SAVANNAH RESOURCES PLC

Company No 07307107

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

CONTENTS

CHAIRMAN'S STATEMENT

As we begin 2016, in my first statement as Chairman for the Company, I am delighted to report on the success we have achieved in building a valuable portfolio of assets, which are well placed to deliver continuing value to shareholders and, significantly, the introduction of Al Marjan Limited as a cornerstone shareholder.

2015 has undoubtedly been a challenging year for the resource sector, for both large and small cap companies alike, with the current geo-political and macroeconomic environment fuelling global market uncertainty and continuing downward pressure on commodity prices. Set against the current climate, arguably the primary factor in planning new resources developments is cost: low OPEX and CAPEX requirements are key to maximising resource value, establishing sustainable operations and achieving superior economic returns for shareholders. With this in mind, we have a development strategy focused on achieving sustainable growth at our copper and gold projects in Oman and heavy mineral sands project in Mozambique. It is this strategic approach combined with a prospective portfolio of assets and strong executive management team which attracted me to Savannah.

Blocks 4, 5 and 6 Copper Mine Development Project, Oman

In Oman, our plans centre on assessing the feasibility of establishing a central copper processing facility, which will be used to treat copper ores produced from the copper/gold deposits on Blocks 4 and 5. With near-term production being our primary goal, during the past year we have made excellent progress in furthering the resource potential of these projects, which have an existing Indicated and Inferred Mineral Resource of 1.7Mt at 2.2% copper, and importantly have also identified additional gold mineralisation that offers significant upside. The primary focus will be the definition of Inferred and Indicated Mineral Resources for the Aarja, Bayda and Lasail deposits on Block 4. Looking ahead, our focus is on moving ahead with a feasibility study of the development of the copper deposits and furthering increasing our understanding of the gold potential of the area with additional drilling, with the ultimate aim of commencing commercial copper concentrate production in 2017. The projects will have the benefit of utilising the excellent infrastructure already established, which includes power, roads, and the nearby deep water export port of Sohar.

Strategic Partnership with Rio Tinto

In Mozambique we have a landmark Joint Venture agreement in place with mining major Rio Tinto Plc (via a subsidiary member of the Rio Tinto Group) ("Rio Tinto") to combine Savannah's Jangamo Heavy Mineral Sands Project with three licence areas held by Rio Tinto, two of which adjoin the Jangamo Project (the "Joint Venture"). This would combine Savannah's Inferred Mineral Resource of 65Mt at 4.2% total heavy minerals ("THM") and Rio Tinto's Exploration Target of between 7.0 and 12.0Bt at a grade ranging from 3 to 4.5% THM. Our plan, upon receiving Mozambican Government approval for the Joint Venture, is to evaluate the potential to rapidly develop the combined projects as a low capex heavy minerals sands mine, of which Savannah will be the operator. To support this strategy, and in line with our low cost production targets, our aim is to evaluate and build a dry mining operation with grade rather than tonnage being the primary focus. Therefore, our plan over the coming year is to conduct additional resource drilling and complete a scoping study to help define production plans.

The amalgamation of the Mutamba/Jangamo Projects makes enormous commercial sense as it combines licences that are effectively part of the same, continuous mineralisation trend. Importantly the Projects are located close to existing road, grid power, water and port infrastructure and much of the mineralisation appears to be well-suited to conventional dry mining and simple gravity processing to produce feed for sale as heavy mineral sands concentrate for further processing in a heavy mineral separation circuit that would allow extraction of ilmenite, rutile and zircon products. Rio Tinto will also be providing access to its existing camp, facilities and equipment associated with Mutamba, which should not only help speed our fast track work but also reduce costs.

Corporate Update

As noted, this is my first year as Chairman of the Company following my appointment to the Board in February 2015. To give a little more information on myself, I have circa 30 years' experience in the financial services industry and have extensive experience dealing with regulators on a global basis, particularly in matters

CHAIRMAN'S STATEMENT

relating to corporate governance, operational risk and compliance. I am delighted to be part of the Savannah team and look forward to guiding and supporting the Company's highly competent and energetic management team as we progress towards production.

At the time of my appointment Professor Mike Johnson, who had served as Non-Executive Chairman since February 2013, stepped down from the Board. His departure was later followed by that of Charlie Cannon-Brookes, who served as Non-Executive Director until August 2015. Their departures were a result of having successfully steered the Company through its strategic transformation from being a Malian gold focused exploration company to the multi-commodity, multi-geographic development company that we are today. I would like to take this opportunity to thank them both for the support they provided the Company with and wish them the very best as we evolve into this next phase of our genesis as a production and development company.

Financial Overview

As is to be expected with an exploration company, the Company is reporting a loss for the year of £3.11m (2014: £1.92m). The significant driver was an impairment in the Company's investment in listed securities (£1.07m) and realised loss on disposal on the sale of shares in Alecto Minerals plc (£0.67m) whose share price has decreased substantially during the year. In addition to Other Comprehensive Income for the year of £0.69m (2014: loss £2.19) primarily due to the transfer of the combined impairment in the Company's listed securities and realised loss on disposal of Alecto shares to profit and loss (£1.74m), net of the change in the market value of the Company's listed securities (£0.93m). Net assets have decreased to £3.58m (2014: £4.75m) predominantly due to the decrease in the Company's investment in listed securities as at 31 December 2015.

In July 2015, Savannah raised approximately £0.55 million cash (before expenses) with the placing of 21,900,000 new ordinary shares at a placing price of 2.5p. In October 2015 the Company raised a further £225,500 cash (before expenses) through the placing of 13,264,706 new ordinary shares at a placing price of 1.7p per ordinary share to three of its existing shareholders.

This was followed by an additional placing, also in October, of £339,060 (before expenses) through the placing of 16,953,000 new ordinary shares at a placing price of 2.0p per ordinary share, with the introduction of Al Marjan Limited ("Al Marjan") to the share register. Al Marjan subsequently increased their investment in the Company in February 2016, further endorsing their support of Savannah's growth strategy, with the placing of 98,295,329 new ordinary shares at a placement price of 1.78p per ordinary share. This raised a total of £1.75 million (before expenses), resulting in Al Marjan becoming the Company's largest shareholder with an expected holding of 29.99% of the issued capital subject to approval of the issue of a balance of 27,430,768 new ordinary shares at the Company's upcoming Annual General Meeting.

As of 15 February 2016, the Company has a solid cash position of approximately £2.0 million.

Social Responsibility

Savannah, its management team, and operating partners remain committed to the development and maintenance of good relationships with local communities and maintaining high standards of social and environmental compliance. To this end, the Board continues to implement a Health, Safety, Environment and Community Relations policy that focuses on the positive interaction with all parties and honest, timely and transparent communication with all our stakeholders.

Outlook

Savannah has a strong portfolio of assets in place with the potential for development. Our projects in Oman and Mozambique feature good access to established infrastructure, have experienced management teams in place adept at managing projects in their respective regions, and most importantly of all, with excellent resource potential. Our strategy of building a portfolio covering copper, gold and heavy minerals across different geographies is I believe a sensible one, and provides depth and resilience to our project pipeline.

CHAIRMAN'S STATEMENT

With our project evaluations continuing in Oman and progress continuing towards obtaining the Mozambican Government's approval of our Joint Venture agreement with Rio Tinto, I expect 2016 to be a highly active year for Savannah, with value milestones targeted including potential Mineral Resources announcements for both Oman and Mozambique.

Looking ahead, copper prices are expected to begin to recover as the current copper supply surplus is eliminated with copper production cuts, exhaustion of reserves, strikes and a declining pipeline of new projects. This should see copper prices steadily improve in the mid-term, with the supply shortfall expected to deepen towards 2020. With copper production targeted to commence in 2017, we believe the timing of the copper price recovery should complement our development timelines. Furthermore, our Oman project is expected to offer a compelling copper development case with anticipated low operating costs and a low capex per annual tonne of copper produced.

In conjunction with establishing Savannah as a copper producer in late 2017, we are focussed on developing a large-scale heavy minerals sands mining project with Rio Tinto and we will continue to be highly judicious in respect of funding options. We look forward to updating the market on these exciting developments in due course.

Finally, I would like to take this opportunity to thank our management team again for their on-going hard work and dedication during the past year, during which much progress has been made to develop the potential of Savannah's interests, despite the very difficult market conditions in which we have had to operate, and also the shareholders for their on-going support.

Matthew King
Chairman

Date: 17 February 2016

CHIEF EXECUTIVE'S REPORT

2015 has been an extremely active year for Savannah, with multiple exploration programmes conducted in both Oman and Mozambique. Our exploration activity during the period has been strategically designed to deliver maximum impact with modest expenditures. We are delighted with the results achieved and look forward to building upon the resource potential as we transition into a mining and development company.

Blocks 4, 5 and 6 Copper Mine Development Project, Oman

Savannah has rights to three blocks covering 1,270km² in the copper-rich, Semail Ophiolite Belt in the Sultanate of Oman, a region proven to host clusters of moderate to high-grade copper deposits with gold credits and metallurgically simple ores. The three blocks are located approximately 180km northwest of Muscat, the capital city of Oman and within close proximity to the export Port of Sohar. The Company's strategy is centred on building a copper and gold resource inventory to support high margin, low cost operations and establish Savannah as a high-grade copper miner, with production targeted to start in late 2017.

Savannah has focussed its attention during the year on Blocks 4 and 5 where significant copper and gold potential has been identified. Savannah is earning a 65% shareholding in the Omani company, Al Thuraya LLC, the owner of the Block 4 licence and is a 65% shareholder in Al Fairuz Mining, the holder of the Block 5 licence.

At the beginning of the year Savannah acquired an extensive, digitised exploration database relating to historical drill data across Block 4, which has been significantly enhanced during 2015 with the addition of data collected between 1975 and 1994 including approximately 100,000m of drilling data for the Aarja, Bayda and Lasail deposits. The analysis of this has been extremely valuable, giving a much higher degree of confidence in the resource potential of our projects and at minimal cost. The drilling today might otherwise have cost approximately US$20 million at today's prices. Importantly this has also saved us significant amounts of time.

Based on these historical drill results and other exploration factors, a series of internally generated Exploration Targets have been calculated for each of Savannah's high priority areas, namely the Mahab 4 and Maqail South deposits in Block 5 and the Aarja and Bayda and Lasail deposits in Block 4. This has led to the estimation of an Exploration Target of between 10,700,000t and 29,250,000t grading at between 1.4% and 2.4% copper for 150,000t and 700,000t of contained copper with additional gold credits.

Following analysis of these results, and given the intensity of drilling on these deposits, Savannah has a good degree of confidence that, with appropriate resource drilling programmes, Mineral Resources can be defined within the ranges of announced Exploration Targets. Should these Mineral Resources be established, they would form the basis for feasibility studies that could potentially lead to mine development.

At Block 4, for example, a total of 144 holes are known to have been drilled at the Aarja Prospect. This has led to the identification of a new area of high-grade copper mineralisation along strike and under the previously mined Aarja pit. The best results include 18.58m at 4.7% copper at the Aarja Main target located directly below the previously mined pit, 33.8m at 3.35% at the Dog's Bone target located along strike from Aarja Main, and 9.8m at 3.86% copper at Aarja South, which is below Aarja Main.

Importantly, these results support exploration work conducted by Savannah using modern techniques. A 3,667 line km Versatile Time Domain Electromagnetics ('VTEM') and airborne magnetic survey was conducted at Block 4 in March 2015. This was completed in April 2015 and identified a total of 10 Priority 1 and 33 Priority 2 VTEM anomalies, and three major potential Volcanogenic Massive Sulphide ('VMS') clusters. These were identified around existing, previously mined VMS deposits at Aarja, Bayda and Lasail (collectively produced over 190,000t copper) and within a new cluster at the Zuha Prospect.

Of these initial targets, 29 anomalies (7 Priority 1, 19 Priority 2 and 3 Priority 3) covering seven primary areas within the Block 4 licence area were analysed further. 3D models of each were generated to enable the potential prospectivity to be further assessed with a view to generating drill targets for follow up work. Modelling targets were chosen based on their proximity to existing VMS mineralisation, geology, geochemistry, structure and geophysical signatures.

Based on the results of this modelling and the analysis of the historical data, a ten-hole drill campaign commenced in October 2015 to test the high priority VTEM targets at Aarja and Zuha. Initial results from the Dog's Bone target at Aarja have returned 9m at 4.86% copper, 1.54% zinc, 1.3g/t gold and 37.3g/t silver, including 6m at 7.01% copper, 2.20% zinc, 1.9g/t gold and 53.8g/t silver from 103m. These results confirm the high-grade nature of the mineralisation with work now underway to test extensions and compile a compliant mineral resource estimate. Importantly, much of the Aarja deposit has existing underground access via existing portals and workings that would allow rapid development and exploitation.

In addition to testing the Aarja and Zuha copper targets, the drill campaign also aimed to test gold mineralisation identified at the Gaddamah Prospect in Block 4. This gold potential was first identified in March 2015 following rock chip sampling and further underpinned in May 2015 through trench sampling, with results including:

- 5m at 18.49g/t gold, 1.7% zinc and 0.53% copper in GDT08
- 4.9m at 18.82g/t gold, 0.96% zinc and 0.76% copper in GDT0
- 7.7m at 11.35g/t gold, 1.45% zinc and 0.40% copper in GDT01

As a result, two 30m holes testing down dip extensions of elevated gold results were conducted in October and November 2015 to determine if the results have any down dip continuity. Results from this are expected to be available in the coming days.

Elsewhere in Block 4 additional gold mineralisation has been identified at the Salahi 1 Prospect. Individual trench/rockchip, channel and grab samples collected in June 2015 produced results of up to 72.2g/t gold, with trench sampling results including 12m at 11.87g/t gold. Additionally, further individual grab samples collected in September 2015 returned results of up to 13.9g/t gold. Importantly, these anomalous gold results occur sporadically along a 180m strike length, varying in width from 12m to 1m, which remains open to the north and south providing significant upside potential in addition to the already established copper prospectivity.

At Block 5, a Mineral Resource Estimate of 1.5Mt at 2.1% copper for 31,500t of contained copper has already been established at Mahab 4. Combining data from the analysis of this historical data, with historical results including 54.86m at 6.32% copper and 20.06m at 5.62% copper, and based on exploration conducted by Savannah, the Company identified an opportunity to extend this resource. As a result, Savannah commenced a second drill programme in November 2015 to test the up and down dip extensions of the high-grade copper (>5%) centre of the Mahab 4 deposit. Results from the first hole at Mahab 4 were very encouraging, confirming the extension of high-grade copper mineralisation up dip from the current resource, returning 6.6m at 6.92% copper, 5.6% zinc, 0.3g/t gold and 23.8g/t silver, highlighting the potential to increase the Mineral Resource. Further results relating to the potential down dip extensions are expected to be available in the coming days.

Aside from these targeted drill campaigns, an electro-magnetic ('EM') survey completed over Blocks 4 and 5 in late 2014 returned results in January 2015 that identified a series of high calibre anomaly targets at the Sarami West Prospect in Block 5 and the Ghayth Prospect in Block 4. The strongest anomaly was identified at Sarami West, with a very high conductance suggesting copper mineralisation spanning over 200m, which appeared open to the south. A diamond drilling programme was consequently undertaken in February 2015 to test these anomalies, with five holes drilled covering 778.60m. Results from this drilling confirmed the presence of Volcanogenic Massive Sulphide ('VMS') mineralisation intersecting both massive and disseminated copper sulphides at Ghayth, with best results including 1.15m at 3.6% copper. These results build upon historical results of 15.27m at 6.2% copper and 4.29m at 7.2% copper returned from this prospect.

At Sarami West, drilling failed to locate the targeted EM anomalies, but intersected a strong alteration system similar to those seen around the margins of VMS deposits. A downhole EM survey is now planned to provide a more accurate location of the original EM anomalies identified in order to optimise targeting for future drilling. Further drilling is also planned at Ghayth to define the full extent of the mineralisation present. Timings for this are yet to be defined as a number of other high priority targets have since been identified and prioritised for further investigation.

2015 was an extremely active year in Oman which has resulted in the identification of multiple high priority targets across Block 4 and 5. The final results that are expected to be available in the coming days from the recently completed Block 4 and 5 drill programmes.

Mutamba/Jangamo Heavy Minerals Sands Project, Mozambique

In June 2015 Savannah announced a landmark Joint Venture agreement with Rio Tinto to combine Savannah's now 100% owned Jangamo licence with Rio Tinto's adjacent Mutamba and Dongane Prospects and nearby Chilubane Project. Whilst the Joint Venture is conditional, inter alia, on the consent to the Joint Venture of the Ministry of Mineral Resources and Energy of the Republic of Mozambique and the approval of the proposed work programme by the National Directorate of Mines of Mozambique, discussions regarding the approval appears to be progressing well. Rio Tinto and Savannah have agreed to extend the long stop date for fulfilment of the conditions precedent until 31 March 2016 (or such later date as may be agreed in writing between the parties) to enable further time to complete the approval processes.

The Projects, which will be collectively known as Mutamba/Jangamo Project under the Joint Venture, are located in the Gaza and Inhambane Provinces of Mozambique in a world-class heavy minerals sands region close to established infrastructure, approximately 40km from the ports of Inhambane and Maxixie and 450km northeast of the capital city of Maputo. Importantly, these assets have been proven to host thick zones of ilmenite dominant heavy mineral sands from surface and are part of a large area of prograding, siliciclastic sediments, which are ideal for hosting heavy mineral deposits and cover much of the south eastern African coastline.

The heavy minerals are derived from the Limpopo River over a long period and reworked along ancient and current coast lines. Savannah has already defined an Inferred Mineral Resource of 65Mt at 4.2% total heavy minerals at Jangamo while Rio Tinto's licence areas feature an Exploration Target of between 7.0 and 12.0Bt at a grade ranging from 3 to 4.5% total heavy minerals. Based on the prospectivity of the area and the significant Exploration Target, Savannah is confident that there is significant potential to expand the current Mineral Resource.

Savannah believes that Mutamba/Jangamo has the characteristics for a dry mining operation for staged, early development. With this in mind, Savannah plans to complete a scoping study and commence pilot plant test work in 2016.

Under the terms of the Joint Venture, Savannah will be the operator and may earn up to a 51% interest in the combined project. In addition, Rio Tinto has agreed to enter into, or procure an affiliate that enters into, offtake sales contracts on commercial terms for the purchase of 100% of the production of heavy mineral concentrate products from any mine that may be developed in the Mutamba/Jangamo project area.

Savannah looks forward to providing further updates on the progress of this Joint Venture in due course.

Outlook

With near-term production potential in Oman and mid-term potential in Mozambique we have made satisfying progress in building our project portfolio during 2015 and also, crucially, identifying low cost production routes. We will maintain our development approach despite the subdued market environment for resources.

Key milestones to look out for in Oman include an increase in the current copper Mineral Resource in addition to improved confidence in the gold potential. We will also continue to assess a number of potential production routes relating to the establishment of a central copper concentrate production facility. In Mozambique, our key focus is on obtaining the Government's approval for Joint Venture agreement with Rio Tinto and improving the resource confidence by not only increasing the heavy mineral sands resource currently defined but also completing a scoping study in order to help define likely production plans and targets. We look forward to providing shareholders with further updates on these developments in due course in line with our active communications policy.

Finally, I would like to extend my thanks to the hard work of our team; having experienced exploration and development professionals based in both Oman and Mozambique has enabled us to quickly implement our work programmes whilst ensuring that all work is conducted to the highest standard.

And finally, I would like to add that we are also grateful for the on-going support of our shareholders. The best companies are built on a triad of assets, management and shareholders.

David S Archer
Chief Executive Officer

Date: 17 February 2016

STRATEGIC REPORT

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

Set out below are the applicable reporting requirements under the Act for the purposes of the Strategic Report, together with guidance to other applicable sections of the 2015 Annual Report, which are incorporated by reference into the Company’s Strategic Report.

Principal Activities

The principal activity of the Group in the year under review was exploration for copper in Oman, and enhancement of the Group’s heavy mineral sands Project in Mozambique. Going forwards the Company’s focus will be on developing its portfolio towards near term production.

Fair Review of the Business

The loss of the Group as set out on page 19. The Group made a loss of £3,110,112 (2014: £1,917,190), of which £1,372,509 (2014: £1,444,157) was related to administrative costs, £1,071,374 (2014: £nil) was due to impairment of the Group’s investments and £666,154 (2014: £nil) was due to realised loss on disposal of investments. Additionally the Company invested £1,264,638 (2014: £1,473,922) on mineral exploration and evaluation on the licences it holds; this is capitalised as an intangible asset as set out in Note 10 in the Financial Statements and incurred £225,668 (2014: £nil) on resource projects it is in the process of obtaining an interest in; this is disclosed as an other non-current asset in Note 16.

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 8.

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 8 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 Resource Development Risk

Although mineral exploration can be a high risk undertaking for which there can be no guarantee that resource development will result in the discovery of an economically viable ore body, the Company is focusing its activity on brownfield locations and existing resources. The exploration tenements have been carefully selected by experienced experts in regions of proven prospective geology and Blocks 4 and 5 in Oman and the area covered by the joint venture with Rio Tinto are supported by substantial historical exploration databases.

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

Exploration Licence Titles

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

Country Risk

At the reporting date, the Company carried out geological work in Oman and Mozambique. As the Company is operating in two countries benefits from a diversification of country risk. Country risk is further mitigated by ensuring the Company maintains active geological programmes, 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 the Chairman's Statement on pages 2 to 4, and the Chief Executive's Report on pages 5 to 8.

Analysis of the Position of the Business
This information is contained in the Chairman's Statement on pages 2 to 4, and the Chief Executive's Report on pages 5 to 8.

Analysis Using Key Financial Performance Indicators and Milestones
At the reporting date the Group's cash balance was £359,296 (2014: £1,778,338) and its investments in tradable securities was £149,922 (2014: £1,129,602). The Company raised £1,023,514 (2014: £3,769,095) cash via issuance of ordinary shares. The Company raised a further £1.75m post year end through the issue of 98.2m shares in February 2016. The trading volumes in the Company's shares were 1.9 million shares per day in December 2015 (2014: 2.3 million).

Analysis Using Other Key Performance Indicators and Milestones
In June the Company announced a pivotal joint venture agreement with the mining major Rio Tinto ('Rio') to combine our Jangamo Heavy Mineral Sands Project with Rio's world class Mutamba Project, with the objective of developing a significant dry mining project in a world-class province in Mozambique with good access to the nearby ports of Inhambane and Maxixie. Additionally, in December following the completion of historical data compilation and Savannah's own geological activities the Company announced an Exploration Target of 10.7 – 29.2Mt of Copper at grades of up to 2.4% on the combined Block 4 and 5 Copper Projects in Oman. The announcement paves the way for an increased Mineral Resource in 2016 as the Company works towards mine development in 2017.

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 development business. While the Directors believe the expectation reflected herein to be reasonable in view of the information available up to the time of the Board's approval of this Strategic Report, the actual outcome may be materially different owing to factors either beyond the Group's control or otherwise within the Group's control but, for example, resulting from a change of strategy. Accordingly, no reliance may be placed on the forward-looking statements.

On behalf of the Board:

David S Archer
Chief Executive Officer

Date: 17 February 2016

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 2015.

Dividends
The Directors do not recommend the payment of a dividend (2014: £nil).

Events Since the Reporting Date
On 12 February 2016 the Company agreed a cash subscription of £1,747,473 cash (before expenses) through the issue of 98,295,329 ordinary shares at an issue price of £0.017778 per share to Al Marjan Limited, an existing investor. Al Marjan Limited is a privately owned investment trust and will become the Company's largest shareholder at 29.99%. The subscription will be executed in two tranches with the first tranche of 70,864,561 Ordinary Shares issued already and the balance of 27,430,768 to be issued subject to approval at the Company's Annual General Meeting on 16 March 2016.

Directors
The Directors who have held office during the period from 1 January 2015 to the date of this report (unless otherwise stated) are as follows:

D S Archer
D J Ferguson
M J King (appointed 25 February 2015)
M S Johnson (resigned 25 February 2015)
C Cannon-Brookes (resigned 7 August 2015)

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

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

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

Statement as to Disclosure of Information to Auditors
So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

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

REPORT OF THE DIRECTORS

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

	No. of shares held at 31 December 2015	No. of shares held at 31 December 2014
D S Archer	**22,222,224**	22,222,224
M J King	**627,838**	–
D J Ferguson	**266,078**	–
M S Johnson	**–***	4,040,000

* not reported as Director resigned during the year to 31 December 2015

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

At 31 December 2015

	Quantity at 1 Jan 2015	**Quantity granted during the year**	**Lapsed during the year**	**Options/ Warrants at 31 Dec 2015**	**Exercise price**	**Date of the grant**	**First date of exercise**	**Final date of exercise**
Share Options								
D J Ferguson	5,321,776	–	–	5,321,776	3.0p	21/07/13	20/07/14	20/07/18
M S Johnson [1]	1,500,000	–	–	1,500,000[2]	3.0p	22/09/13	22/03/14	21/09/18
M S Johnson [1]	2,030,000	–	–	2,030,000[2]	5.0p	03/07/14	03/07/14	03/07/17
C Cannon-Brookes [1]	1,500,000	–	–	1,500,000[2]	3.0p	22/09/13	22/03/14	21/09/18
C Cannon-Brookes [1]	1,270,000	–	–	1,270,000[2]	5.0p	03/07/14	03/07/14	03/07/17
Warrants								
D S Archer	11,111,112	–	–	11,111,112	3.0p	24/09/13	24/09/13	19/07/18

[1] Resigned during the year to 31 December 2015

[2] Share options retained on resignation as their issue was in lieu of Directors' fees for the 2013 and 2014 financial years

REPORT OF THE DIRECTORS

At 31 December 2014

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

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

	Directors' emoluments 2015				Directors' emoluments 2014			
	Salary	**Bonus**	**Non-cash share options**	**Total**	**Salary**	**Bonus**	**Non-cash share options**	**Total**
Executive Directors								
D J Ferguson	**73,675**	**7,395**[1]	**–**	**81,070**	76,778	–	7,381	84,159
D S Archer	**190,000**	**19,000**	**–**	**209,000**	142,500[3]	–	–	142,500
Non-Executive Directors								
M J King (appointed 25 February 2015)	**33,795**[2]	**–**	**–**	**33,795**	–	–	–	–
M S Johnson (resigned 25 February 2015)	**–**	**–**	**–**	**–**	–	–	41,008	41,008
C Cannon-Brookes (resigned 7 August 2015)	**15,000**	**–**	**–**	**15,000**	–	–	26,036	26,036
	312,470	**26,395**	**–**	**338,865**	**219,278**	**–**	**74,425**	**293,703**

[1] D J Ferguson's bonus remains unpaid as at 31 December 2015

[2] £16,667 of M J King's Director fees were paid in shares

[3] Salary for the period from 1 April 2014 to 31 December 2014

On behalf of the board:

D S Archer
Chief Executive Officer

Date: 17 February 2016

CORPORATE GOVERNANCE STATEMENT

The Company, being listed on AIM, is not required to comply with the UK Corporate Governance Code ("the Code") issued in September 2014. 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 one non-executive Director. The Board is expected to appoint two Directors representing the investor Al Marjan Ltd (see "Events after the Reporting Date") in the foreseeable future. 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 one non-executive and one executive Director – Matthew King (who chairs the Committee) and Dale Ferguson. The Committee is responsible for ensuring that the financial performance of the Group is properly reported on and monitored, and for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal controls. The Committee also reviews the Group's annual and interim Financial Statements before submission to the Board for approval.

The Remuneration Committee

The Remuneration Committee comprises one executive and one non-executive Director – Matthew King (who chairs the Committee) and Dale Ferguson It is responsible for reviewing the performance of the executive Director 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 any non-executive Director is determined by the Board as a whole, based on a review of the current practices in other companies.

AIM Rule Compliance Committee

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

The AIM Rule Compliance Committee has been established during the year and comprises one non-executive and one executive Director – Matthew King (who chairs the Committee) and David Archer, the CEO. The Committee is responsible for ensuring that resources and procedures are in place to ensure the Company is at all times in compliance with the AIM Rules for Companies. The Committee is also responsible for ensuring that the executive Directors are communicating effectively with the Company's Nominated Advisor.

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

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

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

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

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

Website Publication

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

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

We have audited the financial statements of Savannah resources Plc for the year ended 31 December 2015 which comprise the consolidated statement of comprehensive income, the consolidated and Company Statement of Financial Position, the consolidated and Company statement of changes in equity, the consolidated and Company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective Responsibilities of Directors and Auditors

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

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

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 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

REPORT OF THE INDEPENDENT AUDITORS

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

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

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

Stuart Barnsdall (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU
United Kingdom
Date 17 February 2016

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 2015

	Notes	2015 £	2014 £
Continuing Operations			
Revenue		**–**	–
Administrative expenses		**(1,372,509)**	(1,444,157)
Loss on disposal of investments	12	**(666,154)**	–
Impairment of investments	12	**(1,071,374)**	–
Operating Loss		**(3,110,037)**	(1,444,157)
Finance income	5	**2,371**	18,818
Finance costs	5	**(2,446)**	(491,851)
Loss before Tax	6	**(3,110,112)**	(1,917,190)
Taxation	7	**–**	–
Loss for the year attributable to equity owners of the parent		**(3,110,112)**	(1,917,190)
Other comprehensive income			
Items that will or may be reclassified to profit or loss:			
Change in market value of investments	12	**(930,213)**	(2,223,222)
Transfer to realised loss on disposal of investments	12	**666,154**	–
Transfer to impairment loss of investments	12	**1,071,374**	–
Exchange (losses)/gains arising on translation of foreign operations		**(120,191)**	31,350
Other comprehensive income for the year		**687,124**	(2,191,872)
Total comprehensive income for the year Attributable to equity owners of the parent		**(2,422,988)**	(4,109,062)
Loss per share attributable to equity owners of the parent expressed in pence per share:			
Basic and diluted			
From operations	9	**(1.27)**	(1.14)

The notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Notes	2015 £	2014 £
Assets			
Non-current assets			
Intangible assets	10	**3,155,242**	1,974,128
Property, plant and equipment	11	**21,892**	30,245
Other receivables	14	**23,778**	17,049
Other non-current assets	16	**225,668**	–
Total non-current assets		**3,426,580**	2,021,422
Current assets			
Investments	12	**149,922**	1,129,602
Trade and other receivables	14	**82,472**	82,590
Cash and cash equivalents	15	**359,296**	1,778,338
Total current assets		**591,690**	2,990,530
Total assets		**4,018,270**	5,011,952
Equity and liabilities			
Shareholders' equity			
Share capital	18	**2,858,658**	2,231,697
Share premium		**9,156,284**	8,539,626
Foreign currency reserve		**(84,020)**	36,171
Warrant reserve		**362,252**	362,252
Share based payment reserve		**473,178**	619,423
Retained earnings		**(9,187,216)**	(7,034,355)
Total equity attributable to Equity holders of the parent		**3,579,136**	4,754,814
Liabilities			
Current liabilities			
Trade and other payables	19	**439,134**	257,138
Total liabilities		**439,134**	257,138
Total equity and liabilities		**4,018,270**	5,011,952

The Financial Statements were approved by the Board of Directors on 17 February 2016 and were signed on its behalf by:

D S Archer
Chief Executive Officer
Company number: 07307107

The notes form part of these Financial Statements.

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Notes	2015 £	2014 £
Assets			
Non-current assets			
Intangible assets	10	**55,078**	47,391
Investments	12	**820,655**	281
Other receivables	14	**3,121,824**	2,301,121
Other non-current assets	16	**214,628**	–
Total non-current assets		**4,212,185**	2,348,793
Current assets			
Investments	12	**149,922**	1,129,602
Trade and other receivables	14	**41,970**	58,994
Cash and cash equivalents	15	**316,328**	1,634,371
Total current assets		**508,220**	2,822,967
Total assets		**4,720,405**	5,171,760
Equity and liabilities			
Shareholders' equity			
Called up share capital	18	**2,858,658**	2,231,697
Share premium		**9,156,284**	8,539,626
Warrant reserve		**362,252**	362,252
Share based payment reserve		**473,178**	619,423
Retained earnings		**(8,452,829)**	(6,738,170)
Total equity		**4,397,543**	5,014,828
Liabilities			
Current liabilities			
Trade and other payables	19	**322,862**	156,932
Total liabilities		**322,862**	156,932
Total equity and liabilities		**4,720,405**	5,171,760

The Financial Statements were approved by the Board of Directors on 17 February 2016 and were signed on its behalf by:

D S Archer
Chief Executive Officer
Company number: 07307107

The notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Share capital £	Share premium £	Foreign currency reserve £	Warrant reserve £	Share based payment reserve £	Retained earnings £	Merger reserve £	Total equity £
At 1 January 2014	1,383,658	5,460,305	35,578	850,611	497,181	(4,045,757)	572,314	4,753,890
Loss for the year	–	–	–	–	–	(1,917,190)	–	(1,917,190)
Other comprehensive income	–	–	31,350	–	–	(2,223,222)	–	(2,191,872)
Total comprehensive income for the year	–	–	31,350	–	–	(4,140,412)	–	(4,109,062)
Issue of share capital (net of expenses)	848,039	3,170,461	–	–	–	–	–	4,018,500
Issue of warrants	–	(91,140)	–	91,140	–	–	–	–
Expiry of warrants	–	–	–	(579,500)	–	579,500	–	–
Disposal of subsidiaries	–	–	–	–	–	572,314	(572,314)	–
Foreign exchange on disposal of subsidiaries	–	–	(30,757)	–	–	–	–	(30,757)
Share based payments	–	–	–	–	122,242	–	–	122,242
At 31 December 2014	2,231,697	8,539,626	36,171	362,252	619,423	(7,034,355)	–	4,754,814
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(3,110,112)**	**–**	**(3,110,112)**
Other comprehensive income	**–**	**–**	**(120,191)**	**–**	**–**	**807,315**	**–**	**687,124**
Total comprehensive income for the year	**–**	**–**	**(120,191)**	**–**	**–**	**(2,302,797)**	**–**	**(2,422,988)**
Issue of share capital (net of expenses)	**626,961**	**616,658**	**–**	**–**	**–**	**–**	**–**	**1,243,619**
Share based payments	**–**	**–**	**–**	**–**	**3,691**	**–**	**–**	**3,691**
Expiry of options	**–**	**–**	**–**	**–**	**(149,936)**	**149,936**	**–**	**–**
At 31 December 2015	**2,858,658**	**9,156,284**	**(84,020)**	**362,252**	**473,178**	**(9,187,216)**	**–**	**3,579,136**

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

Reserve	Description and purpose
Share capital	Amounts subscribed for share capital at nominal value.
Share premium	Amounts subscribed for share capital in excess of nominal value less costs of fundraising.
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 and forfeited.
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 2015

	Share capital £	Share premium £	Warrant reserve £	Share based payment reserve £	Retained earnings £	Merger reserve £	Total equity £
At 1 January 2014	1,383,658	5,460,305	850,611	497,181	(3,424,075)	(82,188)	4,685,492
Loss for the year	–	–	–	–	(1,588,185)	–	(1,588,185)
Other comprehensive income	–	–	–	–	(2,223,222)	–	(2,223,222)
Total comprehensive income for the year	–	–	–	–	(3,811,407)	–	(3,811,407)
Issue of share capital (net of expenses)	848,039	3,170,461	–	–	–	–	4,018,500
Issue of warrants	–	(91,140)	91,140	–	–	–	–
Expiry of warrants	–	–	(579,500)	–	579,500	–	–
Disposal of subsidiaries	–	–	–	–	(82,188)	82,188	–
Share based payments	–	–	–	122,242	–	–	122,242
At 31 December 2014	2,231,697	8,539,626	362,252	619,423	(6,738,170)	–	5,014,828
Loss for the year	**–**	**–**	**–**	**–**	**(2,671,910)**	**–**	**(2,671,910)**
Other comprehensive income	**–**	**–**	**–**	**–**	**807,315**	**–**	**807,315**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(1,864,595)**	**–**	**(1,864,595)**
Issue of share capital (net of expenses)	**626,961**	**616,658**	**–**	**–**	**–**	**–**	**1,243,619**
Share based payments	**–**	**–**	**–**	**3,691**	**–**	**–**	**3,691**
Expiry of options	**–**	**–**	**–**	**(149,936)**	**149,936**	**–**	**–**
At 31 December 2015	**2,858,658**	**9,156,284**	**362,252**	**473,178**	**(8,452,829)**	**–**	**4,397,543**

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

Reserve	**Description and purpose**
Share capital	Amounts subscribed for share capital at nominal value.
Share premium	Amounts subscribed for share capital in excess of nominal value less costs of fundraising.
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 2015

	Notes	2015 £	2014 £
Cash flows used in operating activities			
Loss for the year		**(3,110,112)**	(1,917,190)
Depreciation and amortisation charges		**–**	12,254
Impairment of investments		**1,071,374**	–
Loss on disposal of investments		**666,154**	–
Share based payment reserve charge		**3,691**	122,242
Shares issued in lieu of payments to extinguish liabilities		**119,521**	75,290
Finance income	5	**(2,371)**	(18,818)
Finance expense	5	**2,446**	491,851
Cash flow from operating activities before changes in working capital		**(1,249,297)**	(1,234,371)
Decrease in trade and other receivables		**29,317**	10,574
Increase/(decrease) in trade and other payables		**105,380**	(106,739)
Net cash used in operating activities		**(1,114,600)**	(1,330,536)
Cash flow used in investing activities			
Purchase of intangible exploration assets		**(1,245,818)**	(1,429,884)
Purchase of tangible fixed assets		**–**	(37,733)
Purchase of other non-current assets		**(133,824)**	–
Purchase of investments	12	**(63,004)**	–
Proceeds from sale of investments		**109,415**	–
Interest received		**2,371**	4,842
Net cash used in investing activities		**(1,330,860)**	(1,462,775)
Cash flow from financing activities			
Interest paid		**(2,446)**	(2,768)
Proceeds from issues of ordinary shares (net of expenses)		**1,023,514**	3,769,095
Net cash from financing activities		**1,021,068**	3,766,327
(Decrease)/increase in cash and cash equivalents		**(1,424,392)**	973,016
Cash and cash equivalents at beginning of year		**1,778,338**	859,616
Exchange differences		**5,350**	(54,294)
Cash and cash equivalents at end of year		**359,296**	1,778,338

The notes form part of these Financial Statements.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	Notes	2015 £	2014 £
Cash flows used in operating activities			
Loss for the year		**(2,671,910)**	(1,588,185)
Depreciation and amortisation charges		**–**	3,153
Impairment of investments		**1,071,374**	–
Loss on disposal of investments		**666,154**	–
Profit on disposal of subsidiaries		**–**	(41,753)
Share based payment reserve charge		**3,691**	122,242
Shares issued in lieu of payments to extinguish liabilities		**119,521**	75,290
Finance income	5	**(2,371)**	(18,367)
Finance expense	5	**2,446**	491,163
Cash flow from operating activities before changes in working capital		**(811,095)**	(956,457)
Decrease/(increase) in trade and other receivables		**20,079**	(34,090)
Increase in trade and other payables		**116,043**	36,729
Net cash used in operating activities		**(674,973)**	(953,818)
Cash flow used in investing activities			
Investment in subsidiaries		**(820,374)**	(81)
Loans to subsidiaries		**(762,076)**	(1,990,767)
Purchase of investments		**(63,004)**	–
Purchase of intangible exploration assets		**(7,687)**	(47,391)
Purchase of other non-current assets		**(122,783)**	–
Proceeds from sale of investments		**109,415**	–
Interest received		**2,371**	4,482
Net cash used in investing activities		**(1,664,138)**	(2,033,757)
Cash flow from financing activities			
Interest paid		**(2,446)**	(2,172)
Proceeds from issues of ordinary shares		**1,023,514**	3,769,095
Net cash from financing activities		**1,021,068**	3,766,923
(Decrease)/increase in cash and cash equivalents		**(1,318,043)**	779,348
Cash and cash equivalents at beginning of year		**1,634,371**	855,023
Cash and cash equivalents at end of year		**316,328**	1,634,371

The notes form part of these Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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. Following the recent fundraising the Group has £2 million cash and the Directors have reviewed the cash flow projection for the Group and consider that it has sufficient cash to meet its financial commitments for at least 12 months.

Basis of Consolidation

The Group accounts consolidate the accounts of Savannah Resources Plc and its domestic and foreign subsidiaries, refer to Note 12. The foreign subsidiaries have been consolidated in accordance with IFRS 10 "Consolidated Financial statements" 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 accounted for as available for sale financial instruments and included on the Statement of Financial Position at fair value with value changes being recognised in other comprehensive income. All equity investments excluding subsidiaries held are quoted and traded in an active market. The change in market value represents the fair value of shares held at the reporting date less the cost or fair value at the start of the financial year.

When equity investments are disposed of the cumulative value changes recognised in other comprehensive income are transferred to the income statement as a realised profit or loss on disposal. Their change in market value is up to the date of disposal.

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

Investments in Subsidiaries and Associates

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

Foreign Currencies

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

1. **ACCOUNTING POLICIES** continued

The income statements of individual Group companies with functional currencies other than Pound Sterling are translated into Pound Sterling at the average rate for the period and the Statement of Financial Position translated at the rate of exchange ruling on the reporting date. Exchange differences which arise from retranslation of the opening net assets and results of such subsidiary undertakings are taken to equity ("foreign currency reserve"). On disposal of such entities, the deferred cumulative amount recognised in equity relating to that particular operation is transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

Intangible Assets

Exploration and evaluation assets

Once an exploration licence or an option to acquire an exploration licence has been obtained, all costs associated with mineral property development and investments are capitalised on a project-by-project basis pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If a mining property development project is successful, the related expenditures will be transferred to property, plant and equipment and subsequently 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 annually 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 10.

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.

Acquisitions of Mineral Exploration Licences

The earn-in agreement with Al Thuraya Mining LLC and the acquisition of Gentor Resources Limited and Matilda Minerals Lda in prior years, 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.

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.

Depreciation is provided on all items of property, plant and equipment in order to write off the cost less estimated residual value of each asset over its estimated useful life.

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

Financial Instruments

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

1. ACCOUNTING POLICIES continued

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 Statement of Financial Position at fair value with changes recognised in the income statement. Fair values are determined using the Black Scholes valuation methodology.

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

Financial Liabilities

Other liabilities

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

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

Taxation

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

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

Operating Leases

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

1. ACCOUNTING POLICIES continued

Share-based Payments

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

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

Where equity instruments are granted to persons other than employees for goods and services received, the Consolidated Statement of Comprehensive Income is charged with the fair value of goods and services received or where this is not possible at the fair value of the equity instruments granted. Fair value is measured by use of an option pricing model.

Key Accounting Estimates and Judgements

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

(a) Carrying value of exploration and evaluation assets

The Group assesses at each reporting period whether there is any indication that these assets may be impaired. If such indication exists, the Group estimates the recoverable amount of the asset. In the early stages of exploration an indication of impairment may arise from drilling and assay results or from management's decision to terminate the project. 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 net 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 10.

(b) Exploration and evaluation costs

The Group has to apply judgement in determining whether exploration and evaluation expenditure should be capitalised within intangible assets as exploration and evaluation costs or expensed. The Group has a policy of capitalising all costs which relate directly to exploration and evaluation costs (as set out above). The total value of exploration and evaluation costs capitalised as at each of the reporting dates is set out in Note 10.

1. ACCOUNTING POLICIES continued

(c) Share-based payments

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

(d) Going concern

In determining the Group's ability to continue as a going concern the Directors consider a number of factors including cashflow forecasts prepared by management.

(e) Impairment of investments

When assessing the Group's equity investments for impairment, it must be determined whether a decline in the market value of the investment represents a fair value decline or an impairment. The group determines an impairment to be where there is a significant and sustained decline in the market value of an investment below cost and it is considered unlikely that the value will recover. A fair value decline however, is determined to be either insignificant or short term in nature.

Accounting Developments During 2015

The accounting policies adopted are consistent with those of the previous financial year. New standards and amendments to IFRS effective as of 1 January 2015 have been reviewed by the Group and there has been no material impact on the financial statements as a result of these standards and amendments.

Accounting Developments Not Yet Adopted

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

2. SEGMENTAL REPORTING

The Group complies with IFRS 8 Operating Segments, which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, which the Company considers to be the Board of Directors. In the opinion of the Directors, the operations of the Group comprise of exploration in Oman, exploration in Mozambique, headquarter administration and corporate costs and the Company's third party investments.

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

	Oman Copper	Mozambique Mineral Sands	Headquarter administration and corporate	Investments	Elimination	Total
	£	£	£	£	£	£
2015						
Revenue	–	–	353,132	–	(353,132)	–
Finance costs	–	–	(2,446)	–	–	(2,446)
Interest income	–	–	2,371	–	–	2,371
Loss on disposal of investments	–	–	–	(666,154)	–	(666,154)
Impairment of investments	–	–	–	(1,071,374)	–	(1,071,374)
Loss for the year	(274,795)	(137,539)	(960,250)	(1,737,528)	–	(3,110,112)
Total assets	2,250,258	1,259,691	358,399	149,922		4,018,270
Total non-current assets	2,191,959	1,234,621	–	–	–	3,426,580
Additions to non-current assets	1,237,610	167,549	–	–	–	1,405,159
Total current assets	58,299	25,071	358,398	149,922	–	591,690
Total liabilities	(129,122)	(24,437)	(285,575)	–	–	(439,134)

2. SEGMENTAL REPORTING continued

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

3. EMPLOYEES AND DIRECTORS

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

	2015	2014
	No	No
Operational	**6**	8
Non-operational	**11**	8
	17	16

Staff Costs (excluding Directors)	**2015**	2014
	£	£
Salaries	**637,981**	610,373
Bonus	**10,000**	–
Social security	**32,678**	24,175
Share based payment expense (see Note 24)	**3,691**	47,816
	684,350	682,364

The numbers in the above table includes £294,872 (2014: £242,460) which was capitalised as an intangible asset.

3. EMPLOYEES AND DIRECTORS continued

Directors' Remuneration

	2015	2014
	£	£
Salaries	**312,470**	219,278
Bonus	**26,395**	–
Social security	**29,212**	18,841
Share based payment expense (see note 24)	**–**	74,425
	368,077	312,544

The numbers in the above table includes £29,797 (2014: £18,643) of Directors' Remuneration which was capitalised as an intangible asset in relation to the provision of specific technical services.

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

4. (LOSS)/PROFIT ON DISPOSAL OF SUBSIDIARIES

	2015	2014
	£	£
Consideration	**–**	250,000
Net assets disposed	**–**	(251,568)
Loss on Disposal	**–**	(1,568)

On 27 March 2014 the Company sold its subsidiary, NewMines Holdings Limited, which, through its wholly owned subsidiary Tobon Tondo, holds the exploration rights to the Karan and Diatissan gold projects in Mali. The consideration payable of £250,000 was satisfied by the issue of 20,000,000 ordinary shares in Alecto (see Note 12).

The net assets at the date of disposal comprised:

	2015	2014
	£	£
Intangible assets	**–**	250,783
Receivables	**–**	785
	–	251,568

There were no cash flows from the discontinued operations.

No subsidiaries have been disposed of during the 2015 financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCE INCOME

	2015	2014
	£	£
Deposit account interest	**2,371**	4,842
Interest on convertible loan notes	**–**	13,976
	2,371	18,818

The convertible loan notes are detailed in Note 13. The interest accruing on the loan notes is reflected above.

FINANCE COSTS

	2015	2014
	£	£
Bank charges	**2,446**	2,769
Alecto derivative valuation and loan accretion	**–**	314,517
Movement on the valuation of Bergen derivative	**–**	174,565
	2,446	491,851

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

6. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging

	2015	2014
	£	£
Depreciation and amortisation	**–**	12,254
Auditors' remuneration:		
– Statutory audit of the Group Financial Statements	**32,000**	34,441
– Other assurance services	**–**	5,000
– Tax advice	**10,325**	32,950
Fees payable to associated firms of the auditor for audit of subsidiaries	**8,900**	–
Fees payable to associated firms of the auditor for tax advice	**3,246**	–
Foreign exchange (gain)/loss	**(11,789)**	11,267
Operating lease payments	**103,990**	49,541
Share based payments	**3,691**	122,242

7. INCOME TAX

Analysis of the Tax Charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2015 nor for the year ended 31 December 2014.

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:

	2015	2014
	£	£
Loss on ordinary activities before tax	**(3,110,112)**	(1,917,190)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 – 21%)	**(622,022)**	(402,610)
Effects of:		
Expenses not deductible for tax purposes	**372,437**	64,444
Tax losses carried forward	**249,585**	338,166
Total income tax	–	–

Deferred Tax

The Group has carried forward losses amounting to £4,063,630 as at 31 December 2015 (2014: £3,253,907). 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. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent Company is not presented as part of these Financial Statements. The parent Company's total comprehensive loss for the financial year was £1,864,595 (2014: £3,811,407).

9. 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.

9. EARNINGS PER SHARE continued

Reconciliations are set out below.

	2015	2014
	£	£
Basic Loss Per Share		
Losses attributable to ordinary shareholders:		
Total loss for the year	**(3,110,112)**	(1,917,190)
Weighted average number of shares	**243,925,351**	167,870,908
Loss per share – total loss for the year from continuing operations	**0.0127**	0.0114

10. INTANGIBLE ASSETS (Group)

	Exploration and evaluation £	**Other £**	**Total £**
Cost			
At 1 January 2014	2,035,910	11,640	2,047,550
Additions	1,473,922	–	1,473,922
Disposals (Note 4)	(1,572,679)	–	(1,572,679)
Exchange differences	36,975	–	36,975
At 1 January 2015	1,974,128	11,640	1,985,768
Additions	1,264,638	–	1,264,638
Exchange differences	(83,524)	–	(83,523)
At 31 December 2015	**3,155,242**	**11,640**	**3,166,882**
Amortisation and impairment			
At 1 January 2014	1,339,924	8,487	1,348,411
Amortisation charge for the year	–	3,153	3,153
Eliminated on disposal (Note 4)	(1,318,299)	–	(1,318,299)
Exchange differences	(21,625)	–	(21,625)
At 1 January 2015	–	11,640	11,640
At 31 December 2015	**–**	**11,640**	**11,640**
Net Book Value			
At 31 December 2015	**3,155,242**	**–**	**3,155,242**
At 31 December 2014	1,974,128	–	1,974,128
At 1 January 2014	695,985	3,153	699,138

10. INTANGIBLE ASSETS (Group) continued

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

	2015 £	2014 £
Mozambique Minerals Sands	**983,783**	1,047,382
Oman Copper	**2,171,459**	926,746
	3,155,242	1,974,128

The Directors have reviewed the carrying value of the intangible assets and have included an impairment charge of nil (2014: nil).

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)

	Exploration and evaluation £	Other £	Total £
Cost			
At 1 January 2014	–	11,640	11,640
Additions	47,391	–	47,391
At 1 January 2015	47,391	11,640	59,031
Additions	7,687	–	7,687
At 31 December 2015	**55,078**	**11,640**	**66,718**
Amortisation and impairment			
At 1 January 2014	–	8,487	8,487
Amortisation charge for the year	–	3,153	3,153
At 1 January 2015	–	11,640	11,640
At 31 December 2015	**–**	**11,640**	**11,640**
Net Book Value			
At 31 December 2015	**55,078**	**–**	**55,078**
At 31 December 2014	47,391	–	47,391
At 1 January 2014	–	3,153	3,153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (Group)

	Motor vehicles £	Office Equipment £	Total £
Cost			
At 1 January 2014	–	–	–
Additions	27,505	5,343	32,848
Additions on acquisition of subsidiary	–	4,885	4,885
Exchange differences	1,578	556	2,134
At 1 January 2015	29,083	10,784	39,867
Additions	–		
Exchange differences	1,391	(386)	1,005
At 31 December 2015	**30,474**	**10,398**	**40,872**
Depreciation			
At 1 January 2014	–	–	–
Charge for year	2,149	2,541	4,690
Additions on acquisition of subsidiary	–	4,410	4,410
Exchange differences	123	399	522
At 1 January 2015	2,272	7,350	9,622
Charge for year	7,389	1,311	8,700
Exchange differences	352	306	658
At 31 December 2015	**10,013**	**8,967**	**18,980**
Net Book Value			
At 31 December 2015	**20,461**	**1,431**	**21,892**
At 31 December 2014	26,811	3,434	30,245

12. INVESTMENTS

Group **Non Current**	Shares in Listed investments £
At 1 January 2014	2,830,435
Additions at cost	250,000
Conversion of loan note	272,389
Change in market value of investment	(2,223,222)
Transfer to Current	(1,129,602)
At 31 December 2014	–
At 31 December 2015	**–**
Current	
At 1 January 2014	–
Transfer from Non Current	1,129,602
At 31 December 2014	**1,129,602**
Additions at cost	63,004
Disposals	(112,471)
Change in market value of investment	(930,213)
At 31 December 2015	**149,922**

12. INVESTMENTS continued

The Company disposed of 70.4m shares in Alecto and recognised a realised loss on disposal of £666,154 which has been transferred from Other Comprehensive Income. The fair value of the shares is the quoted value at the reporting date.

In March 2014 the Company sold its subsidiary New Mines Holding Limited to Alecto, the consideration payable was £250,000 which was satisfied by the issue of 20,000,000 ordinary shares in Alecto. In July 2014 the Company converted its unsecured convertible loan held in Alecto, the value of the shares acquired of £272,389 is determined by the market value of the shares acquired at the date of conversion plus shares received as consideration for interest earned on the note.

The investments are disclosed as current as they are freely tradeable.

At 31 December 2015 an impairment was recognised for shares where the market value has been significantly below cost for a sustained period, the impairment expense of £1,071,374 has been transferred from Other Comprehensive Income.

Company

	Shares in subsidiaries £	Shares in listed investments £	Total £
Non Current			
At 1 January 2014	126,127	2,830,435	2,956,562
Additions	81	250,000	250,081
Conversion of loan note	–	272,389	272,389
Change in market value of investment	–	(2,223,222)	(2,223,222)
Disposals	(125,927)		(125,927)
Transfer to Current	–	(1,129,602)	(1,129,602)
At 31 December 2014	**281**	**–**	**281**
Additions	820,374	–	820,374
At 31 December 2015	**820,655**	**–**	**820,655**
Current			
At 1 January 2014	–	–	–
Transfer from Non Current	–	1,129,602	1,129,602
At 31 December 2014	**–**	**1,129,602**	**1,129,602**
Additions	–	63,004	63,004
Disposals	–	(112,471)	(112,471)
Change in market value of investment	–	(930,213)	(930,213)
At 31 December 2015	**–**	**149,922**	**149,922**

12. INVESTMENTS continued

In November 2014 the Group entered into an earn-in agreement ("Earn-in") to acquire up to a 65% interest in Al Thuraya LLC ("Al Thuraya") which wholly owns the highly prospective Block 4 Copper Project in Oman. In order for the Group to achieve a 51% shareholding in Al Thuraya, they are required to make a capital contribution of USD $2,000,000 (~GBP £1,351,500) within two years of entering the earn-in agreement and a further USD $2,600,000 (~GBP £1,756,500) cash within four years to receive a further 14% shareholding in Al Thuraya. These funds will be used for geological development activities. During the 2015 financial year the Company made capital contributions of USD $1,490,636 (GBP £1,007,000) (2014: nil).

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

Gentor Resources Limited has a 65% interest in Al Fairuz (Block 5) and the right to increase its interest from 40% up to 70% interest in Al Zuhra (Block 6) exploration licences in Oman.

In 2014 as consideration for acquiring 100% of the issued share capital of GRL, the Company initially paid cash consideration of USD $800,000. Additionally milestone payments, to be satisfied (up to 50% payable in ordinary shares in the Company) as follows: (a) USD $1,000,000 (~GBP £675,750) upon a formal final investment decision for the development of the Block 5 Licence; (b) USD $1,000,000 (~GBP £675,750) upon the production of the first saleable concentrate or saleable product from ore derived from the Block 5 Licence; (c) USD $1,000,000 (~GBP £675,750) 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 (Note 21).

12. INVESTMENTS continued

The Company had the following subsidiary undertakings, either directly or indirectly, at 31 December 2015, which have been included in the Consolidated Financial Statements.

Subsidiary	Country of Incorporation	Nature of business	Class of share	% Holding
AME East Africa Limited [4]	United Kingdom	Holding Company	Ordinary	100%
Matilda Minerals Limitada [5]	Mozambique	Mining & exploration	Ordinary	80%[3]
Panda Recursos Limitada [5]	Mozambique	Mining & exploration	Ordinary	99.99%
Savannah Resources B.V. [4]	The Netherlands	Holding Company	Ordinary	100%
Gentor Resources Limited [5]	British Virgin Is.	Holding Company	Ordinary	100%
Al Fairuz Mining Co L.L.C. [5]	Oman	Mining & exploration	Ordinary	65%[3]
Gentor Resources L.L.C. [5]	Oman	Dormant	Ordinary	70%[3]
Al Zuhra Mining L.L.C. [5]	Oman	Mining & exploration	Ordinary	40%[1, 3]
Al Thuraya Mining L.L.C. [4]	Oman	Mining & exploration	Ordinary	0%[2, 3]
African Mining & Exploration Limited [4]	United Kingdom	Dormant	Ordinary	100%

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

[2] Al Thuraya has been consolidated at 31 December 2015 as the Group has controlling rights to the Project via the Earn-in.

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

[4] Directly held by Savannah Resources Plc

[5] Indirectly held by Savannah Resources Plc

13. LOAN RECEIVABLES

In October 2013 the Company lent £350,000 to Alecto in relation to the purchase of convertible loan notes in Alecto. The loan was converted in July 2014 into Alecto's shares at a fixed price of 1.15 pence through the issue of 30,434,783 ordinary Alecto shares, refer to note 12. There were no external loans receivable at 31 December 2015 or 31 December 2014.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Non-Current:				
Other receivables – VAT	**23,778**	17,049	–	–
Amounts due from subsidiaries	**–**	–	**3,121,824**	2,301,121
	23,778	17,049	**3,121,824**	2,301,121
Current:				
VAT recoverable	**27,188**	46,331	**27,188**	46,331
Other receivables	**55,284**	36,259	**14,782**	12,663
	82,472	82,590	**41,970**	58,994

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Cash at bank and in hand	**359,296**	1,778,338	**316,328**	1,634,371

16. OTHER NON-CURRENT ASSETS

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Prepayment – costs incurred on resource projects	**225,668**	–	**214,628**	–

Other non-current assets represent prepayments with respect to ongoing resource projects.

17. LOAN PAYABLES

The Company issued an Unsecured Convertible Instrument to Bergen on 10 April 2014 with a nominal value of USD $400,000 (£237,925 at date of issue), which was convertible at Bergen's election into ordinary shares in the Company (the "Convertible Security"). In November 2014 the Convertible Security was exercised by Bergen. There are no loans payable as at 31 December 2015 or 31 December 2014.

18. SHARE CAPITAL

Allotted, issued and fully paid	2015 £0.01 ordinary shares number	2015 £	2014 £0.01 ordinary shares number	2014 £
At beginning of year	**223,169,714**	**2,231,697**	138,365,781	1,383,658
Issued during year:				
Share placements	**52,117,706**	**521,177**	55,173,104	551,731
Bergen financing arrangement	**–**	**–**	26,244,600	262,446
In lieu of cash for professional services[1]	**10,578,350**	**105,784**	3,386,229	33,862
At end of year	**285,865,770**	**2,858,658**	223,169,714	2,231,697

[1] The shares issued in lieu of cash for professional services were valued at the fair value of the services received, £114,322 (2014: £132,393) has been recorded in share premium for these transactions.

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

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

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Current:				
Trade payables	**291,298**	100,813	**194,715**	71,110
Other payables	**11,179**	15,969	**11,177**	11,738
Accruals and deferred income	**136,657**	140,356	**79,682**	74,084
Amounts owing to subsidiaries	**–**	–	**37,288**	–
	439,134	257,138	**322,862**	156,932

20. FINANCIAL INSTRUMENTS

Financial Instruments - Risk Management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these Financial Statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal Financial Instruments

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

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

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

Liquidity Risk

The Group has sufficient funding in place to meet its operational commitments and is not exposed to any liquidity risk but in common with many non-revenue generating companies, the Company is likely to need to raise funds for its development activities. The Group's policy continues to be to ensure that it has adequate liquidity by careful management of its working capital. 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 financial obligations.

Foreign Exchange Risk

The Group is exposed through its operations to foreign exchange risk which arises because the Group has overseas operations located in Mozambique whose functional currency is MZN and in Oman whose functional currency is OMR which is pegged to the USD at a rate of 1 OMR to 2.6 USD. The Group's net assets arising from overseas operations are exposed to currency risk resulting in gains or losses on retranslation into Pound Sterling.

20. FINANCIAL INSTRUMENTS continued

Foreign exchange risk also arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency (Euro, OMR, MZN or Pound Sterling) with the cash remitted to their own operations in that currency where practical. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group. To further mitigate foreign exchange risk, larger contracts in Mozambique are denominated in USD.

Market Risk

The Group holds equity investments in Companies traded on active markets (see Note 12). The Directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances.

The effect of a 10% increase in the value of the equity investments held at the reporting date would, all other variables held constant, have resulted in an increase in the income statement and net assets of £14,992 (2014: £112,960). A 10% decrease in their value would, on the same basis, have decreased other comprehensive income and net assets by the same amount.

Credit Risk

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

Fair Value

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

The fair values of derivatives as at 31 December 2014 were as follows, there were no derivatives at 31 December 2015:

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

20. FINANCIAL INSTRUMENTS continued

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

The loan receivable derivative valuation had been calculated using a Black-Scholes Model. The valuation at conversion for 2014 was calculated using the following parameters:

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

The loan payable derivative valuation at conversion in 2014 was calculated using a Black-Scholes Model and using the following parameters:

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

Financial instruments by category (Group)

	Cash at bank £	**Available for sale £**	**Total £**
As at 31 December 2015			
Investments	**–**	**149,922**	**149,922**
Cash and cash equivalents	**359,296**	**–**	**359,296**
	359,296	**149,922**	**509,218**
As at 31 December 2014			
Investments	–	1,129,602	1,129,602
Cash and cash equivalents	1,778,338	–	1,778,338
	1,778,338	1,129,602	2,907,940

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

20. FINANCIAL INSTRUMENTS continued

As at 31 December 2015	Financial liabilities at amortised cost £	Total £
Trade and other payables	**439,134**	**439,134**
At 31 December 2014		
Trade and other payables	257,138	257,138

The impact of foreign currency exposure is immaterial and therefore a detail showing exposure against each functional currency has not been provided, however, we have provided a table below stating the balances denominated in foreign currency as at 31 December 2015 and 31 December 2014:

At 31 December 2015	GBP £	USD £	AUD £	OMR £	MZN £	Total £	Other £
Cash and cash equivalents	**192,791**	**144,335**	**–**	**16,933**	**5,237**	**–**	**359,296**
Trade and other payables	**243,274**	**87,804**	**53,565**	**37,732**	**12,371**	**4,388**	**439,134**
At 31 December 2014							
Cash and cash equivalents	1,166,120	483,480	–	83,758	44,980	–	1,778,338
Trade and other payables	130,197	25,871	49,314	43,080	8,675	–	257,137

Capital Disclosures

The Group's objectives when maintaining capital are:

– to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

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

The Company currently does not have any debt.

21. CONTINGENT LIABILITIES

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

Deferred consideration payable in relation to the acquisition of 80% shareholding in Matilda Minerals Lda (Mozambique mineral sands project)

In consideration for acquiring 80% shareholding in Matilda Minerals Lda, the Company paid initial consideration of AUD$400,000 (~GBP £200,000) in ordinary shares and a cash payment for cost reimbursements of AUD$125,000 (~GBP £62,500). Additionally milestone payments, to be satisfied by the issue of ordinary shares in the Company are payable as follows: (a) AUD$500,000 (~GBP £250,000) upon the establishment of a JORC Inferred Resource of 150Mt @ 3% THM; (b) AUD$500,000 (~GBP £250,000) upon the establishment of a JORC Indicated Resource of 350Mt @ 3% THM; (c) AUD$500,000 (~GBP £250,000) upon the establishment of a JORC Indicated Resource of 500Mt @ 3% THM.

Deferred consideration payable in relation to the acquisition of Gentor Resources Ltd (Oman copper project)

On 15 July 2014 the Company completed the acquisition of interests in the highly prospective Block 5 and Block 6 copper projects in the Semail Ophiolite belt in the Sultanate of Oman from the TSX-Venture listed Gentor Resources Inc. The Company paid initial consideration of USD $800,000 (~GBP £515,000) with the following deferred consideration required to complete the acquisition of 100% of the issued share capital of Gentor Resources Ltd ("GRL"):

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

   (a) a milestone payment of USD $1,000,000 (~GBP £675,750) upon a formal final investment decision for the development of the Block 5 Licence;

   (b) a milestone payment of USD $1,000,000 (~GBP £675,750) upon the production of the first saleable concentrate or saleable product from ore derived from the Block 5 Licence; and

   (c) a milestone payment of USD $1,000,000 (~GBP £675,750) within six months of the payment of the Deferred Consideration in (b).

2. Other Information

   (a) the Company will be responsible for all of the funding of the projects. This funding will be in the form of a loan which would be reimbursed prior to any dividend distribution to shareholders.

22. RELATED PARTY DISCLOSURES

Details of Directors' remuneration are disclosed in Note 3 and in the Report of the Directors. During the year £61,152 (2014: £62,545) was payable to Blue Bone Consulting Pty Ltd (a Company controlled by Dale Ferguson) for consultancy fees of which £10,087 (2014: £5,632) remained unpaid. The amounts payable to Blue Bone Consulting Pty Ltd have been included in the Directors' remuneration in note 3 and the Report of the Directors.

During the year £4,763 (2014: £ nil) was payable to Slipstream Resources Pty Ltd (a Company which Dale Ferguson is a Director and Shareholder) for the provision of business development support. No amounts remained unpaid.

During the year £17,620 (2014: £1,750) was payable to Lautner Group Limited (a Company which David Archer's close family member is a Director) for the provision of office support of which £2,550 (2014: £ nil) remain unpaid.

During the year £32,076 (2014: £18,038) was payable to Arlington Group Asset Management (a Company which Charlie Cannon-Brookes is a Director and Shareholder) for the provision of a serviced office and £15,000 (2014: nil) was payable for Director consulting fees. No amounts remain unpaid. The amounts payable to Arlington Group Asset Management for Director consulting fees have been included in the Directors' remuneration in note 3 and the Report of the Directors'.

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

23. COMMITMENTS

	2015	2014
	£	£
Operating Lease Commitments		
No later than 1 year	**15,737**	30,372
Later than 1 year and no later than 5 years	**–**	–
Later than 5 years	**–**	–
	15,737	30,372

The operating lease commitments are for business premises in Oman.

Other Commitments

In 2014 the Group entered into an agreement to acquire shares in Al Thuraya LLC ("Al Thuraya"), owner of the highly prospective Block 4 Copper Project. During the 2015 financial year the Group made initial capital contributions of USD $1,490,636 (£1,007,000) and is required to make a further USD $509,364 (~£344,000) capital contributions within one year to achieve a 51% shareholding and a further USD $2,600,000 (~GBP £1,756,500) cash contribution within three years to receive a further 14% shareholding in Al Thuraya.

These funds have been and will continue to be used for geological activities.

24. SHARE OPTIONS AND WARRANTS

Share options and warrants to subscribe for Ordinary Shares in the Company are granted to certain employees, Directors and investors. Some of the options issued vest immediately and others over a vesting period and may include performance conditions. Options are forfeited if the employee leaves the group before the options vest.

	2015			2014		
	Number	Weighted average exercise price	Weighted remaining life	Number	Weighted average exercise price	Weighted remaining life
Share Options						
Opening Balance	24,523,443	5.2p	–	17,223,443	4.5p	–
Granted	–	–	–	7,300,000	6.8p	–
Lapsed	(2,000,000)[1]	10.0p	–	–	–	–
Closing Balance	**22,523,443**	**4.8p**	**2.40**	**24,523,443**	**5.2p**	**3.19**
Share Warrant Options						
Opening Balance	363,260	12.5p	–	2,000,000	12.5p	–
Lapsed	(363,260)	12.5p	–	(1,636,740)[2]	12.5p	–
Closing Balance	**–**	**–**	**–**	**363,260**	**12.5p**	**0.81**
Investor Warrants						
Opening Balance	13,911,112	4.6p	–	69,061,105	11.0p	–
Granted	–	–	–	2,800,000	11.0p	–
Lapsed	–	–	–	(57,949,993)[3]	12.5p	–
Closing Balance	**13,911,112**	**4.6p**	**2.50**	**13,911,112**	**4.6p**	**3.50**

[1] Share Options expired on 21 October 2015

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

[3] Investor Warrants expired on 1 November 2014

24. SHARE OPTIONS AND WARRANTS continued

Share schemes outstanding at 31 December 2015 are as follows:

	Outstanding 31 December 2015	Exercisable 31 December 2015	Outstanding 31 December 2014	Exercisable 31 December 2014	Exercise Price	Expiry Date
Share Options						
October 2010	–	–	2,000,000	1,750,000	10.0p	21/10/15
April 2011	100,000	100,000	100,000	100,000	10.4p	28/04/16
February 2013	3,726,667	3,726,667	3,726,667	3,726,667	4.6p	31/01/18
July 2013	5,321,776	5,321,776	5,321,776	5,321,776	3.0p	20 /07/18
September 2013	4,500,000	4,500,000	4,500,000	4,500,000	3.0p	21/09/18
September 2013	1,575,000	1,575,000	1,575,000	1,575,000	4.6p	30/09/18
February 2014	3,000,000	3,000,000	3,000,000	3,000,000	8.8p	25/02/19
July 2014	3,300,000	3,300,000	3,300,000	3,300,000	5.0p	3/07/17
September 2014	1,000,000	700,000	1,000,000	–	7.0p	12/09/17
	22,523,443	**22,223,443**	**24,523,443**	**23,273,443**		
Share Warrant Options						
October 2010	–	–	363,260	317,852	12.5p	21/10/15
	–	**–**	**363,260**	**317,852**		
Investor Warrants						
September 2013	11,111,112	11,111,112	11,111,112	11,111,112	3.0p	19/07/18
April 2014	2,800,000	2,800,000	2,800,000	2,800,000	11.0p	17/04/18
	13,911,112	**13,911,112**	**13,911,112**	**13,911,112**		

All of the options and warrants granted attract a share based payment charge. The grants have been measured using the Black-Scholes pricing model that takes into account factors such as the option life, share price volatility and the risk free rate. Volatility was calculated with reference to the Company's historical share price volatility up to the grant date to reflect a term approximate to the expected life of the option.

24. SHARE OPTIONS AND WARRANTS continued

The range of inputs of the options and warrants granted in the 2014 financial year were as follows:

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

This fair value is the cost that is charged to the Statement of Comprehensive Income and is spread over the expected vesting period which, for non-market vesting conditions (as noted above), is revised at each period end. If the issue was a share issue cost the charge is to the Share Premium account.

There were no options or warrants granted during the 2015 financial year.

Share options issued

During the 2014 financial year 7,300,000 share options were issued to employees and Directors to assist with the recruitment, reward and retention of key employees. Some of the options vest immediately and some vest upon the employee meeting service and/or performance conditions. No share options were issued during the 2015 financial year.

Investor Warrants issued

During the 2014 financial year 2,800,000 warrants were issued to Bergen Global Opportunity Fund LP in accordance with the execution of the facility agreement. The warrants were issued with an exercise price of 11.0p, equal to 135% of the average weighted price for the 20 trading days prior to issue. No investor warrants were issued during the 2015 financial year.

Options issued to Directors

Refer to Report of Directors for share options and warrants issued to Directors during the 2014 financial year. No share options were issued to Directors during the 2015 financial year.

25. EVENTS SINCE THE REPORTING DATE

On 12 February 2016 the Company agreed a cash subscription of £1,747,473 cash (before expenses) through the issue of 98,295,329 ordinary shares at an issue price of £0.017778 per share to Al Marjan Limited, an existing investor. Al Marjan Limited is a privately owned investment trust and will become the Company's largest shareholder at 29.99%. The subscription will be executed in two tranches with the first tranche of 70,864,561 Ordinary Shares issued already and the balance of 27,430,768 to be issued subject to approval at the Company's Annual General Meeting on 16 March 2016.

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 St Brides Partners Ltd, 3 St Michael's Alley, London, EC3V 9DS, on 16 March 2016 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 2015.

2 To re-appoint Matthew King who retires as a Director in accordance with article 23.2(a) 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(b) 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 auditors of the Company to act until the conclusion of the next Annual General Meeting and to authorise the Directors to determine the remuneration of the auditors.

ORDINARY RESOLUTION

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 £2,400,000 provided that this authority shall, unless previously revoked or varied by the Company in general meeting, expire on the earlier of the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of this Resolution, unless renewed or extended prior to such time except that the Directors of the Company may before the expiry of such period make an offer or agreement which would or might require equity securities to be allotted after the expiry of such period and the Directors of the Company may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTION

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

(b) to the allotment of equity securities in connection with a rights issue or open offer 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;

NOTICE OF ANNUAL GENERAL MEETING

(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 £200,000;

(d) pursuant to the February 2016 subscription agreement with Al Marjan Ltd to issue Ordinary Shares up to a maximum aggregate nominal value of £274,308; 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 £1,160,000 (approximately 30% of the Company's issued share capital following the issue of ordinary shares pursuant to sub-paragraph (d) above) 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:

Third Floor
55 Gower Street
London WC1E 6HQ

By order of the Board

Stephen Ronaldson
Company Secretary

17 February 2016

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 17 February 2016, the Company's issued share capital comprised 356,730,331 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 17 February 2016 is 356,730,331.

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.

NOTICE OF ANNUAL GENERAL MEETING

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:	M J King	Chairman
	D S Archer	Executive Director
	D J Ferguson	Executive Director

SECRETARY:
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London
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REGISTERED OFFICE:
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WC1E 6HQ

REGISTERED NUMBER:
07307107 (England and Wales)

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Chartered Accountants & Statutory Auditors
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BANKERS:
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BROKER:
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