Financial Asset only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity.

There is no significant difference between carrying value and fair value of Trade and Other Receivables.

Cash and Cash Equivalents

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.

Bank Deposits

Bank Deposits represents deposits that are not expected to be converted into cash within less than a year and therefore are classified as Non-Current Assets. Bank Deposits are measured at cost, less any impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

1. ACCOUNTING POLICIES continued

Guarantees

Guarantees represents deposits held as security required by the local mining / environmental authorities in relation to exploration / mining licences and applications thereof. They are not expected to be converted into cash within less than a year and therefore are classified as Other Non-Current Assets and considered restricted assets. Guarantees are measured at cost, less any impairment.

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.

Financial Liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or has expired. When a Financial Liability is derecognised, the cumulative gain or loss in equity (if any) is transferred to the Consolidated Statement of Comprehensive Income.

There is no significant difference between the carrying value and fair value of Other Liabilities.

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 temporary 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.

Leases

All leases are accounted for by recognising a Right-of-Use Asset and a Lease Liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease Liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the Lease Liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of Use Assets are initially measured at the amount of the Lease Liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

1. ACCOUNTING POLICIES continued

Subsequent to initial measurement Lease Liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-Use Assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Amounts payable for leases covered by the short-term exemption 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 fair value of goods and services received is recognised in either the Statement of Comprehensive Income or the Statement of Financial Position in accordance with the Group's relevant accounting policies. Where it is not possible to reliably value the goods or services received, the fair value is measured by valuing the equity instruments granted using an option pricing model. The probability of non-vesting conditions being satisfied are included in the fair value recognised at the measurement date.

On lapse of the share options and warrants the cumulative fair value registered in the Share Based Payment Reserve and Warrant Reserve respectively is transferred to Retained Earnings.

Non-Current Assets Held for Sale and Discontinued Operations

Non-Current Assets Held for Sale

Non-Current Assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-Current Assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Discontinued Operations

The results of operations disposed during the year are included in the Consolidated Statement of Comprehensive Income up to the date of disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

1. ACCOUNTING POLICIES continued

A discontinued operation is a component of the Group's business that represents a separate major line of business that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the Consolidated Statement of Comprehensive Income as a single line which comprises the Post-Tax Profit or Loss of the discontinued operation along with the Post-Tax Gain or Loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

Contingent Consideration

The Group measures Contingent Consideration at the date of disposal at fair value and recognises the relevant Financial Asset. The Group measures the Contingent Consideration at fair value at each reporting date and changes in fair value are recognised in profit and loss.

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 judgements are set out below:

(a) *Going concern*

In determining the Group's ability to continue as a going concern the Directors consider a number of factors including cashflow forecasts prepared by Management. The detail of these factors are set out in Note 1 Going Concern heading.

(b) *Exploration and evaluation costs*

The 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 Group has a policy of capitalising all costs which relate directly to exploration and evaluation costs (as set out above). The total value of exploration and evaluation costs capitalised as at each of the reporting dates is set out in Note 8. When the Group has applied for exploration and mining licences and these have not been granted at the reporting date the Management apply judgement in determining if this should be considered as an impairment indicator. Management takes into account historic information about the timing of granting licences by the relevant ministers and governments, and the information provided by the Group's local teams based on communications with these bodies.

(c) *Carrying value of Exploration and Evaluation Assets*

The 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. Further details are set out in Note 8.

(d) *Impairment of Amounts due from Subsidiaries*

When applying the expected credit loss model under IFRS 9 Management apply judgement to evaluate if there was a significant increase in the credit risk of the loans since initial recognition to determine the stage of these loans to conclude if need to be calculated the 12-months expected credit losses or the lifetime expected credit losses. To calculate the expected credit losses Management apply judgement to define several scenarios and their likelihood with the expected cash flows associated to the recovery of the loans, which are compared with the present value of the loans to calculate the expected credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

1. ACCOUNTING POLICIES continued

(e) Fair Value Consideration of Disposed Operations

The Management applied judgement in the calculation of the fair value of the contingent consideration received on disposal of the Omani Operations in 2020. The Management defined several scenarios and their likelihoods with the expected cash flows associated to the recovery of the third-party loan and amounts receivable from the royalty rights. This evaluation is reviewed in a yearly basis. There has not been changes during 2022 affecting the conclusion from prior year and the fair value is still nil.

Accounting Developments During 2022

The accounting policies adopted are consistent with those of the previous financial year. New standards and amendments to IFRS effective as of 1 January 2022 have been reviewed by the Group and there has been no material impact on the Financial Statements as a result of these standards and amendments.

Accounting Developments Not Yet Effective

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the Group has decided not to adopt early. The Group is currently assessing the impact of these new accounting standards and amendments and does not expect a material impact on the Group Financial Statements.

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 and development in Portugal, headquarter and corporate costs, the Company's third party investments and the discontinued operation in Mozambique.

Based on the Group's current stage of development there are no external revenues associated to the segments detailed below. For exploration and development in Portugal and the discontinued operation in 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 Investments, this is calculated by analysis of the specific related investment instruments. Recharges between segments are at cost (although a transfer pricing markup is required) and included in each segment below. Intercompany loans are eliminated to zero and not included in each segment below.

	Discontinued Operation		HQ and corporate	Investments	Elimination	Total
	Mozambique Mineral Sands	Portugal Lithium				
	£	£	£	£	£	£
2022						
Revenue ¹	–	1,908,637 ²	971,582	–	(2,880,219)	–
Finance Costs	–	(265)	–	–	–	(265)
Interest Income	–	–	34,695	–	–	34,695
Share based payments	–	–	242,832	–	–	242,832
Gain/(Loss) for the year	(176,396)	(1,661,876)	(1,021,120)	–	–	(2,859,392)
Total Assets	607,124	18,575,420	7,174,374	11,977	–	26,368,895
Total Non-Current Assets	456,490	18,130,222	6,776	–	–	18,593,488
Additions to Non-Current Assets	454,651	2,667,514	–	–	–	3,122,165
Total Current Assets	150,635	445,197	7,167,598	11,977	–	7,775,407
Total Liabilities	(111,567)	(326,564)	(675,223)	–	–	(1,113,354)

¹ Revenues included the intercompany recharges within the Group which are eliminated.

² Included in the Portugal Lithium segment is £1,908,637 (2021: £1,654,567) relating to intercompany recharges within this segment and therefore eliminated in Elimination column.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

2. SEGMENTAL REPORTING continued

	Discontinued Operation Mozambique		HQ and corporate	Investments	Elimination	Total
	Mineral Sands	Portugal Lithium				
	£	£	£	£	£	£
2021						
Revenue ¹	–	1,654,567 ²	1,032,274	–	(2,686,841)	–
Impairment of Other Assets	–	–	(5,948)	–	–	(5,948)
Finance Costs	–	(139)	–	–	–	(139)
Interest Income	–	–	671	–	–	671
Share based payments	–	–	(200,800)	–	–	(200,800)
Gain/(Loss) for the year	2,371	(1,643,426)	(1,874,779)	–	–	(3,515,834)
Total Assets	676,357	15,487,686	12,708,684	31,575	–	28,904,302
Total Non-Current Assets	1,483	14,881,026	6,776	–	–	14,889,285
Additions to Non-Current Assets	–	1,891,109	–	–	–	1,891,109
Total Current Assets	674,874	606,660	12,701,908	31,575	–	14,015,017
Total Liabilities	(130,940)	(299,648)	(1,247,671)	–	–	(1,678,259)

¹ Revenues included the intercompany recharges within the Group which are eliminated.

² Included in the Portugal Lithium segment is £1,908,637 (2021: £1,654,567) relating to intercompany recharges within this segment and therefore eliminated in Elimination column.

3. EMPLOYEES AND DIRECTORS

The average monthly number of employees (including Directors that receive remuneration) during the year was as follows:

	Group		Company	
	2022 No	2021 No	2022 No	2021 No
Operational	4	28	1	1
Non-operational	13	18	6	7
	17	46	7	8

The reduction in the number of employees from 2021 to 2022 relates mainly to the transfer of employees to Rio Tinto as part of the termination of the Consortium Agreement in December 2021 (Note 24).

Staff Costs (excluding Directors)	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Salaries	990,123	1,248,268	494,875	484,426
Bonus	80,663 ¹	245,549 ¹	49,305 ¹	112,196 ¹
Social security and other employee expenses	136,784	179,784	69,235	74,545
Pension	54,372	58,056	54,372	58,056
Share based payment expense (Note 23)	124,804	93,195	124,804	93,195
	1,386,746	1,824,852	792,591	822,418

¹ Bonuses unpaid as at 31 December 2022 and 31 December 2021

The Group numbers in the above table includes £165,311 (2021: £245,799) which was capitalised as an exploration and evaluation asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

3. EMPLOYEES AND DIRECTORS continued

Directors' Remuneration	2022 £	2021 £
Salaries	556,633	564,837
Bonus	16,274 ¹	206,556 ¹
Social security and taxes	38,717	70,484
Pension	16,525	43,400
Share based payment expense	94,629	86,854
	722,778	972,131

¹ Bonuses unpaid as at 31 December 2022 and 31 December 2021

The numbers in the above table include £144,462 (2021: £181,854) of Directors' Remuneration which was capitalised as an Intangible Asset in relation to the provision of specific technical services.

The Directors' remuneration is paid by the Company. Details of the Director's remunerations are disclosed in the Remuneration Report.

The Directors are considered to be the key management of the Group.

No share options were exercised during the financial year ended 31 December 2022 or 31 December 2021.

The highest paid director received remuneration of £257,716 and non-cash payments of £41,413.

4. LOSS BEFORE INCOME TAX

The Group loss before income tax is stated after charging:

	2022 £	2021 £
Depreciation and amortisation	23,456	35,369
Auditors' remuneration:		
– Statutory audit of the Group Financial Statements	76,115	65,178
– Non-audit services – tax services	26,314	24,348
– Non-audit services – liquidation and research services	15,643	–
Fees payable to associated firms of the auditor for audit of subsidiaries	20,312	19,473
Fees payable to associated firms of the auditor for non-audit services of subsidiaries – tax services	8,409	9,021
Fees payable to associated firms of the auditor for non-audit services of subsidiaries – research services	5,455	5,503
Professional fees	1,085,326	1,044,713
Foreign Exchange (Gain)/Loss	(814,468)	213,088
Short term lease payments (Note 21)	76,505	11,593
Share based payments (Note 23)	242,832	200,800

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

4. LOSS BEFORE INCOME TAX continued

The Company profit/(loss) before income tax is stated after charging:

	2022	2021
	£	£
Auditors' remuneration:		
– Statutory audit of the Group Financial Statements	76,115	65,178
– Non-audit services – tax services	26,314	24,348
– Non-audit services – liquidation and research services	15,643	–
Foreign Exchange (Gain)/Loss	(2,274,357)	1,756,702
Short term lease payments	59,000	–
Share based payments	242,832	200,800
Dividends from subsidiaries	(811,572)	–

5. INCOME TAX

Analysis of the Tax Charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2022 (2021: £25,717¹).

¹ In the previous year the comparative figure was stated as nil and following submission of definitive tax computations in 2022 for the year ended 31 December 2021 this has been updated.

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:

	2022	2021
	£	£
Loss on ordinary activities before tax	(2,859,392)	(3,515,834)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	(543,284)	(668,009)
Effects of:		
Expenses not deductible for tax purposes	164,020	1,280,750
Different tax rates applied in overseas jurisdictions	(39,277)	173,218
Tax losses carried forward	392,824	(785,959)
Corporation tax related to prior year	25,717	–
Total Income Tax	–	–

Deferred Tax

The Group has carried forward losses amounting to £14,559,034 as at 31 December 2022 (2021: £13,040,660²). 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.

² In the previous year the comparative figure was stated as £12,111,229 and following submission of definitive tax computations for the year ended 31 December 2021 has been updated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

5. INCOME TAX continued

Tax losses related to the subsidiaries in Mozambique can be carried forward for a 5 year period. Tax losses related to the subsidiaries in Portugal can be carried forward for a 14 year period for losses related to the 2017-2019 tax years and for a 12 year period for losses related to the 2020-2022 tax years. There is no expiry date for tax losses carried forward in the UK. The aging of the tax losses carried forward in Portugal and Mozambique is as follows:

Valid until	2022 £	2021 £
2022	–	388,564
2023	73,602	148,404
2024	333,945	298,979
2025	252,905	226,425
2026	1,655,049	1,481,760
2027	–	–
2028	–	–
2029	–	–
2030	22,733	21,562
2031	140,923	133,665
2032	469,772	445,575
2033	948,040	899,209
2032	1,118,598	1,060,981
2033	1,556,120	1,475,909
2034	1,666,189	–
No expiry date	6,321,159	6,459,628
Total	14,559,035	13,040,661

6. 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 Total Comprehensive Income for the financial year was £1,101,220 (2021: loss £7,851,723).

7. 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 and Investor Warrant are not considered dilutive because the exercise of these would have the effect of reducing the loss per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

7. EARNINGS PER SHARE continued

Reconciliations are set out below:

	2022	2021
	£	£
Basic Loss Per Share		
Losses attributable to ordinary shareholders:		
Total loss for the year	(2,859,392)	(3,515,834)
Total loss for the year from continuing operations	(2,682,996)	(3,518,205)
Total gain/ (loss) for the year from discontinued operations	(176,396)	2,371
Weighted average number of shares	1,688,959,820	1,609,019,120
Loss per share – total loss for the year	(0.00169)	(0.00219)
Loss per share – total loss for the year from continuing operations	(0.00159)	(0.00219)
Gain/(Loss) per share – total loss for the year from discontinued operations	(0.00010)	0.00000

8. INTANGIBLE ASSETS

	Exploration and Evaluation £
Cost	
At 1 January 2021	17,246,222
Additions	1,817,570
Disposal assets on relinquishment of rights and obligations	(4,702,323)
Foreign exchange movements	(223,652)
At 31 December 2021	14,137,817
Additions	1,731,323
Foreign exchange movements	590,459
At 31 December 2022	16,459,599
Amortisation and impairment	
At 1 January 2021	–
At 31 December 2021	–
At 31 December 2022	–
Net Book Value	
At 1 January 2021	17,246,222
At 31 December 2021	14,137,817
At 31 December 2022	16,459,599

In December 2021 a Deed of Termination was signed with Rio Tinto in relation to the Consortium Agreement signed in October 2016. Under this Deed of Termination, the rights and obligations provided to Savannah Group on Rio Tinto's licences under the Consortium Agreement were relinquished, and agreed that no exploration or development activities should be undertaken by any Savannah Group entity. Therefore, all Exploration and Evaluation Assets related to the Mozambique licences were registered as disposed.

The Exploration and Evaluation Assets referred to in the table above comprise expenditure in relation to exploration licences in Portugal. The Directors consider that for the purposes of assessing impairment, the above exploration and evaluation expenditure is allocated to the Portugal Lithium licences area, representing the Group's Cash Generating Units ('CGUs').

The Directors have reviewed the carrying value of the CGU and have not identified any indicators of impairment for the assets allocated to the licences in Portugal, and therefore there is no impairment charge in 2022 or 2021 for Portugal operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

9. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles £	Office Equipment £	Plant and Machinery £	Land £	Total £
Cost					
At 1 January 2021	58,226	32,414	991,887	56,337	1,138,864
Additions	–	22,126	–	610,964	633,090
Disposal assets on relinquishment of rights and obligations	–	(16,784)	(1,182,880)	–	(1,199,664)
Foreign exchange movements	(3,825)	(8)	190,993	(18,121)	169,039
At 31 December 2021	54,401	37,748	–	649,180	741,329
Additions	–	9,095	–	843,032	852,127
Foreign exchange movements	2,954	2,365	–	67,604	72,923
At 31 December 2022	57,355	49,208	–	1,559,816	1,666,379
Depreciation					
At 1 January 2021	35,868	30,279	99,189	–	165,336
Charge for year	11,959	7,359	107,136	–	126,454
Disposal assets on relinquishment of rights and obligations	–	(18,645)	(224,012)	–	(242,657)
Foreign exchange movements	(1,494)	(533)	17,687	–	15,660
At 31 December 2021	46,333	18,460	–	–	64,793
Charge for year	8,192	5,444	–	–	13,636
Foreign exchange movements	2,830	1,176	–	–	4,006
At 31 December 2022	57,355	25,080	–	–	82,435
Net Book Value					
At 1 January 2021	22,358	2,135	892,698	56,337	973,528
At 31 December 2021	8,068	19,288	–	649,180	676,536
At 31 December 2022	–	24,128	–	1,559,816	1,583,944

As consequence of the signature of the Deed of Termination with Rio Tinto in relation to the Consortium Agreement signed in October 2016 all property, plant and equipment related to the Mozambique licences were registered as disposed.

The additions in land reflect the land acquisition program that Savannah has in place in Portugal to acquire the land required for the future development of the Barroso Lithium project.

The above Property, Plant and Equipment is allocated to the Portugal Lithium operations, representing the Group's CGUs.

Management has evaluated the existence of impairment indicators of the Property, Plant and Equipment allocated to the licences area together with the impairment review performed for the Exploration and Evaluation Assets, and it has concluded that there are no indicators of impairment, and therefore there is no impairment charge in 2022 or 2021 for Portugal operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

10. INVESTMENT IN SUBSIDIARIES

Company

	Investment in subsidiaries £
Non-Current	
At 1 January 2021	621,582
Additions	–
Impairment charge	(30)
Disposal on relinquishment of rights and obligations	(287,721)
At 31 December 2021	333,831
Additions	17,730
Impairment charge	(17,821)
At 31 December 2022	333,740

The disposal on relinquishment of rights and obligations reflects the write-off of assets associated to the historical acquisition of the Mozambique project after the signing of the Deed of Termination with Rio Tinto.

During 2022 the Company impaired its investment in Savannah Lithium BV after the commencement of the liquidation process of this entity, which is expected to be completed in 2023.

The Company had the following subsidiary undertakings, either directly or indirectly, at 31 December 2022, which have been included in the Consolidated Financial Statements:

Subsidiary	Registered office	Nature of business	Class of share	% Holding
Savannah Advisory Services Limited ¹	United Kingdom ⁵	Holding Company	Ordinary	100%
AME East Africa Limited ¹	United Kingdom ⁵	Holding Company	Ordinary	100%
Matilda Minerals Limitada ³	Mozambique ⁶	Mining & exploration	Ordinary	100%
Panda Recursos Limitada ²	Mozambique ⁷	Mining & exploration	Ordinary	99.99%
African Mining & Exploration Limited ¹	United Kingdom ⁵	Dormant	Ordinary	100%
Savannah Resources Portugal B.V. ¹	Netherlands ⁸	Holding Company	Ordinary	100%
AME Portugal Pty Ltd ^{2, 12}	Australia ⁹	Holding Company	Ordinary	100%
Slipstream PORT Pty Ltd ^{2, 12}	Australia ⁹	Holding Company	Ordinary	100%
Savannah Lithium Unipessoal Limitada ^{2, 4}	Portugal ¹⁰	Mining & exploration	Ordinary	100%
Savannah Resources Lithium B.V. ^{1, 12}	Netherlands ⁸	Holding Company	Ordinary	100%
Savana Matinal – Mining, Unipessoal Limitada ²	Portugal ¹¹	Mining & exploration	Ordinary	100%

¹ Directly held by Savannah Resources Plc

² Indirectly held by Savannah Resources Plc

³ 99.99% Indirectly held by AME East Africa Limited and 0.01% Directly held by Savannah Resources Plc.

⁴ Formerly Slipstream Resources Portugal Limitada, and formerly Savannah Lithium Limitada

⁵ Salisbury House, London Wall, London, EC2M 5PS, United Kingdom

⁶ Damiao de Gois, no 438, Sommerschield, Maputo, Mozambique

⁷ Rua 1301, Num 97, Sommerschield, Maputo, Mozambique

⁸ Herikerbergweg 88, 1101 CM, Amsterdam, The Netherlands

⁹ Level 20, 16 Carrington Street, Sydney, NSW 2000, Australia

¹⁰ Rua 5 de Outubro, nº 26, Boticas, Portugal, 5460-304

¹¹ Rua Jose Eigenmann, No 90, parish of Nogueira, municipality of Braga, Portugal, 4715-199

¹² Liquidation process started in 2022 and expected to be completed in 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

11. EQUITY INSTRUMENTS AT FVTOCI

Group

	Shares in Equity Investments at FVTOCI £
At 1 January 2021	606,245
Reclassification to Other current Assets	(2,109)
Disposals	(654,347)
Change in market value of investment	81,786
At 31 December 2021	31,575
Change in market value of investment	(19,598)
At 31 December 2022	11,977

Company

	Shares in Equity Investments at FVTOCI £
At 1 January 2021	604,136
Disposals	(654,347)
Change in market value of investment	81,786
At 31 December 2021	31,575
Change in market value of investment	(19,598)
At 31 December 2022	11,977

Equity Investments are designated as Fair Value Through Other Comprehensive Income (FVTOCI).

During 2021 the Company sold all the shares it held in Critical Resources (formerly Force Commodities Limited).

The fair value of the shares held by the Company is the quoted value at the reporting date. The fair value hierarchy in 2022 and 2021 for these shares is Level 1 as the valuation is based wholly on quoted prices.

12. JOINT ARRANGEMENTS

In December 2021 Savannah through its subsidiary AME East Africa Limited ('AME') signed a Deed of Termination with Rio Tinto Mining and Exploration Limited (Rio Tinto) to terminate the unincorporated Consortium Agreement signed between these entities in 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Non-Current:				
Other Receivables	454,651	–	–	–
Amounts due from Subsidiaries	–	–	31,877,211	26,184,402
Total Non-Current Trade and Other Receivables	454,651	–	31,877,211	26,184,402
Current:				
VAT Recoverable	155,205	66,867	6,707	12,744
Other Receivables	404,855	895,191	231,482	194,385
Total Current Trade and Other Receivables	560,060	962,058	238,189	207,129

The carrying value of Trade and Other Receivables classified at amortised cost approximates fair value.

The Group and the Company applies the expected credit loss model to measure expected credit losses for amounts due from subsidiaries and amounts due from third parties. The Group and the Company considered the probability of a default. The loans to subsidiaries are interest free and are repayable on demand.

The Company expects that the carrying value of the intercompany loans receivable may not be fully recoverable as the subsidiaries may not generate sufficient future profits to settle the amounts owing and accordingly, these amounts have been partially impaired. Repayment of the intercompany loans is subject to the Directors' assessment of the Group's requirements and availability of appropriate liquid resources. Among other things, the Company's expected credit loss model includes consideration of various risks affecting the success of underlying projects of its subsidiaries. When determining the expected credit losses Management has taken into account that the intercompany loans are related to projects that are in the exploration stage. Management has concluded that the success of the projects is the most important factor that will drive credit losses. This will be affected by the results in mineral resources, the commodity prices, the capability of the Parent company to obtain funds to develop the projects and the success in obtaining or renewing exploration and mining licences. Several scenarios and their likelihood have been considered to calculate the expected cash flows for the loans associated to each project and the expected credit losses as at the reporting date. In the current period the Company estimates that an expected credit loss calculated of £0.02m (2021: £4.0m) arises on the receivables from the subsidiaries, increasing the expected credit loss balance to £5.1m.

The Group has a receivable from Gentor Resources Limited, a subsidiary of Critical Resources, which represents contingent consideration from the disposal of the Oman operations in 2020 and has been valued at £nil as at 31 December 2022 and 31 December 2021.

The expected credit loss on other third parties' receivables is £nil as at 31 December 2022 (2021: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

13. TRADE AND OTHER RECEIVABLES continued

Movements in the impairment allowance for the year ended 31 December 2022 is as follows:

Company	Impairment from Subsidiaries £
At 1 January 2021	595,155
Impairment charge	4,047,901
Foreign exchange movements	(61,915)
At 31 December 2021	4,581,141
Impairment charge	16,125
Foreign exchange movements	467,550
At 31 December 2022	5,064,816

Of the impairment charge for 2021 financial year £4,008,685 was related to the exit of the Mozambique Mineral Sands project, with the amounts due from Matilda Minerals fully impaired as at 31 December 2022 and 31 December 2021.

The breakdown of the Amounts due from Subsidiaries as at 31 December 2022 is as follows:

	Company	
	2022 £	2021 £
Amounts due from Subsidiaries:		
Outstanding amount	36,942,027	30,765,543
Impairment	(5,064,816)	(4,581,141)
	31,877,211	26,184,402

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Cash at Bank and in Hand	7,202,334	13,002,084	6,241,356	11,085,944

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

15. OTHER CURRENT AND NON-CURRENT ASSETS

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Non-Current:				
Guarantees	64,611	61,284	–	–
Other	13,056	8,258	6,776	6,776
Total Other Non-Current Assets	77,667	69,542	6,776	6,776
Current:				
Other	1,036	19,300	–	–
Total Other Current Assets	1,036	19,300	–	–

The Non-Current Assets - Guarantees are deposits required by the local mining / environmental authorities in relation to exploration / mining licences and applications thereof.

16. SHARE CAPITAL

	2022		2021	
	£0.01 ordinary shares number	£	£0.01 ordinary shares number	£
Allotted, issued and fully paid				
At beginning of year	1,688,959,820	16,889,598	1,430,991,035	14,309,910
Issued during year:				
Share placements	–	–	257,968,785 ¹	2,579,688
At end of year	1,688,959,820	16,889,598	1,688,959,820	16,889,598

¹ In respect of the Share placements in 2021 the net proceeds were £9,797,982 of which £7,218,294 has been recorded in Share Premium. The gross proceeds were £10,320,901 and the costs of the Share placements £522,919.

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

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Current:				
Trade Payables	618,805	866,053	329,005	501,283
Other Payables	56,745	79,236	28,651	46,260
Accruals	410,228	731,838	156,961	460,320
Amounts due to Subsidiaries	–	–	8,786	–
Total Current Trade and Other Payables	1,085,778	1,677,127	523,403	1,007,863

In 2022 and 2021 accruals represent mainly professional fees in the Group for which invoices have not been received at the reporting date and to a lesser extent in 2022, staff bonuses.

Part of Trade and other payables amounts relate to work performed in the projects which balances are capitalised and therefore these are included in Investing not Operating cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

18. 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:

- Intercompany Loan Receivables
- Non-Current Other Receivables
- Current Trade and Other Receivables
- Cash and Cash Equivalents
- Investments
- Other Non-Current Assets – Guarantees
- Other Current Assets
- Trade and Other Payables
- Leases Liabilities

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

Liquidity Risk

At the reporting date the Group's cash balance was £7.2m (2021: £13m). This, in conjunction with the raising of future cash through different options, which the Directors believe can be secured, will allow the Group to continue working on its development / exploration activities and to meet its financial commitments for at least 12 months. In common with many non-revenue generating companies, the Company routinely raises funds for its development activities. The Group's policy continues to be to ensure that it has adequate liquidity by careful management of its working capital.

Foreign Exchange Risk

The Group is exposed through its operations to foreign exchange risk which mainly arises because the Group has overseas operations located in Portugal whose functional currency is Euro.

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, MZN or Pound Sterling) with the cash remitted to their own operations in that currency where practical. 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.

In addition, the Group is exposed through the cash held in foreign currencies. To mitigate this risk the Group's policy is to review the cash flow forecast identifying the currencies that will be required to settle liabilities in future and hold the cash balances in the required currencies. From time to time when there is insufficient precision about the currencies that will be required for future expenditure the Group spreads its cash balances across globally recognised reserve currencies to mitigate against adverse changes in exchange rates, and the Company monitors this regularly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

18. FINANCIAL INSTRUMENTS continued

Market Risk

The Group holds equity investments in companies traded on active markets (Note 11). 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 £1,198 (2021: increase in other comprehensive income and net assets of £3,157). 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 Group and the Company are exposed to credit risk on its receivables from its subsidiaries and third parties. The subsidiaries are exploration and development 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 a development project resulting in revenue being generated by a subsidiary. The third-party receivables are due within 30 days of issuing the invoices; in the case of the contingent consideration from the disposal of the Oman operations this is due when its related mining project generate positive cash flow, the project is in the exploration phase. The Group has calculated the expected credit loss from these receivables (Note 13).

The Group is exposed to credit risk in Cash and Cash Equivalents and deposits with banks and financial institutions. Only reputable banks and financial institutions which are rated by recognised rating agencies are accepted by the Company in the UK. The Group policy is to maintain the majority Cash and Cash Equivalents within the Company in the UK and funds are remitted to other group entities on a monthly basis to settle liabilities as they fall due, to avoid credit risk associated to foreign jurisdictions banks. The Group policy is also to operate at least with two banks in each country when possible.

Financial instruments by category (Group)

Financial Assets

	Amortised Cost £	Fair Value Through Other Comprehensive Income £	Total £
As at 31 December 2022			
Investments	–	11,977	11,977
Non-Current Other Receivables	454,651	–	454,651
Other Non-Current Assets	77,667	–	77,667
Current Trade and Other Receivables	191,143	–	191,143
Other Current Assets	1,036	–	1,036
Cash and Cash Equivalents	7,202,334	–	7,202,334
Total Financial Assets	7,926,831	11,977	7,938,808
As at 31 December 2021			
Investments	–	31,575	31,575
Other Non-Current Assets	69,542	–	69,542
Trade and Other Receivables	696,430	–	696,430
Other Current Assets	19,300	–	19,300
Cash and Cash Equivalents	13,002,084	–	13,002,084
Total Financial Assets	13,787,356	31,575	13,818,931

See review of the fair value hierarchy of fair value through other comprehensive income assets in Note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

18. FINANCIAL INSTRUMENTS continued

Financial Liabilities

	Financial Liabilities at Amortised Cost £	Total £
As at 31 December 2022		
Long-term Lease Liabilities	12,263	12,263
Trade and Other Payables	1,085,778	1,085,778
Short-term Lease Liabilities	5,364	5,364
Total Financial Liabilities	1,103,405	1,103,405
As at 31 December 2021		
Trade and Other Payables	1,677,127	1,677,127
Lease Liabilities	1,132	1,132
Total Financial Liabilities	1,678,259	1,678,259

The Group's net exposure to foreign exchange at the reporting date was as follows:

	Functional Currency of Entity							
	GBP 2022	MZN 2022	EUR 2022	Total 2022	GBP 2021	MZN 2021	EUR 2021	Total 2021
	£	£	£	£	£	£	£	£
Foreign currency financial assets								
USD	847,872	6,089	354	854,315	7,466,462	69,649	317	7,536,428
EUR	4,132,466	–	–	4,132,466	3,958,196	–	–	3,958,196
AUD	581,376	–	4,388	585,764	307,035	–	4,184	311,219
OMR	8,558	–	–	8,558	8,558	–	–	8,558
Total	5,570,272	6,089	4,742	5,581,103	11,740,251	69,649	4,501	11,814,401

	Functional Currency of Entity			
	GBP 2022	Total 2022	GBP 2021	Total 2021
	£	£	£	£
Foreign currency financial liabilities				
USD	132,841	132,841	71,383	71,383
AUD	68,061	68,061	225,086	225,086
EUR	104,010	104,010	103,604	103,604
OMR	6,900	6,900	6,900	6,900
Total	311,812	311,812	406,973	406,973

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

18. FINANCIAL INSTRUMENTS continued

The effect of changes in foreign currencies exchange rates against GBP at the reporting date on the foreign currency denominated Cash and Cash Equivalents carried at that date would, all other variables held constant, have resulted in the following:

	USD £		EUR £		AUD £	
As at 31 December 2022						
Movement exchange rates against GBP	+10%	-10%	+10%	-10%	+10%	-10%
Pre-tax loss for the year	(44,407)	36,333	(459,163)	375,679	(63,754)	52,162
Net assets	44,407	(36,333)	459,136	(375,679)	63,754	(52,162)
	USD £		EUR £		AUD £	
As at 31 December 2021						
Movement exchange rates against GBP	+10%	-10%	+10%	-10%	+10%	-10%
Pre-tax loss for the year	(775,904)	634,831	(434,386)	355,407	(31,072)	25,422
Net assets	775,904	(634,831)	434,386	(355,407)	31,072	(25,422)

Financial instruments by category (Company)

Financial Assets

	Amortised Cost £	Fair Value Through Other Comprehensive Income £	Total £
As at 31 December 2022			
Other Receivables	31,877,211	–	31,877,211
Other Non-Current Assets	6,776	–	6,776
Investments	–	11,977	11,977
Trade and Other Receivables	27,215	–	27,215
Cash and Cash Equivalents	6,241,356	–	6,241,356
Total Financial Assets	38,152,558	11,977	38,164,535
As at 31 December 2021			
Other Receivables	26,184,402	–	26,184,402
Other Non-Current Assets	6,776	–	6,776
Investments	–	31,575	31,575
Trade and Other Receivables	12,105	–	12,105
Cash and Cash Equivalents	11,085,944	–	11,085,944
Total Financial Assets	37,289,227	31,575	37,320,802

See review of the fair value hierarchy of fair value through other comprehensive income assets in Note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

18. FINANCIAL INSTRUMENTS continued

Financial liabilities

	Financial Liabilities at Amortised Cost £	Total £
As at 31 December 2022		
Trade and Other Payables	523,403	523,403
Total Financial Liabilities	523,403	523,403
As at 31 December 2021		
Trade and Other Payables	1,007,863	1,007,863
Total Financial Liabilities	1,007,863	1,007,863

The Company's net exposure to foreign exchange risk at the reporting date was as follows:

	Functional Currency of Entity			
	GBP 2022 £	Total 2022 £	GBP 2021 £	Total 2021 £
Foreign currency financial assets				
USD	215,473	215,473	6,876,165	6,876,165
EUR	35,369,797	35,369,797	29,552,010	29,552,010
AUD	509,978	509,978	224,044	224,044
OMR	8,558	8,558	8,558	8,558
Total	36,103,806	36,103,806	36,660,777	36,660,777

	Functional Currency of Entity			
	GBP 2022 £	Total 2022 £	GBP 2021 £	Total 2021 £
Foreign currency financial liabilities				
USD	8,174	8,174	–	–
AUD	43,178	43,178	94,825	94,825
EUR	15,696	15,696	11,134	11,134
OMR	6,900	6,900	6,900	6,900
Total	73,948	73,948	112,859	112,859

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

18. FINANCIAL INSTRUMENTS continued

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 maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or seek other financial structures such as grants, debt (project finance), royalties, streaming, mezzanine finance, or combinations thereof.

19. GROUP 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 at the reporting date it is not probable that a future sacrifice of economic benefits will be required and the amount is not capable of reliable measurement.

Consideration payable in relation to the acquisition of the Aldeia Mining Lease Application for lithium, feldspar and quartz (Portugal lithium project)

In June 2019 the Company exercised its option to acquire a Mining Lease Application for lithium, feldspar and quartz from private Portuguese company, Aldeia & Irmão, S.A.. The total purchase price for the acquisition is EUR €3,250,000 (~GBP £2,880,000), which will only become due once the Mining Lease Application has been granted and the Mining Rights transferred to an entity within the Group, at which point the agreed payment schedule will consist of an initial EUR €55,000 (~GBP £50,000) payment with the balance due in 71 equal monthly instalments. Upon delivery of the request for transfer of the Mining Rights to an entity within the Group, the Group shall provide with a bank guarantee of EUR €3,195,000 (~GBP £2,830,000) that will be reduced in accordance with the 71 monthly instalments. As at 31 December 2022 the mining lease has not been granted.

20. RELATED PARTY DISCLOSURES

Details of Directors' remuneration are disclosed in the Remuneration Report and in Note 3. During the year £237,903 (2021: £214,413) was payable to Blue Bone Consulting Pty Ltd (a company controlled by Dale Ferguson) for consultancy fees of which £41,554 (including bonus) (2021: £93,303 (including bonus)) remained unpaid. The amounts payable to Blue Bone Consulting Pty Ltd have been included in the Directors' remuneration in the Remuneration Report and in Note 3.

During the year Dale Ferguson acquired in the market 900,000 shares indirectly through its investment in Slipstream Resources Investments Pty, Ltd for a consideration of £18,900. During the year James Leahy acquired in the market 215,889 shares for a consideration of £5,018. During 2021 Matthew King acquired 312,500 shares as part of the April 2021 fundraise for a consideration of £12,500.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

21. LEASES

Right-of-Use Assets

	Vehicles £
Cost	
At 1 January 2021	68,583
Additions	798
Foreign exchange movements	(4,524)
At 31 December 2021	64,857
Additions	21,322
Foreign exchange movements	4,341
At 31 December 2022	90,520
Depreciation	
At 1 January 2021	46,874
Charge for year	16,051
Foreign exchange movements	(3,458)
At 31 December 2021	59,467
Charge for year	9,820
Foreign exchange movements	3,606
At 31 December 2022	72,893
Net Book Value	
At 1 January 2021	21,709
At 31 December 2021	5,390
At 31 December 2022	17,627

Lease Liabilities

	Vehicles £	
At 1 January 2021	12,738	
Additions	–	
Lease payments	(11,108)	
Foreign exchange movements	(498)	
At 31 December 2021	1,132	
Additions	20,663	
Lease payments	(4,837)	
Foreign exchange movements	669	
At 31 December 2022	17,627	
	2022	2021
	£	£
Current Liabilities	5,364	1,132
Non-Current Liabilities	12,263	–
Total lease liabilities	17,627	1,132

The Right-of-Use Assets and related Lease Liabilities are for the lease of motor vehicles. Total 2022 cash flow outflow amount is £5,287 (2021: £11,746).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

21. LEASES continued

Other Leases

The Group has registered £76,505 (2021: £11,593) in the Statement of Comprehensive Income related to short-term leases. Short-term leases meet the requirements to not be accounted for by recognising a Right-of-Use Asset and a Lease Liability, having a duration of 12 months or less and without reasonable certainty about their renewal.

At 31 December 2022 the Other Lease commitments for the next 12 months is £33,969 (2021: £12,385).

These leases are for business premises in Portugal and the UK.

22. GROUP COMMITMENTS

As a condition of being granted with mining licence 9735C in Mozambique the Group, through Matilda Minerals Lda, signed a bank guarantee of MZN 60,143,680 (GBP £778,892) to be assigned to the Ministério Dos Recursos Minerais e Energia (Ministry of Natural Resources and Energy). The guarantee is valid until the 28 November 2023 and Matilda Minerals Lda is obligated to maintain funds for the same amount as the guarantee in a bank account. This bank account deposit was impaired in 2021 after the signing of the Deed of termination with Rio Tinto (Note 24). At 31 December 2022 this bank account deposit is fully impaired.

23. SHARE OPTIONS AND INVESTOR WARRANTS

Share Options and Investor Warrants to subscribe for Ordinary Shares in the Company are granted to certain employees, Directors and investors. 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.

		2022			2021	
	Number	Weighted average exercise price	Weighted remaining life	Number	Weighted average exercise price	Weighted remaining life
Share Options						
Opening Balance	67,600,000	6.0p	6.71	20,150,000	8.5p	1.41
Granted	–	–	–	58,650,000	5.5p	7.43
Lapsed	(23,525,620)	5.6p	–	(11,200,000)	7.5p	–
Closing Balance	44,074,380	6.3p	5.44	67,600,000	6.0p	6.71
Investor Warrants						
Opening Balance	–	–	–	343,432	11.3p	0.62
Lapsed	–	–	–	(343,432)	11.3p	–
Closing Balance	–	–	–	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

23. SHARE OPTIONS AND INVESTOR WARRANTS continued

Share schemes outstanding as at 31 December 2022 are as follows:

	Outstanding 31 December 2022	Exercisable 31 December 2022	Outstanding 31 December 2021	Exercisable 31 December 2021	Exercise Price	Expiry Date
Share Options						
January 2018	–	–	1,000,000	1,000,000	8.0p	25/01/22
March 2019	7,950,000	7,950,000	7,950,000	–	10.0p	11/03/24
June 2021	750,000	750,000	750,000	750,000	4.7p	30/06/26
June 2021	750,000	750,000	750,000	750,000	6.2p	30/06/26
June 2021	13,887,190	–	24,485,000	–	4.7p	30/06/29
June 2021	13,887,190	–	24,485,000	–	6.2p	30/06/29
October 2021	250,000	250,000	250,000	250,000	4.7p	01/10/26
October 2021	250,000	250,000	250,000	250,000	6.3p	01/10/26
October 2021	3,175,000	–	3,840,000	–	4.7p	01/10/29
October 2021	3,175,000	–	3,840,000	–	6.3p	01/10/29
	44,074,380	9,950,000	67,600,000	3,000,000		

All of the Share Options granted attract a share based payment charge.

The fair value of the Share Options and Investor Warrants at the date of grant 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.

The range of inputs of the Share Options granted during 2021 were as follows:

Share Options	June 2021	June 2021	June 2021	June 2021
Stock price	3.9p	3.9p	3.9p	3.9p
Fair value of option	1.7p	1.4p	1.2p	0.9p
Exercise Price	4.7p	6.2p	4.7p	6.2p
Expected volatility	55%	55%	59%	59%
Expected life	5.5 years	5.5 years	2.5 years	2.5 years
Risk free rate	0.2%	0.2%	0.2%	0.2%

Share Options	October 2021	October 2021	October 2021	October 2021
Stock price	4.0p	4.0p	4.0p	4.0p
Fair value of option	1.7p	1.4p	1.2p	0.9p
Exercise Price	4.7p	6.3p	4.7p	6.3p
Expected volatility	55%	55%	59%	59%
Expected life	5.5 years	5.5 years	2.5 years	2.5 years
Risk free rate	0.7%	0.7%	0.7%	0.7%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

23. SHARE OPTIONS AND INVESTOR WARRANTS continued

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.

Share Options granted

During the 2021 financial year 56,650,000 Share Options were issued to employees to assist with the recruitment, reward and retention of key employees. These Share Options vest upon the employee meeting service and/or performance conditions. No Share Options were granted during 2022 to employees.

Additionally, during the 2021 financial year 2,000,000 Share Options were issued to Group advisors, which vest immediately. No Share Options were granted during 2022 to Group advisors.

The detail of the LTIP Share Options granted to the Directors is disclosed in the Remuneration Report.

Investor Warrants issued

No Investor Warrants were issued in 2022 or 2021.

24. DISCONTINUED OPERATIONS

In October 2016 Savannah, AME and Rio Tinto entered into a Consortium Agreement ('CA'), whereby both Savannah Group and Rio Tinto combined their respective projects in Mozambique to form an unincorporated consortium. On the 1 December 2021 Savannah signed a Deed of Termination relating to the CA.

Under the Deed of Termination the following was agreed:

- the relinquishment of the rights and obligations provided under the CA, including that AME EA would not have an interest in Mutamba Rio and Rio Tinto would not have an interest in Matilda Minerals Lda's Mining Concession 9735C;
- the transfer of Savannah's in country team to Rio Tinto; and
- termination compensation amounting to \$9.5m cash.

The post-tax gain on relinquishment of the rights and obligations of Discontinued Operations at 31 December 2021 was determined as follows:

	£
Termination Compensation	6,996,875
Net assets relinquished	
Intangible Assets	(4,702,323)
Tangible Assets	(957,007)
Other Non-Current Assets	(710,467)
	<hr/>
	(6,369,797)
Pre-tax gain on relinquishment of the rights and obligations of discontinued operation	627,078
Related tax	–
Gain on relinquishment of the rights and obligations of discontinued operations	<hr/> 627,078

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

24. DISCONTINUED OPERATIONS continued

The detail of the result of discontinued operations is as follows:

	2022 £	2021 £
Expenses other than finance costs	(176,396)	(624,707)
Gain on relinquishment of the rights and obligations of discontinued operations after tax	–	627,078
(Loss) / Profit on discontinued operations for the year	(176,396)	2,371
Earnings per share from discontinued operations		
Basic and diluted loss per share	(0.00010)	0.00000

The statement of cash flows includes the following amounts relating to discontinued operations:

	2022 £	2021 £
Net cash used in operating activities	(274,769)	(438,441)
Net cash from investing activities	91,807	6,105,942
Net cash from/(used in) financing activities	112,265	(5,674,201)
Net cash used in discontinued operations	(70,697)	(6,700)

Savannah is in the process of divesting its residual interest in Mozambique which includes Mining Concession 9735C and finalising administrative work related to the termination of the Consortium Agreement as required by the Mozambique laws. The costs incurred during 2022 are related to these activities.

The legal transfer of Matilda's employees and some supplier contracts to Rio Tinto was completed in April 2022, and a gross payment was received amounting to US\$115,329 (~£91,807), which was part of the Termination compensation amounting to US\$9.5m.

25. EVENTS SINCE THE REPORTING DATE

As part of the Article 16 phase, on 16 March 2023 the Group submitted the revised Environmental Report and Mine Plan for the Barroso Lithium Project to Portugal's environmental regulator, Agência Portuguesa do Ambiente ('APA'). Submission initiates the 50-business day assessment period available to APA. The deadline for the notice of APA's Environmental Impact Statement (DIA) is therefore 31 May 2023.

COMPANY INFORMATION

DIRECTORS:	Matthew James Wyatt King Dale John Ferguson Mary Jo Jacobi James Gerald Leahy Manohar Pundalik Shenoy Diogo da Silveira Imad Kamal Abdul Redha Sultan	Chairman Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
SECRETARIES:	Christopher Michael McGarty c/o Salisbury House London Wall London EC2M 5PS	Dominic Traynor Salisbury House London Wall London EC2M 5PS
REGISTERED OFFICE:	Salisbury House London Wall London EC2M 5PS	
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 ADVISER:	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP	
JOINT BROKERS:	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP	RBC Capital Markets 100 Bishopsgate London EC2N 4AA
SOLICITORS:	Druces LLP Salisbury House London Wall London EC2M 5PS	
REGISTRARS:	Share Registrars Limited 3 The Millennium Centre, Crosby Way Farnham Surrey GU9 7XX	
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