SAVANNAH RESOURCES PLC

(formerly African Mining & Exploration Plc)

Company No 07307107

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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CHAIRMAN'S STATEMENT

It is with positive reflection that I write my second Chairman's Statement for your Company which has achieved much, and been transformed significantly, in the last year. This advance, underscored by the change in name from African Mining & Exploration Plc to Savannah Resources Plc, has included the announcement of a maiden JORC resource (which was subsequently securitised into a strategic investment in Alecto Minerals Plc ("Alecto"), the recapitalisation of the Company with around £3 million of investment inflows, and an overhaul of the Company's exploration portfolio which saw the acquisition of a heavy mineral sands project in a world class mineral sands province in Mozambique plus entering into an agreement to acquire two copper projects in Oman's highly prospective Semail Ophiolite belt which is expected to be completed in May 2014.

The Company's current investment portfolio demonstrates a diversification of commodities, geographies and investment types and underlies the significant progress that has been made by the Company on its journey to becoming a leading diversified multi-commodity exploration and development company. This is especially pleasing considering the modest expenditure to achieve the progress and the reduced country and commodity risks that the Company now faces.

Under the direction of the Board the recent transformation process has been ably led by the Company's CEO David Archer. The Company's former CEO, Mark Jones, was appointed as CEO of Alecto Minerals where he continues his valued stewardship of the Kossanto Gold Project. The transformation included renaming the Company from African Mining & Exploration Plc to Savannah Resources Plc to underscore the change in strategy.

Jangamo Heavy Mineral Sands – Mozambique
In October 2013 the Company acquired an 80% interest in the Jangamo Heavy Mineral Sands Project in a world class mineral sands province in Mozambique. This borders Rio Tinto's Mutamba deposit, one of two major deposits Rio Tinto has defined in Mozambique, that collectively have an exploration target of 7-12Bt at 3-4.5% total heavy minerals ("THM"). A scout drilling programme, which commenced within one month of the acquisition, has confirmed that the style of mineralisation at Jangamo is similar to that reported by Rio Tinto.

Copper Projects in Oman
In April 2014 the Company announced it had entered into an agreement to acquire interests in the Block 5 (65%) and Block 6 (up to 70%) copper projects in Oman from Gentor Resources Limited. The acquisition is expected to be completed in May 2014.

The projects in the Semail Ophiolite, the world's largest and best preserved thrust sheet of oceanic crust and upper mantle, provide Savannah with an excellent opportunity to potentially evolve into a mid-tier copper producer in a relatively short time frame. Small to medium sized Cyprus-type Cu-Au volcanic massive sulphide deposits have been worked in the Semail Ophiolite since ancient times. Modern exploration has identified many small to medium sized high grade copper deposits within the belt which as yet have not been brought into production. Together with our Omani partners, Savannah will look for ways to aggregate and explore as many of these opportunities as possible with a view to providing the critical mass for constructing a central operating plant to realise the value of the deposits.

CHAIRMAN'S STATEMENT

Mali Portfolio – JORC Resource and Divestment
Following the acquisition of Caracal Gold Mali SARL ("Caracal") in July 2012, the Company's experienced team was able to fast track an exploration programme leading to the announcement of a maiden Mineral Resource of 107,000 Oz gold in June 2013. As part of the Company's portfolio transformation this project was sold in October 2013 to Alecto for £1.25 million worth of shares in Alecto. In March 2014 the remainder of the Company's exploration portfolio in Mali was sold to Alecto for £250,000 worth of shares in Alecto.

Strategic Investment in Alecto Minerals Plc
As a result of the sale of the projects and a cash investment of £500,000 in Alecto, the Company owns an effective 20.9% strategic shareholding in Alecto. This provides Savannah with exposure to both the highly prospective Kossanto Gold Project in the prolific Kenieba inlier in Mali and also to the Wayu Boda and Aysid Meketel gold/base metal projects in Ethiopia for which Alecto has a joint venture with Centamin Plc. Under this joint venture, Centamin Plc is committing up to a total of US$14m in exploration funding to earn up to 70% of each project. The Company's former CEO Mark Jones became CEO of Alecto when the sale of the Kossanto Project was concluded and I hold the position of Chairman of Alecto.

Annual General Meeting
At the forthcoming AGM the Shareholders will be asked to renew the usual equity securities issue authorities, which this year include a resolution in respect of a Share Exchange Agreement to acquire an 80% shareholding in Matilda Minerals Lda. This requires your Company to issue up to AUD 1,500,000 in shares as deferred consideration establishment of a JORC Indicated Resource of 500Mt @ 3% THM at the Jangamo project. The financing agreement entered into with Bergen which the Company entered into to provide security of funding as it expands its exploration portfolio, whilst providing robust protections for existing shareholders based on stringent restrictions around short selling and trading volumes. I hope you will once again support the Board by putting these authorities in place.

Additionally, the Directors appointed since the last AGM, are required to be offered for re-election in line with the Company's Articles of Association. I commend their re-election to you as an endorsement of the Company's stewardship.

Financial
Whilst the Company had a cash position of £1.76 million at 31 December 2012, the Board recognised the financing challenges for the junior exploration sector and took the pro-active decision, announced on 1 March 2013, to implement prudent cash preservation measures. Of the appointments to the Board in 2013, the Non-Executive Directors and the CEO were eligible for initial nominal salaries of £1 each while the recapitalisation of the Company was put in place.

These prudent measures, combined with; the securitisation of the Company's Mali exploration portfolio; cash placements of approximately £3 million; and a financing agreement with Bergen Global Opportunity Fund, LP ("Bergen") offering up to $5.5 million cash in the next 11 months, have resulted in the Company being in a very strong financial position to undertake exploration of its current portfolio and potential new projects. The agreement with Bergen provides robust protections for existing shareholders based on stringent preventive restrictions around short-selling and trading volumes and was carefully crafted with Bergen to provide flexibility in various market scenarios.

In line with the prudent management concepts, the Company has built a solid base of assets with over £4 million in cash and equity securities at the reporting date. At 6 May 2014 the Company's cash balance was £2.14 million and it held equity securities in Alecto worth £1.72 million.

CHAIRMAN'S STATEMENT

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

Board Changes
In July and September 2013 David Archer began the process of recapitalising the Company with a cash investment of £500,000 for ordinary shares in the Company and his appointment to CEO was confirmed in August 2013. David brings a wealth of experience in the junior and mid-tier resources industry and has successfully led both Savage Resources and Hillgrove Resources from microcap companies to companies valued at approximately $400M AUD and $200M AUD respectively at the time of leaving.

Dale Ferguson joined the Board as Technical Director in October 2013 and is an outstanding geologist with extensive commercial experience. He has been integral to building the Company's evolving exploration portfolio and will be instrumental in continuing the growth of the Company.

Mark Jones retired as a Director and CEO of the Company in 2013 and I would like to thank him for his hard work in establishing your company from its formation. Recognition is particularly deserved for his foresight in the acquisition of the Kossanto Gold Project that he now leads in his role of CEO of Alecto.

Outlook
Following the change in strategic direction announced in July 2013 the Company has successfully delivered on its stated goals. Furthermore it has received significant interest and support from the investment community which has resulted in the Company having a strong current financial position.

We continue to build your Company into a leading diversified multi-commodity exploration and development entity, utilising the strengths of experienced professionals and partners to deliver significant investment return with managed risk and considering: the Company's recent transformation; its strategic investment in Alecto which offers exposure without any funding requirements or management time to a very attractive portfolio of gold exploration projects in sub-Saharan Africa; the Company's own highly prospective exploration portfolio; the leadership provided by David Archer; and the healthy financial and funding position. In combination these provide a firm foundation for your Company to move forward positively in 2014.

The Company's own exploration projects in Mozambique and Oman provide a solid foundation in their own right and also facilitate the possibility to add further attractively-priced prospective projects via strategic acquisitions or joint venture arrangements.

Finally, we have a small team of dedicated staff and on behalf of the Company I would like to thank them for their significant efforts during the year and I look forward to the coming year, which I hope will be exciting and rewarding for the Company and all its shareholders.

Mike Johnson
Chairman

Date: 8 May 2014

CHIEF EXECUTIVE'S REPORT

I am delighted to report on the significant progress made by your Company during the past year, in my inaugural statement as CEO of Savannah Resources. This has been an extremely active year, which has seen us cement our position as a diversified, multi commodity, exploration and development company.

During the period under review we have established a solid portfolio of assets from which I believe we can deliver considerable value during the coming year and beyond through defined exploration and development programmes. This includes defining a potential maiden resource at our 80% owned Jangamo Heavy Minerals Sands Project in Mozambique, which is located in a world class mineral province. In addition, we are also focussed on securing a major position in the Oman copper belt following our recently agreed (April 2014) right to acquire two highly prospective copper blocks in north-east Oman. Savannah also holds an effective 20.9% strategic shareholding in AIM quoted Alecto Minerals Plc (ALO), which provides us with exposure to both the highly prospective Kossanto Gold Project in the prolific Kenieba inlier in Mali and also to the Wayu Boda and Aysid Meketel gold/base metal projects in Ethiopia for which Alecto has a joint venture with Centamin Plc. Under this joint venture, Centamin Plc is committing up to US$14m in exploration funding to earn up to 70% of each project.

Jangamo Heavy Mineral Sands Project, Mozambique

In October 2013 Savannah acquired an 80% shareholding in Matilda Minerals Limitada ('Matilda'), a privately owned Mozambican heavy mineral sands explorer. Matilda holds the highly prospective Jangamo tenement ('Jangamo' or 'the Project'), which is located in a world class mineral sands province in Southern Mozambique prospective for ilmenite, zircon and rutile. Jangamo covers an area of 180km^2 along an extensive dune system near the village of Jangamo, about 350km to the east-northeast of the capital Maputo, with excellent infrastructure in place to support potential operations, including grid power, access to the main EN1 highway and close proximity to the port of Inhambane.

Jangamo lies immediately to the west of Rio Tinto's ('Rio') Mutamba deposit, one of two major deposits Rio has defined in Mozambique, which collectively have an exploration target of 7-12 billion tonnes at 3-4.5% total heavy minerals ('THM'). Significantly, our recent exploration work conducted at the Project suggests that the geology and geomorphology of Jangamo is similar to that of Rio's adjacent Mutamba deposit, giving an indication of the Project's potential value. In addition, the Project is covered by a series of north-east trending Quaternary dunal and fluvial deposits, many of which have been proven to host total heavy minerals ('THM'), and scout sampling in the region by the Company has returned up to 18.1% THM with ilmenite, zircon and rutile recorded in the mineral concentrate.

To unlock the economic potential of Jangamo, Savannah has implemented an aggressive exploration programme. In October 2013, shortly after formally acquiring the Project, the Company commenced a 27 hole, 1,812m reverse circulation ('RC') drilling programme to further define Jangamo's prospectivity and test key dunal systems. The results, which were further analysed in March 2014, were extremely encouraging, confirming broad mineralised zones up to 39 metres deep with up to 5% THM recorded.

As part of this, three mineralised dunal systems were found to host strong THM grades in three strand lines: the eastern finger with 18m at 3.5% THM; the eastern line of 6km in length with intersections such as 24m at 3.2% THM; and the western line of 10kms in length with intersections such as 10m at 2.2% and 39m at 2.0% THM. Additionally, a new mineralised dune system was also discovered in the north of 10km in length in the western part of the Project, which significantly expands the exploration potential.

Importantly these results are consistent with the grades published for Rio's adjacent Mutamba deposit. In addition, there are examples of mineralisation starting from surface which appear to contain low levels of deleterious elements such as chromium, uranium and thorium contaminants, positively impacting the economics of the Project, as any potential mining operation would have a very low strip ratio.

Given the early stage of the exploration programme and the large distances between the scout drill holes, in many cases over 5km, this drill programme marked a major validating first-step in identifying a major heavy minerals system. The Company is now focussed on more precisely defining the strike and lateral extents of the heavy mineral sequences, and in line with this commenced a fast paced, results oriented 2014 field exploration programme in early April 2014. This will target more precisely defining and characterising the mineralised dune systems.

The first step in this 2014 exploration programme involved a two week ground magnetic survey. The results of this, which were announced in late April 2014, demonstrated that it is should be possible to detect the geophysical signature of the heavy mineral deposits using an airborne platform. A heliborne magnetic and radiometric survey is now planned to commence in the first half of May 2014 to define the extent of the mineralised system and any re-worked strand lines, which are likely to carry higher grades. The results from these two geophysical programmes will enable the Company to identify the target zones for a second round of scout drilling scheduled to commence in the second half of May 2014, which will in turn enable the Company to define a potential maiden JORC compliant Mineral Resource and commence a scoping study in the second half of 2014.

In line with these developments, in March 2014 the Company commissioned globally leading heavy minerals consultancy, TZ Minerals International Pty Limited, to scope out and characterise the potential of Jangamo and outline a path for evaluation through to a scoping study. In addition, in May 2014 the Company appointed a Mozambique Exploration Manager and Mozambique Exploration Professional to ensure a rigorous and effective exploration approach.

With a strengthened regional exploration team in place, a highly prospective resource and defined development plan in place, Jangamo is at a very exciting stage of evaluation.

Blocks 5 and 6 Copper Project, Oman

On 10 April 2014 the Company made a transformational prime mover initiative into mineral rich Oman following an agreement to acquire interests in the highly prospective Block 5 and Block 6 copper projects (the 'Blocks') in the Sultanate of Oman ('Oman') from TSX-V listed Gentor Resources Inc. (TSX-V: GNT). The acquisition, which gives the Company the right to acquire a 65% interest in Block 5 and up to 70% in Block 6 is expected to be completed in May 2014.

The Blocks cover 870km^2 of the highly prospective copper-rich Seminail Ophiolite belt in Oman, 180km west of Muscat, the capital city of Oman, and respectively 40km and 60km south of major export port of Sohar. The Ophiolite belt is characterised by medium to high grade copper deposits with gold credits and metallurgically simple ores that have been shown to be amenable to profitable, open-cut development, to produce high quality copper concentrates for local or overseas smelters. Despite the region's rich history of copper production there has however been limited modern exploration in Oman; the Company and its Omani partners aim to capitalise on this by applying rigorous, modern exploration techniques. With excellent infrastructure (proximity to a major deep sea port, bitumen roads across both Blocks and adjacent power lines), low fuel and labour costs and a favourable fiscal and tax regime, the Company is of the opinion that mining profitability in Oman will be significantly enhanced by this very favourable development setting. The Company believes that with the application of systematic exploration and evaluations the opportunity exists in Oman to build a significant mid-tier copper producer.

The Blocks have a current Indicated and Inferred Mineral Resource of 1.7Mt at 2.2% copper ('Cu'), including a high-grade zone of ~0.5Mt at 4.5% Cu. Importantly, the Company has identified a significant opportunity to increase this resource through the evaluation of multiple high priority targets, identified at various stages of exploration from preliminary evaluation up to advanced exploration. This includes the Mahab 4 prospect, where high grade intersections of 56.35m at 6.21% Cu from 63.15m have been reported. In addition, Maqail South (6.68m at 7.42% copper), Hara Kilab (5.54m at 3.96% copper) and Mahab 2 (5m at 2.81% copper) have been targeted for future exploration. In line with this, the Company intends to initiate a fast paced exploration programme in May 2014 with a view to commencing drilling in H2 2014.

CHIEF EXECUTIVE'S REPORT

The acquisition of the two highly prospective blocks is a major milestone in cementing the Company's position as a multi-commodity exploration and development company and will represent the first step in establishing the Company as a potential mid-tier copper producer. With an established medium to high grade copper resource and multiple target areas identified, the Company has exposure to one of the best Ophiolite belts in the world and is well set to commence a targeted, fast paced exploration programme to realise value for Shareholders.

Investment Portfolio

During the period since our last Annual Report we have significantly restructured our asset portfolio. In addition to acquiring interests in the aforementioned projects in Mozambique and Oman, we completed the strategic sale of a portfolio of gold projects in Mali to AIM quoted Alecto Mineral Plc (ALO) ('Alecto') in October 2013 and March 2014.

Following these acquisitions, the Company owns an effective 20.9% strategic shareholding in Alecto, which provides the Company with exposure to the Alecto's prospective assets whilst eliminating the associated exploration funding requirements. In Mali, Alecto operates the Kossanto Gold Project, located in the prolific Kenieba inlier, which has a current Inferred Resource of 193,000 oz Au with a cut-off grade of 0.5g/t Au. The company holds the Wayu Boda and Aysid Meketel gold/base metal projects in Ethiopia for which Alecto has a joint venture with Centamin Plc. Under this joint venture, Centamin Plc is committing up to US$14 million in exploration funding to earn up to 70% of each project. Finally, in Mauritania, Alecto operates three gold and base metal licences located in Chegar ($756km^2$), Wad Armour ($613km^2$) and Zreibya ($459km^2$), providing exposure to a highly prospective and emerging mineral district targeting Iron Oxide Copper Gold (IOCG) style mineralisation.

Outlook

This has been a very active period for Savannah, which has seen us finalise two major acquisitions to affirm our position as a multi commodity, exploration and development company. To reflect these changes and its evolution, the Company changed its name to Savannah Resources Plc and I am confident that we now have a solid foundation to support strong growth.

At Jangamo, we are focussed on delineating a potential maiden resource and commencing a scoping study in the second half of 2014 to underscore the potential of the Project.

In addition, we look forward to completing the acquisition of two copper blocks in Oman, which have a current Indicated and Inferred Mineral Resource of 1.7Mt at 2.2% Cu. With a number of high priority targets identified, the Company intends to commence an exploration programme in May 2014. The Company is confident that its initiative in Oman will provide a unique opportunity to secure a major opportunity in a world-class copper belt, and help transition the Company into a mid-tier copper producer.

The Company will continue to follow Alecto's development with interest and also maintains an active growth strategy aimed at expanding the Company's geographic and commodity reach; the Company will consider any asset which it believes represents a compelling investment opportunity and complements its existing portfolio.

With defined exploration programmes planned across its prospective portfolio of assets, the Company is on track to maintain a fast-paced evaluation campaign and has the foundations in place for solid growth in for the year ahead.

DS Archer
Chief Executive Officer

Date: 8 May 2014

STRATEGIC REPORT

Section 414C of the Companies Act 2006 (the 'Act') requires that the Company inform members as to how the Directors have performed their duty to promote the success of the Company, by way of a Strategic Report.

Set out below are the applicable reporting requirements under the Act for the purposes of the Strategic Report, together with guidance to other applicable sections of the 2013 Annual Report, which are incorporated by reference into the Company's Strategic Report.

Principal Activities

The principal activity of the Group in the year under review was exploration for gold in the Republic of Mali, and exploration for heavy mineral sands in Mozambique.

Fair Review of the Business

The loss of the Group as set out on page 17 is a fair reflection of the Group's performance. The Group made a loss of £2,041,743 (2012: £941,421), of which £905,576 (2012: £897,085) was related to administrative costs. Additionally the Company invested £824,638 (2012: £943,879) on mineral exploration and evaluation on the licences it holds (including the acquisition of 80% of Matilda Minerals Lda); this is capitalised as an intangible asset as set out in Note 11 in the Financial Statements.

The loss for the year included the revaluation of £1,430,435 (2012: £nil) in the Company's investment in Alecto detailed in Note 13. It also included an impairment charge of £1,362,402 (2012: £nil) detailed in Note 11.

A review of the Group's prospects are included in the Chairman's Statement on pages 2 to 4 and the Chief Executive's Report on pages 5 to 7.

Future Development

This information is contained in the Chairman's Statement on pages 2 to 4 and the Chief Executive's Report on pages 5 to 7 under the heading "outlook".

Principal Risks and Uncertainties

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

General Exploration Risk

Mineral exploration is a high risk undertaking and there can be no guarantee that exploration will result in the discovery of an economically viable ore body. Exploration tenements are carefully selected by experienced experts in regions of proven prospective geology. A methodical, staged approach is taken to the work and different technologies, as well as extensive fieldwork, are used prior to drilling.

Attraction and Retention of Key People

The success of the Company is dependent on the expertise and experience of the Directors and senior management and the loss of one or more could have a material adverse effect on the Company. The Board has put in place a remuneration policy which includes a share option scheme in order to motivate and retain key employees.

Future Funding Requirements

The Company has an ongoing requirement to fund its exploration activities and may need to obtain finance from the equity markets in the future. Senior Management and the Board closely monitor the cashflows of the Group. Cashflow projections are presented regularly to the Board for review and this assists in ensuring expenditure is focussed on areas of greatest exploration potential. Overheads and administration costs are carefully managed.

Exploration Licence Titles

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

STRATEGIC REPORT

Country Risk
At the reporting date, the Company carried out exploration in Mozambique and the Republic of Mali. The legacy Malian projects were sold in March 2014. As a result, the Company is exposed to a single country of operation risk. This risk is mitigated by the expectation of operating an exploration portfolio in Oman from May 2014 (see events after the reporting date) and also by the investment it holds in Alecto which has exploration licences in Ethiopia, Mali and Mauritania. This risk is mitigated by ensuring the Company meets its work and expenditure obligations, that it prioritises local in-country employment and that it maintains good relationships at all levels with government, administrative bodies and other stakeholders. The Board actively monitors relevant political and regulatory developments.

Analysis of the Development and Performance of the Business
This information is contained in pages 2 to 4 of the Chairman's Statement, pages 5 to 7 of the Chief Executive's Report.

Analysis of the Position of the Business
This information is contained in pages 2 to 4 of the Chairman's Statement, pages 5 to 7 of the Chief Executive's Report.

Analysis Using Key Financial Performance Indicators and Milestones
At the reporting date the Company's cash balance was £859,616 (2012: £1,767,381) and its investments in tradable securities was £2,830,435 (2012: £nil). The Company raised £968,491 (2012: £nil) cash via issuance of ordinary shares. The trading volumes in the Company's shares increased significantly to over 2.4 million shares per day in December 2013 (2012: 0.2 million).

Analysis Using Other Key Performance Indicators and Milestones
The Company acquired an 80% shareholding in Matilda Minerals Lda, which operates a heavy mineral sands exploration project in a world class heavy mineral sands province in Mozambique. The Company announced a JORC Mineral Resource containing 107,000 Oz of gold at its Kossanto Gold Project (this was subsequently sold to Alecto). The composition of the Board was restructured during the year and the Company's strategy changed from being a single commodity, single country junior explorer to becoming a multi-commodity, multi-geography exploration and development company.

Approval of the Board
This Strategic Report contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with a mineral exploration and development business. While the Directors believe the expectation reflected herein to be reasonable in view of the information available up to the time of the Board's approval of this Strategic Report, the actual outcome may be materially different owing to factors either beyond the Group's control or otherwise within the Group's control but, for example, resulting from a change of strategy. Accordingly, no reliance may be placed on the forward-looking statements.

On behalf of the Board:

DS Archer
Chief Executive Officer

Date: 8 May 2014

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 2013.

Dividends
The Directors do not recommend the payment of a dividend (2012: £nil).

Events Since the Reporting Date
The Company entered into an agreement to acquire Gentor Resources Limited which operates copper exploration licences in Oman. The Company entered into a finance agreement for up to US$ 6.3 million. The Company divested its remaining exploration licences in the Republic of Mali to Alecto. Further details are included in Note 24 and in the Chairman's Statement and Chief Executive's Report.

Directors
The Directors who have held office during the period from 1 January 2013 to the date of this report (unless otherwise stated) are as follows:

M S Johnson (appointed 5 February 2013)

C Cannon-Brookes (appointed 5 February 2013)

D S Archer (appointed 21 May 2013)

D J Ferguson (appointed 2 October 2013)

M C Jones (resigned 30 September 2013)

C Harrison (appointed 5 February 2013 & resigned 21 May 2013)

D D Chikohora (resigned 5 February 2013)

S D Oke (resigned 5 February 2013)

R A Williams (resigned 5 February 2013)

Directors' Indemnity
The Group has agreed to indemnify its Directors against third party claims which may be brought against them and has in place a Directors and Officers' insurance policy.

Group's Policy on Payment of Creditors
The Group's policy on the payment of all trade creditors is to ensure that the terms of payment, as specified and agreed with creditors, are not exceeded. Trade creditors as at 31 December 2013 represent 48 days (2012: 8 days) as a proportion of the total amount invoiced by creditors during the year ended on that date.

Financial Instruments Risk
This information is contained in Note 19 to the financial statements.

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

Statement as to Disclosure of Information to Auditor
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 Auditor is 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 Auditor is aware of that information.

Auditor
The Auditor, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

The Directors' beneficial interest (including the beneficial interests of their immediate family) in the ordinary shares of the Company are as follows:

	No. of shares held at 31 December 2013	No. of shares held at 31 December 2012
M C Jones (resigned 30 September 2013)	4,516,667	1,850,000
M S Johnson	4,040,000	4,040,000
D S Archer	22,222,224	–

The Directors' interests in the share options, warrants options and warrants of the Company are as follows (further details can be found in Note 23):

At 31 December 2013

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

*Resigned during the year to 31 December 2013

At 31 December 2012

	Quantity at 1 Jan 2012	Quantity granted during the year	Lapsed during the year	Options/ Warrants at 31 Dec 2012	Exercise price	Date of the grant	First date of exercise	Final date of exercise
Share Options								
M C Jones*	3,000,000	–	–	3,000,000	10.0p	22/10/10	21/10/11	21/10/15
S D Oke*	750,000	–	–	750,000	10.0p	22/10/10	21/10/11	21/10/15
D D Chikohora*	600,000	–	–	600,000	10.0p	22/10/10	21/10/11	21/10/15
R A Williams*	500,000	–	–	500,000	16.1p	07/03/11	07/03/11	06/03/16
Warrant Options								
M C Jones*	3,000,000	–	–	3,000,000	12.5p	22/10/10	21/10/11	21/10/15
S D Oke*	750,000	–	–	750,000	12.5p	22/10/10	21/10/11	21/10/15
D D Chikohora*	600,000	–	–	600,000	12.5p	22/10/10	21/10/11	21/10/15
Warrants								
M C Jones*	1,850,000	–	–	1,850,000	12.5p	22/10/10	01/11/10	01/11/14
M S Johnson	4,475,000	–	–	4,475,000	12.5p	22/10/10	01/11/10	01/11/14

*Resigned during the year to 31 December 2013

The remuneration of Directors during the year was as follows:

	Directors' emoluments 2013	Directors' emoluments 2012
Executive Directors		
M C Jones (resigned 30 September 2013)	**188,783**	150,048
D J Ferguson	**29,151**	–
D S Archer	**–**	–
Non-Executive Directors		
S D Oke (resigned 5 February 2013)	**23,333**	40,000
D D Chikohora (resigned 5 February 2013)	**14,583**	25,000
R A Williams (resigned 5 February 2013)	**14,583**	25,000
M S Johnson	**–**	–
C Cannon-Brookes	**–**	–
C Harrison (Resigned 21 May 2013)	**–**	–
	270,433	240,048

On behalf of the Board:

DS Archer
Chief Executive Officer

Date: 8 May 2014

CORPORATE GOVERNANCE STATEMENT

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

The Board of Directors

The Board currently comprises two Executive and two Non-Executive Directors. The Board formally meets approximately every month and is responsible for setting and monitoring Group strategy, reviewing budgets and financial performance, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to the Shareholders.

Internal Financial Control

The Board is responsible for establishing and maintaining the Group's system of internal financial controls. Internal financial control systems are designed to meet the particular needs of the Group and the risk to which it is exposed, and by its very nature can provide reasonable, but not absolute, assurance against material misstatement or loss. The Directors are conscious of the need to keep effective internal financial control. Due to the relatively small size of the Group's operations, the Directors are very closely involved in the day-to-day running of the business and as such have less need for a detailed formal system of internal financial control. The Directors have reviewed the effectiveness of the procedures presently in place and consider that they are appropriate to the nature and scale of the operations of the Group. The Directors have implemented necessary controls and procedures to comply with the UK Bribery Act 2010.

The Audit Committee

An Audit Committee has been established which comprises two Non-Executive Directors – Charlie Cannon-Brookes (who chairs the Committee) and Mike Johnson. The Committee is responsible for ensuring that the financial performance of the Group is properly reported on and monitored, and for meeting the Auditor and reviewing the reports from the Auditor relating to accounts and internal controls. The Committee also reviews the Group's annual and interim Financial Statements before submission to the Board for approval. The role of the Audit Committee is also to consider the appointment of the Auditor, audit fees, scope of audit work and any resultant findings.

The Remuneration Committee

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

Anti-Bribery and Corruption

It is the Company's policy to conduct business in an honest way, and without the use of corrupt practices or acts of bribery to obtain an unfair advantage in line with the UK Bribery Act 2010. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates and implementing and enforcing effective systems to counter bribery.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Director's report 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 have elected to prepare the Group and Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare Financial Statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website Publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

REPORT OF THE INDEPENDENT AUDITOR

to the members of Savannah Resources Plc

We have audited the financial statements of Savannah resources Plc for the year ended 31 December 2013 which comprise the consolidated statement of comprehensive income, the consolidated and Company statement of financial position, the consolidated and Company statement of changes in equity, the consolidated and Company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors
As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Report Council's (FRC's) Ethical Standards for Auditors.

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

Opinion on Financial Statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2013 and of the Group's loss for the year then ended;

- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

REPORT OF THE INDEPENDENT AUDITOR

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

Matters on Which we are Required to Report by Exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Scott Knight (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU
United Kingdom
10 May 2014

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 2013

	Notes	2013 £	2012 £
Continuing Operations			
Revenue		**–**	–
Administrative expenses		**(905,576)**	(897,085)
Operating loss before impairment		**(905,576)**	(897,085)
Impairment of intangible assets	11	**(1,362,402)**	–
Operating loss		**(2,267,978)**	(897,085)
Finance income	5	**228,433**	12,763
Loss before tax	6	**(2,039,545)**	(884,322)
Taxation	7	**–**	–
Loss for period from continuing operations		**(2,039,545)**	(884,322)
Loss for the period from discontinued operations	8	**(2,198)**	(57,099)
Loss for the year attributable to equity owners of the parent		**(2,041,743)**	(941,421)
Other comprehensive income			
Change in market value of investments	13	**1,430,435**	–
Exchange gains/(losses) arising on translation of foreign operations		**51,990**	(30,298)
Other comprehensive income for the year		**1,482,425**	(30,298)
Total comprehensive income for the year attributable to equity owners of the parent		**(559,318)**	(971,719)
Loss per share attributable to equity owners of the parent expressed in pence per share:			
Basic and diluted			
From Loss for the year attributable to equity owners of the parent	10	**(2.04)**	(1.12)
From Continuing operations	10	**(2.04)**	(1.05)
From Discontinued operations	10		(0.07)

The notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Notes	2013 £	2012 £
Assets			
Non-current assets			
Intangible assets	11	**699,138**	2,086,667
Property, plant and equipment	12	**–**	177,174
Investments	13	**2,830,435**	–
Other receivables	15	**2,998**	–
Total non-current assets		**3,532,571**	2,263,841
Current assets			
Loan receivables	14	**573,380**	–
Trade and other receivables	15	**108,215**	73,133
Cash and cash equivalents	16	**859,616**	1,767,381
Total current assets		**1,541,211**	1,840,514
Total assets		**5,073,782**	4,104,355
Equity and liabilities			
Shareholders' equity			
Share capital	17	**1,383,658**	842,133
Share premium		**5,460,305**	4,997,699
Foreign currency reserve		**35,578**	(16,412)
Warrant reserve		**850,611**	579,500
Share based payment reserve		**497,181**	577,260
Merger reserve		**572,314**	572,314
Retained earnings		**(4,045,757)**	(3,646,829)
Total equity attributable to equity holders of the parent		**4,753,890**	3,905,665
Liabilities			
Current liabilities			
Trade and other payables	18	**319,892**	198,690
Total liabilities		**319,892**	198,690
Total equity and liabilities		**5,073,782**	4,104,355

The Financial Statements were approved by the Board of Directors on 8 May 2014 and were signed on its behalf by:

DS Archer
Executive Director
Company number: 07307107

The notes form part of these Financial Statements.

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Notes	2013 £	2012 £
Assets			
Non-current assets			
Intangible assets	11	**3,153**	6,063
Investments	13	**2,956,562**	127,327
Other receivables	15	**310,354**	2,011,829
Total non-current assets		**3,270,069**	2,145,219
Current assets			
Loan receivables	14	**573,380**	–
Trade and other receivables	15	**107,225**	63,947
Cash and cash equivalents	16	**855,023**	1,759,898
Total current assets		**1,535,628**	1,823,845
Total assets		**4,805,697**	3,969,064
Equity and liabilities			
Shareholders' equity			
Called up share capital	17	**1,383,658**	842,133
Share premium		**5,460,305**	4,997,699
Warrant reserve		**850,611**	579,500
Share based payment reserve		**497,181**	577,260
Retained earnings		**(3,424,075)**	(3,008,739)
Merger reserve		**(82,188)**	(82,188)
Total equity		**4,685,492**	3,905,665
Liabilities			
Current liabilities			
Trade and other payables	18	**120,205**	63,399
Total liabilities		**120,205**	63,399
Total equity and liabilities		**4,805,697**	3,969,064

The Financial Statements were approved by the Board of Directors on 8 May 2014 and were signed on its behalf by:

DS Archer
Executive Director
Company number: 07307107

The notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

	Share capital £	Share premium £	Foreign currency reserve £	Warrant reserve £	Share based payment reserve £	Retained earnings £	Merger reserve £	Total equity £
At 1 January 2012	842,133	4,997,699	13,886	579,500	407,133	(2,705,408)	572,314	4,707,257
Loss for the year	–	–	–	–	–	(941,421)	–	(941,421)
Other comprehensive income	–	–	(30,298)	–	–	–	–	(30,298)
Share based payments	–	–	–	–	170,127	–	–	170,127
At 31 December 2012	842,133	4,997,699	(16,412)	579,500	577,260	(3,646,829)	572,314	3,905,665
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(2,041,743)**	**–**	**(2,041,743)**
Other comprehensive income	**–**	**–**	**51,990**	**–**	**–**	**1,430,435**	**–**	**1,482,425**
Total comprehensive income for the year	**–**	**–**	**51,990**	**–**	**–**	**(611,308)**	**–**	**(559,318)**
Issue of share capital	**541,525**	**733,717**	**–**	**–**	**–**	**–**	**–**	**1,275,242**
Issue of warrants	**–**	**(271,111)**	**–**	**271,111**	**–**	**–**	**–**	**–**
Share based payments	**–**	**–**	**–**	**–**	**132,301**	**–**	**–**	**132,301**
Share options lapsed	**–**	**–**	**–**	**–**	**(212,380)**	**212,380**	**–**	**–**
At 31 December 2013	**1,383,658**	**5,460,305**	**35,578**	**850,611**	**497,181**	**(4,045,757)**	**572,314**	**4,753,890**

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	**Description and purpose**
Share capital	Amounts subscribed for share capital at nominal value.
Share premium	Amounts subscribed for share capital in excess of nominal value.
Foreign currency reserve	Gains/losses arising on retranslating the net assets of Group operations into Pound Sterling.
Warrant reserve	Fair value of the warrants issued.
Share based payment reserve	Represents the accumulated balance of share based payment charges recognised in respect of share options granted by Savannah Resources Plc, less transfers to retained losses in respect of options exercised and lapsed.
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.
Merger reserve	Amounts resulting from acquisitions under common control.

The notes form part of these Financial Statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

	Share capital £	Share premium £	Warrant reserve £	Share based payment reserve £	Retained earnings £	Merger reserve £	Total equity £
At 1 January 2012	842,133	4,997,699	579,500	407,133	(1,697,360)	(82,188)	5,046,917
Loss for the year	–	–	–	–	(1,311,379)	–	(1,311,379)
Share based payments	–	–	–	170,127	–	–	170,127
At 31 December 2012	842,133	4,997,699	579,500	577,260	(3,008,739)	(82,188)	3,905,665
Loss for the year	**–**	**–**	**–**	**–**	**(2,058,151)**	**–**	**(2,058,151)**
Other comprehensive income	**–**	**–**	**–**	**–**	**1,430,435**	**–**	**1,430,435**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(627,716)**	**–**	**(627,716)**
Issue of share capital	**541,525**	**733,717**	**–**	**–**	**–**	**–**	**1,275,242**
Issue of warrants	**–**	**(271,111)**	**271,111**	**–**	**–**	**–**	**–**
Share based payments	**–**	**–**	**–**	**132,301**	**–**	**–**	**132,301**
Share options lapsed	**–**	**–**	**–**	**(212,380)**	**212,380**	**–**	**–**
At 31 December 2013	**1,383,658**	**5,460,305**	**850,611**	**497,181**	**(3,424,075)**	**(82,188)**	**4,685,492**

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	**Description and purpose**
Share capital	Amounts subscribed for share capital at nominal value.
Share premium	Amounts subscribed for share capital in excess of nominal value.
Warrant reserve	Fair value of the warrants issued.
Share based payment reserve	Represents the accumulated balance of share based payment charges recognised in respect of share options granted by Savannah Resources Plc, less transfers to retained losses in respect of options exercised and lapsed.
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.
Merger reserve	Amounts resulting from acquisitions under common control.

The notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2013

	Notes	2013 £	2012 £
Cash flows used in operating activities			
Loss for the year		**(2,041,743)**	(941,421)
Depreciation and amortisation charges		**30,231**	39,172
Impairment of intangible assets	11	**1,362,402**	–
Profit on disposal of subsidiaries	4	**(180,048)**	–
Share based payment reserve charge		**132,301**	170,127
Shares issued in lieu of payments to extinguish liabilities		**75,750**	–
Finance income	5	**(228,433)**	(12,763)
Cash flow from operating activities before changes in working capital		**(849,540)**	(744,195)
Increase in trade and other receivables		**(81,973)**	(23,273)
Increase/(decrease) in trade and other payables		**140,066**	(9,037)
Net cash used in operating activities		**(791,447)**	(777,195)
Cash flow used in investing activities			
Disposal of subsidiaries		**(21,653)**	–
Purchase of intangible assets (exploration expenditure)		**(593,638)**	(808,588)
Purchase of tangible fixed assets		**(6,380)**	(35,209)
Purchase of convertible loan notes		**(350,000)**	–
Purchase of investments		**(150,000)**	–
Interest received		**5,053**	12,763
Net cash flow from investing activities		**(1,116,618)**	(831,034)
Cash flow from financing activities			
Proceeds from issues of ordinary shares		**968,491**	–
Net cash from financing activities		**968,491**	–
Decrease in cash and cash equivalents		**(939,574)**	(1,608,229)
Cash and cash equivalents at beginning of year		**1,767,381**	3,378,474
Exchange differences		**31,809**	(2,864)
Cash and cash equivalents at end of year		**859,616**	1,767,381

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

The notes form part of these Financial Statements.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2013

	2013	2012
	£	£
Cash flows used in operating activities		
Loss for the year	**(2,058,151)**	(1,311,379)
Depreciation and amortisation charges	**2,910**	2,910
Impairment of intercompany receivables	**2,562,753**	439,839
Profit on disposal of subsidiaries	**(1,249,900)**	–
Share based payment reserve charge	**132,301**	170,127
Shares issued in lieu of payments to extinguish liabilities	**75,750**	–
Finance income	**(228,433)**	(12,763)
Cash flow from operating activities before changes in working capital	**(762,770)**	(711,266)
Increase in trade and other receivables	**(672,454)**	(909,611)
Increase/(decrease) in trade and other payables	**56,805**	(6,993)
Net cash used in operating activities	**(1,378,419)**	(1,627,870)
Cash flow used in investing activities		
Investment in subsidiaries	**–**	(100)
Purchase of convertible loan notes	**(350,000)**	–
Purchase of investments	**(150,000)**	–
Interest received	**5,053**	12,763
Net cash flow from investing activities	**(494,947)**	12,663
Cash flow from financing activities		
Proceeds from issues of ordinary shares	**968,491**	–
Net cash from financing activities	**968,491**	–
Decrease in cash and cash equivalents	**(904,875)**	(1,615,207)
Cash and cash equivalents at beginning of year	**1,759,898**	3,375,105
Cash and cash equivalents at end of year	**855,023**	1,759,898

The notes form part of these Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2013

1. ACCOUNTING POLICIES

Basis of Preparation

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

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

Presentational and Functional Currency

The functional currency of the Company is Pound Sterling. Each entity in the Group determines its own functional currency and items included in the Financial Statements of each entity are measured using that functional currency. The presentational currency of the Group is Pound Sterling.

Going Concern

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

Basis of Consolidation

The Group accounts consolidate the accounts of Savannah Resources Plc and its domestic and foreign subsidiaries, as set out below. The foreign subsidiaries have been consolidated in accordance with IAS 27 and IAS 21 "The effects of Foreign Exchange Rates."

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

Equity Investments

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

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

Investments in Subsidiaries and Associates

Investments in subsidiaries, associates and jointly controlled entities are accounted for at cost within the individual accounts of the parent company. These investments are classified as non-current assets on the balance sheet of the parent company.

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

Foreign Currencies

Transactions in foreign currencies are initially recorded in the functional currency by applying spot exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

1. **ACCOUNTING POLICIES** continued

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary items measured at the fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

The income statements of individual Group companies with functional currencies other than Pound Sterling are translated into Pound Sterling at the average rate for the period and the balance sheet translated at the rate of exchange ruling on the reporting date. Exchange differences which arise from retranslation of the opening net assets and results of such subsidiary undertakings are taken to reserves. On disposal of such entities, the deferred cumulative amount recognised in equity relating to that particular operation is recognised in income statement.

Intangible Assets

Deferred development costs

Once a licence has been obtained, all costs associated with mineral property development and investments are capitalised on a project-by-project basis pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If a mining property development project is successful, the related expenditures will be amortised over the estimated life of the commercial ore reserves on a unit of production basis. Where a licence is relinquished, a project is abandoned, or is considered to be of no further commercial value to the Savannah Resources Group, the related costs will be written off.

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

If commercial reserves are developed, the related deferred development and exploration costs are then reclassified as development and production assets within property, plant and equipment.

Mineral properties

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

Acquisitions of Mineral Exploration Licences

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

Other intangible assets

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

Property, Plant and Equipment

Tangible non-current assets used in exploration and evaluation are classified within tangible non-current assets as property, plant and equipment. To the extent that such tangible assets are consumed in exploration and evaluation the amount reflecting that consumption is recorded as part of the cost of the intangible asset.

1. ACCOUNTING POLICIES continued

Depletion is provided on mineral mining assets in production using the unit of production method; based on proven and probable reserves, applied to the sum of the total capitalised exploration, evaluation and development costs, together with estimated future development costs at current prices.

Depreciation on assets not in production is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant & Machinery	4 – 10 years
Office Equipment	4 years
Motor Vehicles	4 years

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

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

The Savannah Resources Group's loan and receivables comprise other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position. Cash and cash equivalents comprise cash in hand and balances held with banks. Cash equivalents are short term, highly liquid accounts that are readily converted to known amounts of cash.

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

Derivatives and embedded derivatives

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

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

1. **ACCOUNTING POLICIES** continued

Financial Liabilities

Other liabilities

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

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

Taxation

Current taxes are based on the results shown in the Financial Statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which timing differences can be utilised.

Operating Leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Share-based Payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the change in the fair value of the options, measured immediately before and after the modification, is also charged to the Consolidated Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees for goods and services received, the Consolidated Statement of Comprehensive Income is charged with the fair value of goods and services received.

Key Accounting Estimates and Judgements

The preparation of financial information in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial information and the reported amounts of expenses during the reporting periods. Although these estimates are based on management's best knowledge of the amounts, event or actions, actual results ultimately may differ from those estimates. The key accounting estimates and judgements are set out below:

1. ACCOUNTING POLICIES continued

(a) Carrying value of mineral properties and development costs

The Savannah Resources Group assesses at each reporting period whether there is any indication that these assets may be impaired. If such indication exists, the Group estimates the recoverable amount of the asset. In the early stages of exploration an indication of impairment may arise from drilling and assay results or from management's decision to terminate the project. The recoverable amount is assessed by reference to the higher of 'value in use', where a project is still expected to be developed into production (being the new present value of expected future cash flows of the relevant cash generating unit) and 'fair value less cost to sell'. Further details are set out in Note 11.

(b) Exploration and evaluation costs

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

(c) Share-based payments

In determining the fair value of share-based payments made during the period, a number of assumptions have been made by management. The details of these assumptions are set out in Note 23.

(d) Investment of Alecto Minerals plc

The Directors have had to apply judgment in considering the accounting treatment of the Company's investment in Alecto Minerals plc ('Alecto') with reference to its relationship with Alecto. Although during the year the Company held between 24.9% and 20.5% of Alecto's shares, it is the Directors' opinion that the investment in Alecto should be treated as an investment in the accounts of Savannah rather than as an associate on the basis that Savannah does not have the power to exert significant influence over Alecto. Key factors behind the opinion of the Directors include:

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

Accounting Developments During 2013

The International Accounting Standards Board (IASB) issued various amendments and revisions to International Financial Reporting Standards and IFRIC interpretations. The amendments and revisions were applicable for the year ended 31 December 2013 but did not result in any material changes to the Financial Statements of the Group or Company.

Accounting Developments Not Yet Adopted

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

2. SEGMENTAL REPORTING

The Group complies with IFRS 8 Operating Segments, which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, which the Company considers to be the Board of Directors. In the opinion of the Directors, the operations of the Group comprise of exploration in Mali, exploration in Mozambique, headquarter activities and the Company's investments in Alecto Minerals Plc ("Alecto").

Based on the Group's current stage of development there are no revenues associated to the segments detailed below. For exploration in Mali and Mozambique the segments are calculated by the summation of the balances in the legal entities which are readily identifiable to each of the segmental activities. In the case of the Investment in Alecto, this is calculated by analysis of the specific related investment instruments. Intercompany loans are eliminated to zero and not included in each segment below.

	Exploration in Mali £	Exploration in Mozambique £	Headquarter administration and corporate £	Investment in Alecto £	Total £
2013					
Depreciation and amortisation	**(27,321)**	**–**	**(2,910)**	**–**	**(30,231)**
Profit on disposal of subsidiaries	**180,048**	**–**	**–**	**–**	**180,048**
Impairment of intangibles	**(1,362,402)**	**–**	**–**	**–**	**(1,362,402)**
(Loss)/profit for the period	**(1,377,175)**	**(18,490)**	**(869,458)**	**223,380**	**(2,041,743)**
Total assets	**251,010**	**453,577**	**965,380**	**3,403,815**	**5,073,782**
Total non-current assets	**250,000**	**448,983**	**3,153**	**2,830,435**	**3,532,571**
Additions to non-current assets	**384,000**	**447,018**	**–**	**2,830,435**	**3,661,453**
Total current assets	**1,010**	**4,593**	**962,228**	**573,380**	**1,541,211**
Total liabilities	**(5,366)**	**(188,839)**	**(125,687)**	**–**	**(319,892)**
2012					
Depreciation and amortisation	(36,262)	–	(2,910)	–	(39,172)
Loss for the period	(105,191)	–	(836,230)	–	(941,421)
Total assets	2,274,447	–	1,829,908	–	4,104,355
Total non-current assets	2,257,778	–	6,063	–	2,263,841
Additions to non-current assets	979,089	–	–	–	979,089
Total current assets	16,669	–	1,823,845	–	1,840,514
Total liabilities	(135,291)	–	(63,399)	–	(198,690)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. EMPLOYEES AND DIRECTORS

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

	2013 No	2012 No
Operational	**15**	24
Non-operational	**8**	8
	23	32

Staff Costs (excluding Directors)	2013 £	2012 £
Salaries	**296,863**	413,525
Social security	**65,405**	61,208
Share based payment expense (see note 23)	**16,310**	22,584
Severance	**7,241**	–
	385,819	497,317

The numbers in the above table includes £111,732 (2012: £281,498) which was capitalised as an intangible asset.

Directors' Remuneration	2013 £	2012 £
Salaries	**270,433**	240,048
Social security	**5,233**	6,903
Share based payment expense (see note 23)	**115,992**	147,543
	391,658	394,494

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

4. PROFIT ON DISPOSAL OF SUBSIDIARIES

	2013 £	2012 £
Consideration	**1,250,000**	–
Net assets disposed	**(1,069,952)**	–
	180,048	–

4. PROFIT ON DISPOSAL OF SUBSIDIARIES continued

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

The net assets at the date of disposal comprised:

	2013 £
Intangible assets	**910,190**
Tangible assets	**148,643**
Receivables	**6,162**
Cash	**21,653**
Payables	**(16,696)**
	1,069,952

5. FINANCE INCOME

	2013 £	2012 £
Deposit account interest	**5,053**	12,763
Interest on convertible loan notes	**45,196**	–
Movement on the valuation of derivative	**178,184**	
	228,433	12,763

The convertible loan notes are detailed in note 14. The interest accruing on the loan notes and the value of the derivative at fair value at the reporting date are reflected above.

6. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging

	2013 £	2012 £
Depreciation and amortisation	**30,231**	39,172
Auditors' remuneration:		
– Statutory audit of the Group Financial Statements	**24,973**	24,687
– Other assurance services	**4,027**	4,520
– Tax advice	**1,400**	1,800
Foreign exchange differences	**3,110**	45,058
Operating lease payments	**54,244**	54,513
Share based payments	**132,301**	170,127

7. INCOME TAX

Analysis of the Tax Charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2013 nor for the year ended 31 December 2012.

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:

	2013	2012
	£	£
Loss on ordinary activities before tax	**(2,041,743)**	(941,421)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2012 - 24%)	**(469,601)**	(225,941)
Effects of:		
Expenses not deductible for tax purposes	**340,998**	49,853
Tax losses carried forward	**128,603**	176,088
Total income tax	**–**	–

Deferred Tax

The Group has carried forward losses amounting to £2,312,420 as at 31 December 2013 (2012: £2,771,219). As the timing and extent of taxable profits are uncertain, the deferred tax asset arising on these losses has not been recognised in the Financial Statements.

8. CASH FLOWS FROM DISCONTINUED OPERATIONS

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

At the reporting date the Company had not made the decision to divest NewMines Holding Limited and as such the assets within NewMines Holding Limited are not classified as held for sale.

Group cash flows from discontinued operations

	Group		**Company**	
	2013	2012	**2013**	2012
	£	£	**£**	£
Operating cash flows	**310,960**	229,021	**–**	–
Investing cash flows	**(338,373)**	(349,428)	**–**	–
Financing cash flows	**–**	–	**–**	–
Total cash flows	**(27,413)**	(120,407)	**–**	–

8. CASH FLOWS FROM DISCONTINUED OPERATIONS continued

Analysis of the result of discontinued operations

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Revenue	**–**	–	**–**	–
Expenses	**(182,246)**	(57,099)	**–**	–
Profit on disposal of subsidiaries (note 4)	**180,048**	–	**–**	–
Loss before tax of discontinued operations	**(2,198)**	(57,099)	**–**	–
Tax	**–**	–	**–**	–
Loss after tax of discontinued operations	**(2,198)**	(57,099)	**–**	–

9. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent Company is not presented as part of these Financial Statements. The parent Company's loss for the financial year was £627,716 (2012: £1,311,379).

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

In accordance with IAS 33 as the Group is reporting a loss for both this and the preceding year the share options, warrant options and warrants are not considered dilutive because the exercise of share options would have the effect of reducing the loss per share.

Reconciliations are set out below.

	2013	2012
	£	£
Basic Loss Per Share		
Losses attributable to ordinary shareholders:		
Total loss for the year	**(2,041,743)**	(941,421)
Continuing operations	**(2,039,545)**	(884,322)
Discontinued operations	**(2,198)**	(57,099)
Weighted average number of shares	**100,004,746**	84,213,306
Loss per share – total loss for the year	**0.0204**	0.0112
Loss per share – continuing operations	**0.0204**	0.0105
Loss per share – discontinued operations	**–**	0.0007

11. INTANGIBLE ASSETS (Group)

	Exploration and evaluation £	Other £	Total £
Cost			
At 1 January 2012	1,158,587	11,640	1,170,227
Additions	943,879	–	943,879
Exchange differences	(21,862)	–	(21,862)
At 1 January 2013	2,080,604	11,640	2,092,244
Additions	824,638	–	824,638
Transfers from tangible assets	11,904	–	11,904
Disposals (note 4)	(928,667)	–	(928,667)
Exchange differences	47,430	–	47,430
At 31 December 2013	**2,035,909**	**11,640**	**2,047,549**
Amortisation and impairment			
At 1 January 2012	–	2,667	2,667
Charge for the year	–	2,910	2,910
At 1 January 2013	–	5,577	5,577
Impairment charge for the year	1,362,402	–	1,362,402
Amortisation charge for the year	–	2,910	2,910
Exchange differences	(22,478)	–	(22,478)
At 31 December 2013	**1,339,924**	**8,487**	**1,348,411**
Net Book Value			
At 31 December 2013	**695,985**	**3,153**	**699,138**
At 31 December 2012	2,080,604	6,063	2,086,667

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

	2013 £	2012 £
Karan and Diatissan (Mali)	**250,000**	1,512,377
Jangamo (Mozambique)	**445,985**	–
Caracal Kossanto (Mali)	**–**	568,227
	695,985	2,080,604

The Directors have reviewed the carrying value of the intangible assets and have included an impairment charge of £1,362,402 against the carrying value of the Karan and Diatissan licences. The impairment charge was calculated based on the realisable value of these assets arising in the sale of New Mines Holdings Limited and Tobon Tondo S.U.A.R.L as detailed in note 24.

11. INTANGIBLE ASSETS (Group) continued

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

Intangible assets (Company)

	Total £
Cost	
At 1 January 2012	11,640
Additions	–
At 1 January 2013	11,640
Additions	–
At 31 December 2013	**11,640**
Amortisation	
At 1 January 2012	2,667
Charge for the year	2,910
At 1 January 2013	5,577
Charge for the year	2,910
At 31 December 2013	**8,487**
Net Book Value	
At 31 December 2013	**3,153**
At 31 December 2012	6,063

12. PROPERTY, PLANT AND EQUIPMENT (Group)

	Plant and machinery £	Motor vehicles £	Office Equipment £	Total £
Cost				
At 1 January 2012	156,763	39,603	7,130	203,496
Additions	20,129	15,081	–	35,210
Exchange differences	(3,690)	(852)	(176)	(4,718)
At 1 January 2013	173,202	53,832	6,954	233,988
Additions	6,380	–	–	6,380
Transfers to intangible assets	(11,904)	–	–	(11,904)
Disposals (note 4)	(174,332)	(55,900)	(7,221)	(237,453)
Exchange differences	6,654	2,068	267	8,989
At 31 December 2013	**–**	**–**	**–**	**–**
Depreciation				
At 1 January 2012	5,748	11,550	3,472	20,770
Charge for year	21,815	12,722	1,725	36,262
Exchange differences	35	(180)	(73)	(218)
At 1 January 2013	27,598	24,092	5,124	56,814
Charge for year	19,882	6,797	642	27,321
Disposals (note 4)	(46,238)	(34,116)	(5,962)	(86,316)
Exchange differences	(1,242)	3,227	196	2,181
At 31 December 2013	**–**	**–**	**–**	**–**
Net Book Value				
At 31 December 2013	**–**	**–**	**–**	**–**
At 31 December 2012	145,604	29,740	1,830	177,174

13. INVESTMENTS

Group	**Listed investments £**
At 1 January 2013	–
Additions at cost	1,400,000
Change in market value of investment	1,430,435
At 31 December 2013	**2,830,435**

13. INVESTMENTS continued

Company	Shares in Group undertakings & listed investments £
At 1 January 2013	127,327
Additions	1,400,200
Change in market value of investment	1,430,435
Disposals	(1,400)
At 31 December 2013	**2,956,562**

In August 2013 the Group announced the conditional agreement to divest its subsidiary, AME West Africa Limited to Alecto Minerals Plc ("Alecto"). Included within additions above is £1,250,000 in respect of 108,695,542 shares acquired in Alecto in respect of this divestment and a share subscription of 13,043,478 shares in Alecto for £150,000. The change in market value represents the fair value of shares held at the reporting date less the cost. The fair value of the shares being the market value of the Alecto shares at the reporting date of 31 December 2013.

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

A new 100% subsidiary company, AME East Africa Limited was set up to be the immediate parent company of Matilda with an initial investment of £100 in the ordinary share capital. A new subsidiary, African Mining & Exploration Limited, was incorporated on 5 September 2013 with an initial investment of £100 in the ordinary share capital.

The Company had the following subsidiary undertakings, either directly or indirectly, at 31 December 2013, which have been included in the Consolidated Financial Statements.

Subsidiary	Country of Incorporation	Nature of business	Class of share	% Holding
New Mines Holdings Limited	St Kitts & Nevis	Holding company	Ordinary	100%
Tobon Tondo S.U.A.R.L.	Republic of Mali	Mining & exploration	Ordinary	100%
Savannah resources Mali S.A.R.L	Republic of Mali	Mining & exploration	Ordinary	100%
AME East Africa Limited	United Kingdom	Holding company	Ordinary	100%
Matilda Minerals Lda	Mozambique	Mining & exploration	Ordinary	80%
African Mining & Exploration Limited	United Kingdom	Dormant	Ordinary	100%

14. LOAN RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Loan	**228,474**	–	**228,474**	–
Derivative	**344,906**	–	**344,906**	–
	573,380	–	**573,380**	–

The loans receivable above relate to the purchase of convertible loan notes in Alecto Minerals Plc. The loan is repayable in cash or convertible into Alecto's shares at a fixed price of 1.15 pence from October 2014. This derivative has been recognised at fair value using the Black Scholes valuation technique.

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Non-current:				
Other receivables	**2,998**	–	**–**	–
Amounts due from subsidiaries	**–**	–	**310,354**	2,011,829
	2,998	–	**310,354**	2,011,829
Current:	**31,449**	24,333	**30,630**	23,531
VAT recoverable	**76,766**	48,800	**76,595**	40,416
Other receivables	**108,215**	73,133	**107,225**	63,947

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Cash at bank and in hand	**859,616**	1,767,381	**855,023**	1,759,898

17. SHARE CAPITAL

Allotted, issued and fully paid	2013 £0.01 ordinary shares number	2013 £	2012 £0.01 ordinary shares number	2012 £
At beginning of year	**84,213,306**	**842,133**	84,213,306	842,133
Issued during year:				
Cash subscription by David Archer (Director)	**22,222,224**	**222,222**	–	–
Fundraising via broker	**18,047,748**	**180,478**	–	–
Acquisition of 80% of Matilda Minerals Lda	**10,643,107**	**106,431**	–	–
In lieu of notice	**2,666,667**	**26,667**	–	–
In lieu of cash for professional services	**572,729**	**5,727**	–	–
At end of year	**138,365,781**	**1,383,658**	84,213,306	842,133

Refer to note 23 for details of unissued warrants and options.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Current:				
Trade creditors	**172,307**	8,536	**78,224**	8,536
Other creditors	**8,635**	8,675	**3,916**	8,675
Accruals and deferred income	**138,950**	181,479	**38,065**	46,188
	319,892	198,690	**120,205**	63,399

19. 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.

19. FINANCIAL INSTRUMENTS continued

Principal Financial Instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

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

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

Liquidity Risk

The Group has sufficient funding in place to meet its operational commitments and is not exposed to any liquidity risk but in common with many exploration companies, the Company is likely to need to raise funds for its exploration activities and has an agreement in place with Bergen (see Note 24) to raise funds on a regular basis. The Group's policy continues to be to ensure that it has adequate liquidity by careful management of its working capital. The Board receives rolling 18-month cash flow projections on a regular basis as well as information regarding cash balances. At the reporting date, these projections indicated that the Group expected to have sufficient liquid resources to meet its current obligations under all reasonably expected circumstances.

Foreign Exchange Risk

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

Foreign exchange risk also arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency (CFA, MZN or Pound Sterling) with the cash remitted to their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group. To mitigate the risk of the CFA/Euro expenditure in Mali, the Group holds cash in a Euro denominated bank account, sufficient to meet committed expenditure and other liabilities. The CFA has a permanent fixed exchange rate with Euro.

Credit Risk

The Group is exposed to credit risk through its loan receivables owed by Alecto Minerals Plc ("Alecto"). The Group's exposure to credit risk is mitigated as the Group has the option to convert the loan to shares after 4 October 2014.

19. FINANCIAL INSTRUMENTS continued

The Company is exposed to credit risk on its' receivables from its subsidiaries. The subsidiaries are exploration companies with no current revenue and therefore, whilst the receivables are due on demand, they are not expected to be paid until there is a successful outcome on an exploration project resulting in revenue being generated by a subsidiary.

Fair Value

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

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

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

The level of the fair value hierarchy within the measurement is categorised as Level 2 and there are no unobservable inputs within the measurement.

The derivative valuation has been calculated using a Black–Scholes Model and using the following parameters:

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

19. FINANCIAL INSTRUMENTS continued
Financial instruments by category (Group)

As at 31 December 2013	**Loans and receivables £**	**Assets at fair value through profit and loss £**	**Available for sale £**	**Total £**
Investment in Alecto	**–**	**–**	**2,830,435**	**2,830,435**
Loan receivables	**228,474**	**–**	**–**	**228,474**
Derivative		**344,906**		**344,906**
Cash and cash equivalents	**859,616**	**–**	**–**	**859,616**
	1,088,090	**344,906**	**2,830,435**	**4,263,431**
At 31 December 2012				
Cash and cash equivalents	1,761,371	–	–	1,767,381

Available for the sale assets are measured at fair value. The fair value hierarchy is level 1 as the valuation is based wholly on quoted prices.

As at 31 December 2013	**Financial liabilities at amortised cost £**	**Total £**
Trade and other payables	**319,892**	**319,892**
At 31 December 2012		
Trade and other payables	198,690	198,690

As at 31 December 2013 and 31 December 2012, the currency exposure of the Group was as follows:

At 31 December 2013	**GBP £**	**Euro £**	**CFA £**	**GNF £**	**MZN £**	**Total £**
Cash and cash equivalents	**852,299**	**2,724**	**–**	**–**	**4,593**	**859,616**
Loan receivables	**573,380**	**–**	**–**	**–**	**–**	**573,380**
Trade and other payables	**206,674**	**–**	**5,366**	**–**	**107,852**	**319,892**
At 31 December 2012						
Cash and cash equivalents	1,742,722	17,177	6,606	876	–	1,767,381
Trade and other payables	63,399	–	135,291	–	–	198,690

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

The Company currently does not have any debt.

20. CONTINGENT LIABILITIES

Details of contingent liabilities where the probability of future payments is not considered remote are set out below, as well as details of contingent liabilities, which although considered remote, the Directors consider should be disclosed. The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Strategic investment in future mining and exploration projects

Under the terms of the sale exchange agreement (see Events After the Reporting Date) between the Company and Alecto for the sale of NewMines Holdings Limited, the Company is liable to repay the consideration received of £250,000 if the Karan exploration licence is not renewed by 27 September 2014. The renewal of the licence is expected to be a formality as the minimum spending requirements and other obligations of the Karan licences were fulfilled.

20. CONTINGENT LIABILITIES

Deferred consideration payable in relation to the acquisition of 80% shareholding in Matilda Minerals Lda

In consideration for acquiring 80% shareholding in Matilda Minerals Lda, the Company paid initial consideration of AUD$400,000 in ordinary shares and a cash payment for cost reimbursements of AUD$125,000. Additionally milestone payments, to be satisfied by the issue of ordinary shares in the Company are payable as follows: (a) AUD$500,000 upon the establishment of a JORC Inferred Resource of 150Mt @ 3% THM; (b) AUD$500,000 upon the establishment of a JORC Indicated Resource of 350Mt @ 3% THM; (c) AUD$500,000 upon the establishment of a JORC Indicated Resource of 500Mt @ 3% THM.

21. RELATED PARTY DISCLOSURES

Details of Director's remuneration are given in note 3. During the year £141,286 (2012: £150,048) was payable to J Cubed Ventures Ltd (a company controlled by Mark Jones) for consultancy fees of which £nil (2012: £12,504) remained unpaid. During the year £25,614 (2012: £nil) was payable to Blue Bone Consulting Pty Ltd (a company controlled by Dale Ferguson) for consultancy fees of which £nil (2012: £nil) remained unpaid. The amounts payable to J Cubed Ventures Ltd and Blue Bone Consulting Pty Ltd have been included in the Directors' remuneration in note 3.

22. OPERATING LEASE COMMITMENTS

	2013	2012
	£	£
No later than 1 year	**30,215**	44,151
Later than 1 year and no later than 5 years	**12,292**	13,006
Later than 5 years	**–**	–
	42,507	57,157

The operating lease commitments are for business premises in Mali and the United Kingdom.

23. SHARE OPTIONS AND WARRANTS

Investor Warrants (2013)

	Warrants at 1 Jan 2013 No	Warrants granted during the year	Lapsed during the year	Warrants at 31 Dec 2013 No	Exercise Price	Date of the grant	First date of exercise	Final date of exercise
Directors/Other								
M C Jones	1,850,000	–	–	1,850,000	12.5p	22/10/10	01/11/10	01/11/14
M S Johnson	4,475,000	–	–	4,475,000	12.5p	22/10/10	01/11/10	01/11/14
Other Investors	51,624,993	–	–	51,624,993	12.5p	22/10/10	01/11/10	01/11/14
D S Archer	–	11,111,112	–	11,111,112	3.0p	24/09/13	24/09/13	19/07/18
Total	57,949,993	11,111,112	–	69,061,105				

Investor Warrants (2012)

	Warrants at 1 Jan 2012 No	Warrants granted during the year	Lapsed during the year	Warrants at 31 Dec 2012 No	Exercise Price	Date of the grant	First date of exercise	Final date of exercise
Directors/Other								
M C Jones	1,850,000	–	–	1,850,000	12.5p	22/10/10	01/11/10	01/11/14
M S Johnson	4,475,000	–	–	4,475,000	12.5p	22/10/10	01/11/10	01/11/14
Other Investors	51,624,993	–	–	51,624,993	12.5p	22/10/10	01/11/10	01/11/14
Total	57,949,993	–	–	57,949,993				

Upon admission to AIM, the Company issued the ‘2010 Warrants’. Each warrant was issued as part of a share and warrant ‘unit’. Each 2010 Warrant entitles the 2010 warrant holder to subscribe for one Ordinary Share at 12.5 pence until 1 November 2014 (the date was extended from 1 November 2012 on 26 October 2012 at a meeting for 2010 warrant holders. David Archer was granted 11,111,112 warrants in consideration of a cash subscription of £500,000 for shares and warrants and subsequent approval at a shareholder meeting on 24 September 2013.

23. SHARE OPTIONS AND WARRANTS continued

Part A and B Share and Warrant Options (2013)

	Options at 1 Jan 2013 No	Options granted during the year	Lapsed during the year	Options at 31 Dec 2013 No	Exercise Price	Date of the grant	First date of exercise	Final date of exercise
Share – Directors/Other								
M C Jones	3,000,000	–	(1,500,000)	1,500,000	10.0p	22/10/10	21/10/11	21/10/15
D D Chikohora	600,000	–	(600,000)	–	10.0p	22/10/10	21/10/11	21/10/15
S D Oke	750,000	–	(750,000)	–	10.0p	22/10/10	21/10/11	21/10/15
R Williams	500,000	–	(500,000)	–	16.1p	07/03/11	07/03/11	06/03/16
Shares – Others	700,000	–	(100,000)	600,000	10.0p	22/10/10	21/10/11	21/10/15
Total	5,550,000	–	(3,450,000)	2,100,000				
Warrant – Directors/Other								
M C Jones	3,000,000	–	(1,500,000)	1,500,000	12.5p	22/10/10	21/10/11	21/10/15
D D Chikohora	600,000	–	(600,000)	–	12.5p	22/10/10	21/10/11	21/10/15
S D Oke	750,000	–	(750,000)	–	12.5p	22/10/10	21/10/11	21/10/15
Warrants – Others	500,000	–	–	500,000	12.5p	22/10/10	21/10/11	21/10/15
Total	4,850,000	–	(2,850,000)	2,000,000				

23. SHARE OPTIONS AND WARRANTS continued

Part A and B Share and Warrant Options (2012)

	Options at 1 Jan 2012 No	Options granted during the year	Lapsed during the year	Options at 31 Dec 2012 No	Exercise Price	Date of the grant	First date of exercise	Final date of exercise
Share – Directors/Other								
M C Jones	3,000,000	–	–	3,000,000	10.0p	22/10/10	21/10/11	21/10/15
D D Chikohora	600,000	–	–	600,000	10.0p	22/10/10	21/10/11	21/10/15
S D Oke	750,000	–	–	750,000	10.0p	22/10/10	21/10/11	21/10/15
R Williams	500,000	–	–	500,000	16.1p	07/03/11	07/03/11	06/03/16
Shares – Others	700,000	–	–	700,000	10.0p	22/10/10	21/10/11	21/10/15
Total	5,550,000	–	–	5,550,000				
Warrant – Directors/Other								
M C Jones	3,000,000	–	–	3,000,000	12.5p	22/10/10	21/10/11	21/10/15
D D Chikohora	600,000	–	–	600,000	12.5p	22/10/10	21/10/11	21/10/15
S D Oke	750,000	–	–	750,000	12.5p	22/10/10	21/10/11	21/10/15
Warrants – Others	500,000	–	–	500,000	12.5p	22/10/10	21/10/11	21/10/15
Total	4,850,000	–	–	4,850,000				

23. SHARE OPTIONS AND WARRANTS continued

Issues in 2013

	Options at 1 Jan 2013 No	Options granted during the year	Lapsed during the year	Options at 31 Dec 2013 No	Exercise Price	Date of the grant	First date of exercise	Final date of exercise
SOiLoS Share Options								
M C Jones	–	2,100,000	(700,000)	1,400,000	4.62p	01/02/13	31/01/14	31/01/18
M C Jones	–	1,575,000	–	1,575,000	4.62p	30/09/13	30/09/13	30/09/18
Others	–	2,890,000	(563,333)	2,326,667	4.62p	01/02/13	31/01/14	31/01/18
Total	–	6,565,000	(1,263,333)	5,301,667				
H2 Share Options								
D J Ferguson	–	5,321,776	–	5,321,776	3.0p	21/07/13	20/07/14	20/07/18
M Johnson	–	1,500,000	–	1,500,000	3.0p	22/09/13	22/03/14	21/09/18
C Cannon-Brookes	–	1,500,000	–	1,500,000	3.0p	22/09/13	22/03/14	21/09/18
Others	–	1,500,000	–	1,500,000	3.0p	22/09/13	22/03/14	21/09/18
Total	–	9,821,776	–	9,821,776				

The terms of the option plans are as follows:

Part A and B – Share Options

Each of the Directors and key employees were granted 1 option and 1 warrant to purchase the above number of shares at the time of IPO. Issues in 2011 were granted for options only. The Part A options were subject to performance conditions, except for 100,000 options these have all been satisfied or lapsed (as per the above table).

Part A and B – Warrant Options

The warrants under this option plan may not be exercised before either the 2010 Warrants have all been exercised or may no longer be exercised.

Issues in 2013

The "SOiLoS Share Options" (Share Options in Lieu of Salary) relate to the options issued to key employees and the former CEO in lieu of cash salary as part of the Company's cash conservation measures announced on 1 March 2013. The element that lapsed relates to the personnel who were engaged by Alecto following the divestment of AME West Africa Ltd in October 2013.

The share options in H2 were issued to in respect of either reduced fees/nominal fees (£1 per annum) paid to Directors and key personnel.

23. SHARE OPTIONS AND WARRANTS continued

Accounting Treatment

All of the options and warrants attract a share based payment charge under IFRS 2.

The share based payment charge for options and warrants related to Directors, non-executive Directors and employees have been calculated using a Black-Scholes Model and using the following parameters:

	2010 Share Options	2010 Warrant Options	2011 Share Options	SOiLoS Share Options	H2 2013 (July) Share Options	H2 2013 (September) Share Options
Stock asset price (£)	0.10	0.10	0.104 – 0.16	0.0412	0.0188	0.04*
Option strike price (£)	0.10	0.125	0.104 – 0.16	0.0462	0.03	0.03
Maturity (years)	5	5	5	5	5	5
Risk-Free interest rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Volatility	95%	95%	95%	52.9%	61.9%	61.9%
Option (fair value) (£)	0.073	0.0698	0.076 – 0.118	0.0185	0.008	0.0244

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.

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

24. EVENTS AFTER THE REPORTING DATE

Agreement to acquire 100% of Gentor Resources Limited with exploration portfolio in Oman

On 10 April 2014 the Company entered into an agreement to acquire 100% of Gentor Resources Inc.'s subsidiary, Gentor Resources Limited ("GRL"), which has a 65% interest in the Block 5 and the right to earn up to a 70% interest in the Block 6 exploration licences in Oman. Completion is conditional on the finalisation of certain legal formalities in the UK, Canada and Oman. It is also subject to regulatory approvals as required by the rules of the TSX Venture Exchange and completion is anticipated to occur in May 2014.

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

Bergen Financing Agreement

On 10 April 2014 the Company entered into an agreement with an institutional investor, Bergen Global Opportunity Fund LP ("Bergen"), in connection with a private placement of up to USD 5,900,000 worth of new ordinary shares in the Company and to issue a USD 400,000 unsecured convertible instrument. The shares will (subject to the satisfaction of certain conditions) be issued in 12 approximately monthly tranches, commencing around 17 May 2014. The initial Tranche will be in respect of USD 400,000 worth of shares and each of the 11 remaining tranches will be in respect of USD 400,000 (subject to certain adjustments) worth of shares, although the Company and Bergen may agree to increase any Tranche to up to USD 500,000. The Company has the right to pause drawdowns under the agreement. In addition, Savannah has the right to terminate the facility at any time and not to issue further shares on payment of a termination fee. In addition, the facility agreement contains contractual limitations on Bergen's ability to dispose of shares following any subscription, as well as a prohibition on short selling. Additionally Bergen was issued with 2,800,000 Warrants with an exercise price of 11.0p and a final exercise date of 17 April 2018, 1,250,000 collateral shares at par and 1,667,064 shares as a commencement fee.

Sale of Legacy Mali Exploration Permits

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

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Savannah Resources Plc ('the Company') will be held at the offices of N+1 Singer, One Bartholomew Lane, London, EC2N 2AX, on 16 June 2014 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions in the cases of resolutions 1-5 and as a special resolution in the case of resolution 6.

ORDINARY BUSINESS

1 To receive the report of the Directors and the audited Financial Statements of the Company for the year ended 31 December 2013.

2 To re-appoint David Archer who retires as a Director in accordance with article 23.2 of the Articles of Association at the conclusion of the meeting and, being eligible, offering himself for re-election as a Director of the Company.

3 To re-appoint Dale Ferguson who retires as a Director in accordance with article 23.2 of the Articles of Association at the conclusion of the meeting and, being eligible, offering himself for re-election as a Director of the Company.

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

ORDINARY RESOLUTION

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

SPECIAL RESOLUTION

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

(a) arising from the exercise of options, warrant options, warrants and convertible loan notes outstanding at the date of this resolution;

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

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

(d) pursuant to the share exchange agreement for 80% of the issued share capital of Matilda Minerals Lda, up to a maximum aggregate nominal value of £180,000; and

(e) to the allotment (otherwise than pursuant to sub-paragraphs (a), (b), (c) and (d) above) of equity securities up to an aggregate nominal amount of £325,000 (approximately 20% of the Company's issued share capital) in respect of any other issues for cash consideration;

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

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

A form of proxy is provided.

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

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

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

Registered Office: By order of the Board

Third Floor
55 Gower Street
London WC1E 6HQ

Stephen Ronaldson
Company Secretary

7 May 2014

Registered in England and Wales Number: 07307107

NOTES TO THE NOTICE OF GENERAL MEETING

Entitlement to Attend and Vote

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

Appointment of Proxies

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

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

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

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

Appointment of Proxy Using Hard Copy Proxy Form

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

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

– Completed and signed;
– Sent or delivered to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by facsimile transmission to 01252 719 232; and
– Received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

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

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

Appointment of Proxy by Joint Members

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

Changing Proxy Instructions

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

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

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

Termination of Proxy Appointments

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

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

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

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

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

Issued shares and total voting rights

10 As at 8 May 2014, the Company's issued share capital comprised 161,365,359 ordinary shares of £0.01 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 8 May 2014 is 161,365,359.

Communications with the Company

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

CREST

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

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

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

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

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

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

COMPANY INFORMATION

DIRECTORS:	Professor M S Johnson D S Archer D J Ferguson C Cannon-Brookes	Chairman Executive Director Executive Director Non-Executive Director
SECRETARY:	S F Ronaldson 55 Gower Street London WC1E 6HQ	
REGISTERED OFFICE:	Third Floor 55 Gower Street London WC1E 6HQ	
REGISTERED NUMBER:	07307107 (England and Wales)	
AUDITORS:	BDO LLP Chartered Accountants & Statutory Auditors 55 Baker Street London W1U 7EU	
BANKERS:	NatWest Bank Plc St James' & Piccadilly Branch PO Box 2DG 208 Piccadilly London W1A 2DG	
NOMINATED ADVISOR & BROKER:	N+1 Singer One Bartholomew Lane London EC2N 2AX	
SOLICITORS:	Ronaldsons LLP 55 Gower Street London WC1E 6HQ	
REGISTRARS:	Share Registrars 9 Lion & Lamb Yard Farnham Surrey GU9 7LL	
WEBSITE:	www.savannahresources.com	

Savannah Resources Plc
Second Floor
18 Pall Mall
London
SW1Y 5LU