SAVANNAH RESOURCES PLC

Company No 07307107

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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CHAIRMAN'S STATEMENT

2018 was the year in which our spodumene lithium project at Mina do Barroso in northern Portugal ("Mina do Barroso") was firmly established as our flagship asset due to its strategic importance and impressive value potential for shareholders. Management therefore focused its efforts on developing this asset, while our mining lease applications in Mozambique and Oman continued to be shepherded through the governmental processes in those countries. Our work was supported by an oversubscribed fundraise in the third quarter of 2018 and we are very grateful for the support demonstrated by our shareholders in that exercise.

For 2019, our objective is to reach a development decision point on the Mina do Barroso project during the year once the underway Definitive Feasibility Study is completed. The anticipated award of the mining leases we applied for in Mozambique last year will allow us to accelerate the work programme on the current Pre-Feasibility Study and allow the market to reassess the value of that project in our portfolio. Award of the mining licences we have applied for in Oman would also provide greater clarity on those projects. However, with Savannah's focus firmly on our more prospective projects in Portugal and Mozambique, our Oman projects are now seen as lower priority and we are undertaking a strategic review to identify Savannah's best course of action in regard to these projects.

Portugal

Following the rapid delineation of a sizeable Mineral Resource at Mina do Barroso (now over 23Mt at 1.02% Li_2O) and completion of a highly positive Scoping Study, multiple work streams were initiated during 2018. These workstreams should clearly define all aspects of the project and take us to a decision point on its potential development later this year. You will find more details of the work which was completed and is continuing in the following Chief Executive's Report on page 6.

Our work at Mina do Barroso coincides with the rapid developments that are taking place across Europe (including in the UK) in relation to the development of a comprehensive, regionally focused, lithium battery industry. This industry will combine extraction and processing of key battery raw materials, such as lithium, with large scale battery manufacturing. Once established, this supply chain will provide the rechargeable, zero emission, batteries which are expected to play a key role in the EU's efforts to decarbonise Europe's economy.

The European Union has embraced the challenge presented by the climate change targets set by the 2015 Paris Agreement and the IPCC 2018 Special Report and is calling for significant reductions in greenhouse gas emissions from transport. Based on these targets the EU is forecasting annual sales of Zero and Low emissions vehicles (essentially fully electric and hybrid vehicles) to rise from 0.7M in 2017 to at least 4M in 2030, making Europe the second largest market for electric vehicles ("EVs") behind China and North America. Savannah plans to play its part in supporting the region's efforts to meet its emission goals by providing a sustainable, local supply of lithium concentrate from its Portuguese operation which would be sufficient for 0.25-0.55M EVs per annum.

Our development plan for Mina do Barroso also complements Portugal's own stated 'Lithium Strategy' which targets the development of Portugal's in-ground lithium resources to support the creation of a new lithium-based industry in the country. The country is already Europe's largest producer of lithium, and the sixth largest producer in the world, with the material used in the country's large ceramics industry. However, the emergence of lithium ion battery applications, first in mobile technology and now on a much larger scale for electric vehicles, provides Portugal with a great opportunity to create many more jobs and greater tax revenues from its lithium resources.

We believe that the acquisition (subject to shareholder approval at the forthcoming AGM) of the minority 25% stake in the project, which we announced on 15 April 2019 and which would take Savannah's ownership to 100% clearly demonstrates our belief in Mina do Barroso and reiterates our objective to become the most significant producer of spodumene lithium in Europe. However, we are also conscious of our wider community, social and environmental responsibilities and we are developing a range of programmes and initiatives that will underscore our commitment to deliver not only jobs and prosperity to the region but the very best environmental and social outcomes too.

We are very conscious of our responsibilities to the local community and we are committed to addressing any concerns in a pro-active way so that the impacts of a potential mine development on the local community and environment are minimised while at the same time contributing to the development of the local economy and the achievement of the continent's climate change goals.

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Mozambique
As one of the world's largest resource bearing Heavy Mineral Sands ("HMS") projects remaining to be put into production, we believe our Mutamba consortium project with Rio Tinto ("Mutamba") ("Consortium") is a valuable and strategic long-term asset within the HMS industry. The titanium minerals and zircon found in HMS deposits are used to manufacture inert white pigments and opacifers which have many applications in society ranging from white paint through to pharmaceuticals. The prices of these minerals have recovered well from the lows seen in 2015 as previously high inventory levels have been worked down and global economic growth rates have been maintained. Hence, Savannah remains committed to progressing its appraisal work on Mutamba.

The 2017 Scoping study results, the involvement of Rio Tinto as joint venture partner and offtaker, Mutamba's location close to Rio Tinto's processing facilities at Richards Bay in South Africa, and the recovery and positive outlook for the underlying commodity prices, all lead us to believe that Mutamba could provide Mozambique with decades of social and economic benefits.

Three Mining Lease applications were submitted in January 2018. To date, the Consortium is yet to receive a final decision on the applications, or on the additional mining lease application which was made on an adjoining tenement area submitted last September. We have maintained an open and constructive dialogue with the Mozambique Government from which we understand that our applications continue to transit through the application process. Based on the feedback received, we are hopeful that the mining leases will be issued in the coming months.

Once mining leases are granted the next step will be to progress and complete the current Pre-Feasibility Study. This would see our ownership in the joint venture increase from 20% to 35%. Assuming the results support the positive conclusions of the 2017 Scoping Study, we expect to then complete a Bankable Feasibility Study which would lift our ownership in the Consortium to a final and majority position of 51%.

Oman
As in Mozambique, progress on our copper projects in Oman was also impacted by delays to the award of the relevant mining licences. We had hoped with the news that the last Ministerial letter of 'no objection' had been received in May 2018, that a positive decision on our application from Oman's Public Authority for Mining ("PAM") would be forthcoming in the second half of the year, however this has not proved to be the case. Also, the renewal of the Block 4 exploration licence has been delayed due to claims by a party in relation to certain areas within Block 4. According to our legal advisers in Oman, the Group has the right to renew the Block 4 exploration licence area in full, without any exclusions. Hopefully, 2019 will bring resolution for the Group with respect to the mining licence applications but in the meantime we maintain regular dialogue with PAM and have provided additional information at PAM's request.

As stated above, the combination of the licence delays experienced in Oman and the rapid progress at Mina do Barroso has meant that our copper projects now have a lower priority in our overall portfolio. While award of the outstanding mining licences would significantly advance these projects, Savannah must evaluate the risk/reward opportunity currently presented by Oman against those available elsewhere. Hence we are undertaking a strategic review to identify Savannah's best course of action with regards to these projects.

Corporate Update
Savannah is fortunate to have a large number of long-term supportive shareholders. It was pleasing to see all of the four largest holders in 2017 increasing their share positions in 2018, primarily through our record oversubscribed £12.6m fundraise in July. Al Marjan Limited remained the Company's largest shareholder during the year, increasing its ownership by over 21m shares to 208.3m. As the largest of the vendors of the Mina do Barroso project, Slipstream Resources saw its stake in Savannah rise to 5.1% as various milestones in the project acquisition agreement (see Note 19) were passed. (It should be noted that the issue of shares to the Mina do Barroso vendors reduced Al Marjan's percentage stake in Savannah from 29.4% to 23.6%). It was also pleasing to welcome a number of institutional shareholders onto our register through the fundraise.

In line with the increasing significance of Mina do Barroso in our portfolio, Savannah took up a Secondary listing on the Frankfurt Stock Exchange (Quotation Board Segment of the Open Market; FWB: SAV) last September to increase the company's visibility to investors in mainland Europe. The Frankfurt Exchange is the largest of the seven regional security exchanges in Germany and is the third largest stock exchange in Europe behind London and Euronext, based in Amsterdam. While trading volumes in our shares on FWB have been modest to date, we plan to increase our marketing efforts into Germany and other European countries in 2019 to leverage the opportunity created by the listing.

We also continued to grow our team in 2018 with a number of new hires across differing parts of the business. In November we welcomed James Leahy to the Board of Savannah as an Independent Non-Executive Director. On top of his significant recent listed company board experience, including time as Interim Chairman of the listed lithium company, Bacanora Minerals Ltd, James spent over 30 years working in the capital markets with much of his time spent specialising in natural resources and commodity related activities. We look forward to James' input in our capital market activities in 2019 as we continue to move the Mina do Barroso project towards the development decision point and potential financing.

Supported by KPMG LLP, the Remuneration Committee undertook a review of remuneration packages and developed a new remuneration policy aimed at rewarding performance, encouraging retention of key staff and aligning their interests with those of shareholders. As announced on 6 March 2019, a new long-term incentive plan ("LTIP") intended to support this policy was implemented. The LTIP, which was prepared with advice from KPMG LLP, replaces the Company's prior long-term incentive plan which was implemented in April 2018 (the "2018 Plan") and for which all awards under it were terminated with no rewards being granted.

Furthermore, we strengthened our Corporate Governance with the adoption of the Quoted Companies Alliance's Corporate Governance Code in September 2018.

Financial Overview

As is to be expected with an active and expanding resource development group, the Group is reporting a loss for the year of £3.4m (2017: £2.8m). During the year net assets have increased to £25.4m (2017: £13.1m) predominantly due to the increase in the exploration activity, the completion of the scoping study and the ongoing execution of the Definitive Feasibility Study in the Mina do Barroso lithium project, with additions in Exploration and evaluation assets in the lithium project of £6.1m, of which £2.0m are payments of the contingent consideration milestones triggered during the year. Another significant driver in the increase of the net assets is the increase in Cash and cash equivalents by £5.3m as a result of well supported equity fundraisings during the year, with a strong cash position at year end of £7.7m. In April and July 2018, the Company raised a total of £14.7m cash (before expenses) through the issue of 177,640,185 new ordinary shares at a significantly increased average issue price of 8.25p per ordinary share (2017: 5.25p), representing a 57% increase compared to 2017. As part of these equity fundraises, the Company's largest shareholder, Al Marjan Ltd, acquired 21,383,839 shares for £1.6m in cash.

Corporate Social Responsibility ("CSR")

We have included a separate Corporate Social Responsibility section in our Annual Report for the first time this year (see page 12). CSR considerations have always been important aspects of how Savannah does business, but as we move towards a development decision on our Mina do Barroso project, and hopefully operating our first producing asset, we believe there is a need to formalise our CSR agenda for the benefit of all stakeholders in the Group's projects.

We look forward to providing more information on our CSR programmes in the future, and trust in the meantime that the information provided in the community sections of our website, which were introduced in late 2017, have proved to be a useful source of additional information for all our project stakeholders.

Outlook

2019 is set to be another critical year for Savannah. If we are able to execute our plans across our project portfolio our company could see material changes in its size, status and, potentially, its value.

Our immediate next steps across our projects are clear: to conclude the appraisal process at Mina do Barroso, taking us to a development decision point on the project; to receive the award of the outstanding mining lease applications in Mozambique and complete the Pre-Feasibility on the Mutamba HMS project; and to conduct a strategic review on our Omani copper projects, which will allow us to provide shareholders with clarity on our plans for those properties in due course.

As ever, I am extremely thankful for the continued efforts of our management and operational teams which drive the evolution of Savannah. Equally, their efforts could not be maintained without the ongoing support of our shareholders. My thanks to you all, and we look forward to continuing to build the value of our company for the benefit of all stakeholders throughout 2019.

Matthew King
Chairman

Date: 20 May 2019

CHIEF EXECUTIVE'S REPORT

I reiterate the Chairman's comment that 2018 was a very important year for the company.

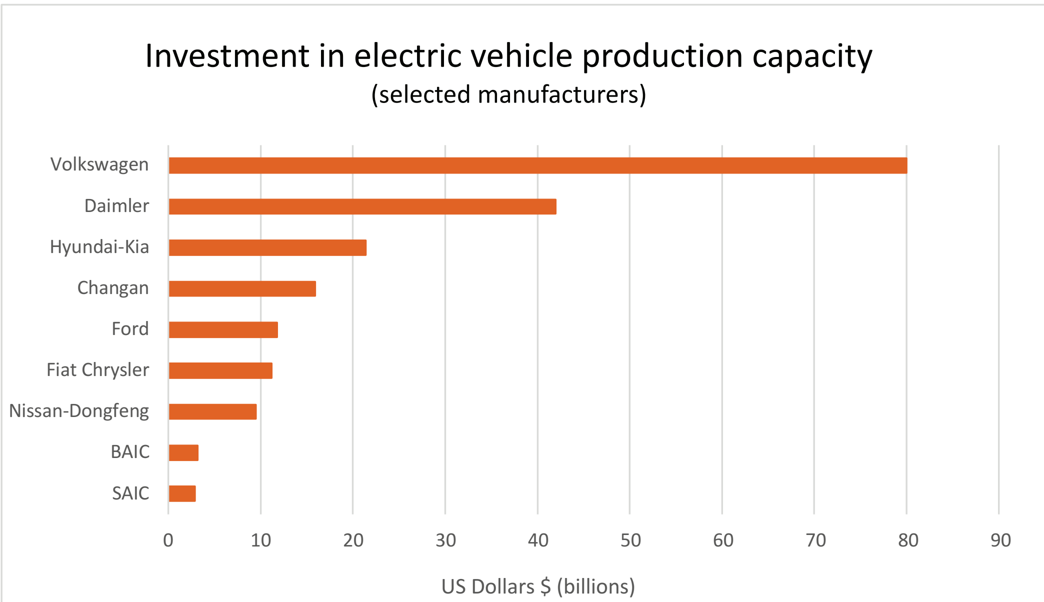
We made exceptional progress with the Mina do Barroso Lithium Project in northern Portugal where we have shaped what was a relatively early stage, greenfields exploration opportunity in 2017 into Europe's most significant lithium spodumene Mineral Resource by the 2018-year end. Hundreds of billions of Euros are now being invested by the European battery and electric vehicle industry to transform European transport to electric mobility. Mina do Barroso will play a key role in these developments. We anticipate strong growth for lithium from increasingly high-energy-density batteries and increasing sales of EVs based on consumer preferences, government encouragement and a broadening EV model range from car manufacturers.

At the same time, while the lengthy approval processes for our mining lease application approvals in Mozambique and Oman have been frustrating, they did enable us to focus our resources on our project in Portugal where we now have a full Definitive Feasibility Study underway.

Portugal – Mina do Barroso Lithium Project
Our strategic move in 2017 into Portugal's nascent lithium spodumene sector appeared to be followed last year by a growing realisation among EU law makers and Europe's wider society that more decisive action must be taken for the region to meet its long-term goal of reducing greenhouse gas emissions to limit climate change. Road transport is the second largest producer of greenhouse gases in Europe behind power generation, and legislators are keen to hasten the reduction in vehicle emissions. As a result, increasingly tough emission targets and zero and low emission vehicle ("ZLEV") related incentives are being used to stimulate action by automobile manufacturers. The EU is also aware of the pressure on the supply of 'battery technology' metals globally caused by the introduction of similar emission targets in the developed economies around the world. As a result, there is a growing realisation that Europe must be able to manufacture zero emission battery packs for its automobile industry from raw materials sourced locally to obviate potential problems from long supply chains and supply bottlenecks. We believe that Portugal will likely take the lead in lithium production within Europe and Mina do Barroso is likely to be the vanguard project.

The European Commission is vitally concerned about the competitive position of the European car industry which is a key sector for the European economy. The industry is stepping up to the plate with heavy investments in EVs – Volkswagen ("VW") is investing €80 billion and Daimler €42 billion in their EV model roll-outs. This is matched by heavy investments by both European and international groups in battery manufacturing and battery pack plants. The figure below outlines the massive transformation that is currently underway which, on an industry scale, is of similar significance to the funds invested under the Marshall Plan in the post-war period.

Electric Vehicle plans of selected global car brands:



Source: BloombergNEF Electric Vehicle Outlook 2019 and Reuters

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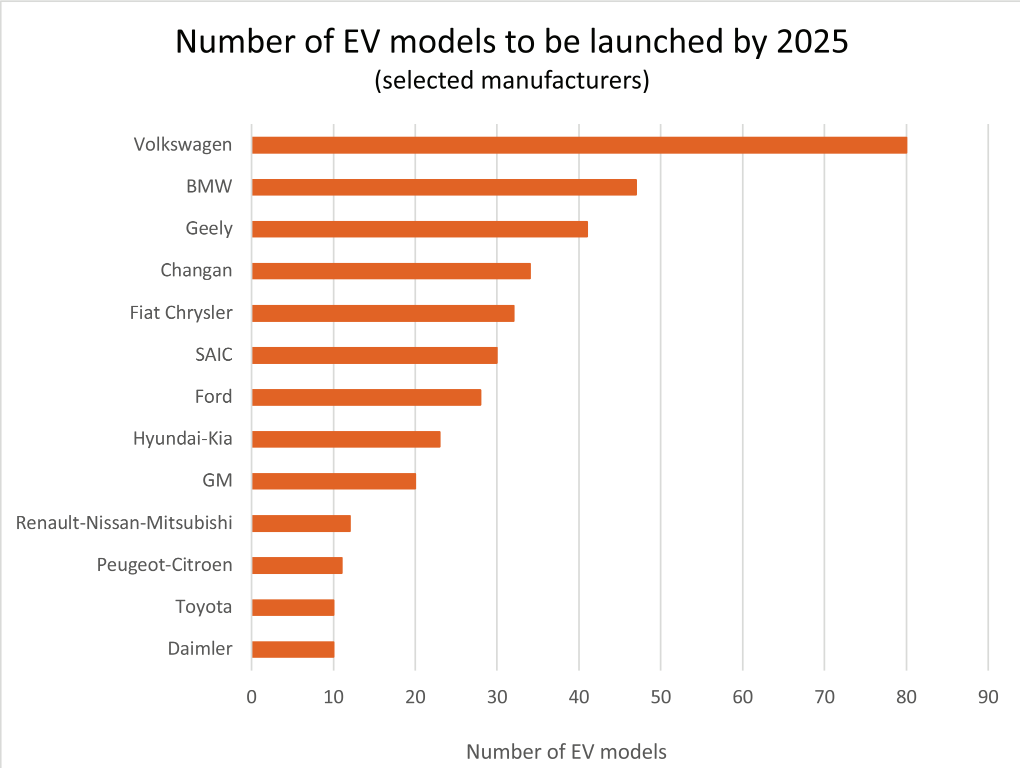

Source: BloombergNEF Electric Vehicle Outlook 2019

At the national level there is a clear focus by the Portuguese government to foster the development of the country's lithium resources. A government study was completed on the subject in 2017 and a series of areas in northern Portugal that are regarded as having excellent lithium prospectivity will be offered by international tender later in 2019. Savannah is conscious of the government's objective to maximize the value add from its lithium resources and an important feature will be the development of lithium refining capacity in the country. Savannah is in dialogue with groups that are interested in a mineral conversion plant in Portugal which would refine Mina do Barroso concentrates as a baseload supplemented potentially by other local or imported concentrates. This could be the nucleus for a whole range of new industries for Portugal in the downstream lithium value chain.

At a global level we are already seeing significant increases in global EV sales. Sales volumes are up by 63% year on year, for 2018 to two million units. The Boston Consulting Group is forecasting that EV sales will move to 25 million vehicles by 2025 a true tipping point for the industry. China is preparing itself and its installed manufacturing capacity for lithium-ion batteries rose by 35.6GWh in January to October 2018, up 90% year on year. Meanwhile Europe is the second largest EV market with just over 409,000 units sold.

To the project itself, over the year, our in-house team and supporting consultants took Mina do Barroso from an early stage prospect with a modest 3Mt resource as assessed in late 2017 to an advanced development project on which a well-defined 20Mt Mineral Resource (as at 2018 year end and now 23.5Mt) was established along with very attractive initial economics which justified commissioning of a full Definitive Feasibility Study. In simple terms, I believe we demonstrated that the project is the most significant spodumene lithium project in Europe. Our task now is to prove this to the level for financing of the project's construction supplemented with offtake arrangements for the spodumene concentrates, and to show that the project can be developed and managed in a disciplined and sustainable manner that will bring benefit for all stakeholders.

An example of our innovative approach to the project is the recycling of water used in the lithium concentration process. This includes recovering water from the inert waste product stream allowing the storage of dry waste only and negating the need for the construction of dams to retain water-bearing waste.

The Scoping Study in June helped to quantify the scale of the opportunity presented by Mina do Barroso for both the investment market along with potential strategic investors and off takers and drove our decision to fast track the project into a full Definitive Feasibility Study. Based on initial capex of US$109m (excluding contingencies) and average annual production of 175,000t of spodumene lithium concentrate over an 11 year life, the Scoping Study returned a pre-tax NPV8% of US$356m, pre-tax IRR of 63% (post tax US$241m and 48.6% respectively), pre-tax payback of 1.7 years, and annual average EBITDA of US$72m. All in all, an impressive investment case for a mining project and a major factor in our decision in April 2019 to propose the acquisition of the outstanding 25% minority shareholding in the project to give Savannah 100% ownership of Mina do Barroso ahead of the development decision point.

With our balance sheet strengthened by the oversubscribed £12.6m equity cash fundraise in July (a company record and 7th largest fundraise by an AIM mining company in 2018), we appointed the very experienced Primero Group as the primary engineering group and lead on the Feasibility Study. Alongside Primero we have added a portfolio of leading specialist consultancy firms covering the range of technical workstreams required for both a Definitive Feasibility Study and the associated Environmental Impact Assessment. Importantly, the firms consulting on our project study have recent experience of working on major international lithium projects and/or in Portugal. Hence, while every project is unique, we feel satisfied that we are receiving the most relevant and expert guidance available.

The drilling campaign which began in mid-2017 continued at pace during the year. Ongoing data collection through drilling (and surface sampling) is a key input into many of the Feasibility Study workstreams, such as resource and reserve definition, mine planning, groundwater assessment, geotechnics and the layout of site infrastructure. By year end, the drill hole count had reached 300 across eight lithium deposits since the programme began in 2017 and totalled 25,470 metres drilled. The drilling programme was one of the most extensive programmes undertaken in Europe in recent years and is a testament to the commitment and skills of our resource evaluation team.

The drilling to date has been highly successful with respect to all its key goals which include:

- JORC Mineral Resource expansion: By September we were able to publish the third resource upgrade for the year with the JORC Mineral Resource estimate across just the Grandao, Reservatorio and NOA orebodies reaching 20.1Mt at 1.04% Li_2O (209,000t Li_2O contained), and including 50% of the contained Li_2O in the Measured and Indicated categories. This was subsequently upgraded again in April 2019 to 23.5Mt at 1.02% Li_2O with 57% of the contained lithium in the Measured and Indicated categories and included the maiden resource estimate for the Pinheiro deposit (2.0Mt at 1.0% Li_2O). This larger resource will now form the basis for our maiden JORC Reserve estimate expected later this year.
- Confirmation of additional mineralisation: As stated, the current 23Mt resource is spread across only four of the eight pegmatite deposits on the Mina do Barroso (C-100) Mining Lease area identified to date. We plan to add to these resources over time to extend the anticipated production life of the mine past the 11 years used in the Scoping Study.

While we continue to add to the Project's Mineral Resource inventory and identify new deposits on the Mina do Barroso Mining Lease area, we also purchased an option to acquire a suite of adjacent tenement blocks last September which are currently subject to a separate Mining Lease application. In total the three blocks (blocks A to C), currently owned by private Portuguese company Aldeia & Irmão, S.A. ("Aldeia") cover an area of 2.94km². Our initial reconnaissance work identified a number of similarities to the deposits on the Mina do Barroso Mining Lease and our intensive due diligence drilling has now consistently intersected a lithium bearing, spodumene dominant pegmatite with grades up to 2.0% Li_2O over a strike length of more than 250m and a vertical depth of over 120m from near surface. We believe the potential for the presence of a significant mineralised body has been indicated. Furthermore, we are confident the Mining Lease application area could provide further significant resource upside to the overall Project. The blocks could also help to provide more flexibility for the layout of the mine infrastructure on what is currently an irregularly shaped Lease area.

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The Option runs to 25 June 2019 by which time we would be required to commit to the purchase of the tenements. If we choose to exercise the option and a Mining Lease is granted by September 2024, the total purchase price for the acquisition is €3.3m payable over a c. 6-year period. These payments would likely be made whilst the overall Mina do Barroso project is in production.

In addition to the potential to produce significant volumes of spodumene lithium concentrate, we are fortunate that Mina do Barroso is not simply a single commodity project. We also plan to produce and sell feldspar and quartz co-products into Portugal's and Spain's large ceramics and glass industries. This will have the dual benefit of reducing the amount of waste material which the project produces while providing additional revenue streams which significantly improve the net production costs of the lithium concentrate and will temper overall average commodity price volatility for the project.

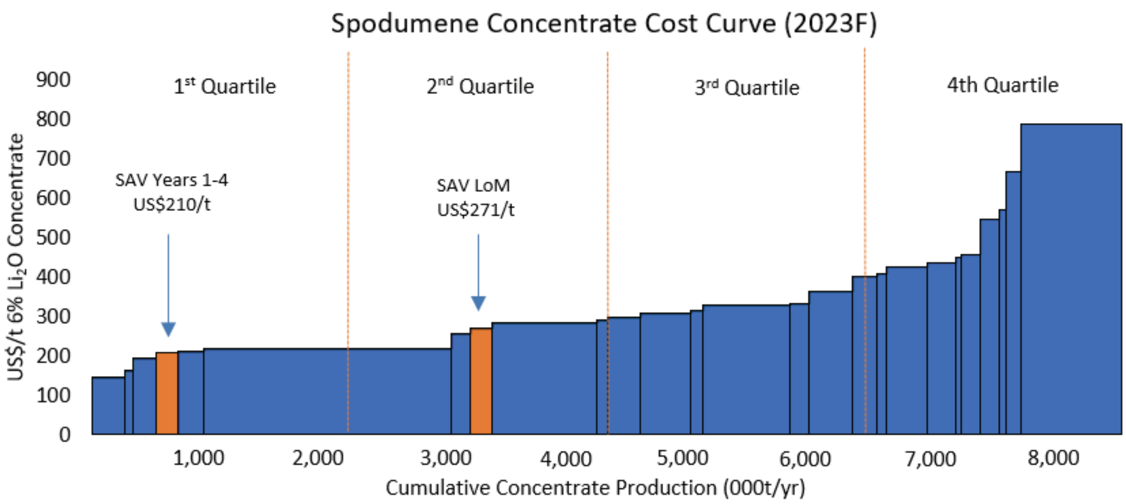
In December, the ongoing metallurgical test work confirmed that three saleable products; high grade feldspar, high grade quartz and an unrefined mixed feldspar and quartz product, could be produced from the waste stream of the lithium concentrate recovery process. A simultaneous market study by an industry expert also reported that current market prices for these products range from US$65-100/t, US$60-100/t and US$40-45/t respectively. This is highly encouraging for our ongoing economic studies as the prices quoted were significantly higher than those used in our 2018 Scoping Study (US$39/t for feldspar and US$33/t for quartz). Further bulk test work is now planned to produce feldspar and quartz samples for evaluation by potential customers as well as detailed studies into the market and capital and operating costs associated with producing these additional commodities. Work is also underway on the possibility of producing a high value mica product to assess its suitability for use in building materials.

The year also brought the formalisation of the relationships we have been building with the University of Porto and Laboratorio Nacional de Energia e Geologia ("LNEG"), a governmental research and development institution. The University of Porto has a notable history in Portugal's lithium industry with staff member, Professor Noronha responsible for first identifying the presence of lithium in Portugal at the Grandao deposit on our project around thirty years ago. The new "Protocol of Cooperation" between our groups formalises the existing working relationship which to date has included preliminary mineralogical studies and a first draft processing flowsheet for the treatment, recovery and concentration of spodumene at Mina do Barroso. This agreement is the latest in a growing number of contracts and relationships we have established with Portuguese groups since the start of our involvement with Mina do Barosso in 2017. At present we have Portuguese companies conducting the Environmental Impact Assessment on the project, providing us with legal services, advice on public and investor relations, and community and governmental engagement.

Away from the project itself, 2018 also saw us begin the process of engaging with a wide range of groups seeking to secure long term supplies of lithium. Given the rapid evolution of this sector, the universe includes a diverse range of potential counterparties including intermediary lithium conversion businesses, industrial chemical manufacturers, automotive companies, battery manufacturers, specialist finance groups and trading houses. These discussions, along with associated due diligence programmes will continue during 2019 in parallel with the ongoing project evaluation and permitting programmes and we continue to receive enquiries from further groups keen to also be part of Europe's growing lithium industry.

It is worthwhile briefly mentioning the market and pricing for spodumene concentrates. Some suggest that burgeoning lithium demand from the fast growing EV sector will encourage a supply response overreaction by the lithium hard rock and brines producers. However, brines producers operating in South America have not been able to step up production to meet demand and the Australian hard rock, spodumene producers now lead global production. The overall investment climate has become more challenging for developers although capital is going to those with good quality products from mines that operate at the lower end of the cost curve. In our case, Mina do Barroso is a robust project with low costs as can be seen from the figure below. Additionally, the project is located in the European setting where we are seeing strong investment interest.

Savannah's Mina do Barroso project is set to be a low cost spodumene operation:



Source: Roskill and Piedmont Lithium

During the balance of the year we expect to submit the project's Environmental Impact Assessment report for comment and approval by government and other stakeholders, complete the Definitive Feasibility Study, execute supply contracts with customers for our lithium concentrate and co-products, which are pre-requisites to securing the finance required to construct the mine. We also intend to expand our team to equip us with all the skills necessary to build and operate Portugal's first lithium focused mine. To date the work on the Definitive Feasibility Study has taken longer than originally expected as we incorporate key learnings from the Australian spodumene miners into our process flow sheet design and factor the Pinheiro discovery into the mining schedule.

We look forward to making further progress with the Mina do Barroso project in 2019 and in delivering beneficial outcome to our shareholders, our local communities and stakeholders and Portugal.

Mozambique – Mutamba Mineral Sands Project

Following the conclusion of the Consortium Agreement with Rio Tinto in late 2016, and the encouragement provided by the positive Scoping Study concluded in 2017 on the Consortium project, activity in 2018 was principally focused on shepherding the Mining Lease applications submitted at the beginning of the year through the governmental approval processes.

The process has been rigorous and extensive involving District and Provincial inputs and we remain hopeful based on recent discussions with the Ministry of Mineral Resources and Energy, that Mining Leases will be granted in coming months. No guarantees can be given, but if this proves correct, our Consortium with Rio Tinto will be on a firm footing from which to take the project through the pre-feasibility and feasibility stages and into anticipated production.

As outlined in the Chairman's Statement the market backdrop to our HMS project has continued to strengthen. The supply of high-grade mineral sands (ilmenite, rutile and zircon) in 2018 remained tight due to a combination of grade decline and production disruptions – and this has underpinned robust prices. Our joint venture partner, Rio Tinto, expects long-term demand growth to be solid at 3% per year, driven by growth in emerging economies. We are fortunate that in Rio Tinto we are partnered with the market's single largest participant.

Oman – Mahab and Maqail Copper Mines

As with Mozambique, our efforts have been focused on obtaining the necessary Mining Licences for the joint development of the Mahab 4 and Maqail South copper deposits on Block 5, applications for which were submitted in June 2016. We were pleased in May 2018 to receive the last (of the eight) ministerial letters of 'no objection' required for both projects. This final 'no objection', which followed the previous submission of all the other documentation required, should allow Oman's Public Authority for Mining ("PAM") to process and approve the Licence applications. Having recently provided additional information to PAM as part of its own approval process we are hopeful there will be a

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resolution in the coming months. We understand that the grant of mining licenses for both projects would be made under the newly announced mining law once fully implemented.

While we await definitive responses to our two mining licence applications, we demonstrated our commitment to the projects by completing a drill programme across two prospects which have the potential to provide further material to the central processing facility outlined in our licence applications. The drilling carried out in late 2018 identified narrow zones of copper mineralisation. The results are still being analysed and a further announcement will be made when the process has concluded.

In relation to Block 4, Savannah recently executed a deed of variation to extend the second capital contribution period in the earn-in agreement (to Al Thuraya Mining LLC) by eighteen months, from four years to five years and six months, thus Savannah has until May 2020 to earn a stake of 65%. Also, the renewal of the Block 4 exploration licence has been delayed due to claims by a party in respect of certain areas within Block 4. According to our legal advisers in Oman, the Group has the right to renew the Block 4 exploration licence area in full, without any exclusions.

After the frustrations caused by the continuing licencing-related delays, particularly in respect of the Block 5 mining licence applications in 2018, we hope that the mining licenses will issue and the exploration licences will renew. We will continue to engage with PAM and other key groups in Oman in a constructive and open manner to move the licencing processes forward. However, as the Chairman has stated, our Oman copper assets must now be deemed as a lower priority in our overall project portfolio given the success we have achieved in Portugal, and the scale of the opportunity available in Mozambique. Hence we are conducting a strategic review in respect of the Oman assets to identify the best outcome for Savannah and its shareholders.

Summary

My thanks go to the Savannah staff for their efforts across all aspects of our business in 2018 and to our shareholders for their ongoing support.

We continue to take the Mina do Barroso Feasibility Study and the Environmental Impact Statement forward while intensive offtake and financing activities continue so that we will be in a position to make a Decision to Mine by the year-end.

Achieving all the goals we have set ourselves for 2019 means the year is likely to be even busier and more important for the company than 2018. We welcome that challenge and look forward to providing Savannah's shareholders with regular updates on our progress.

David S Archer
Chief Executive Officer

Date: 20 May 2019

CORPORATE SOCIAL RESPONSIBILITY

Savannah Resources ("Savannah") is committed to operating in a responsible manner and in full compliance with the laws and regulations of the countries in which we do business. Core considerations behind all our business practices include:

- Rigorous health and safety standards
- Minimising our environmental impact through active management
- Staff welfare and empowerment
- Fair and open engagement with all stakeholders
- Sustainability planning and design

Ahead of outlining some of the recent Corporate Social Responsibility ("CSR") activities completed by Savannah in this new section of our Annual Report to shareholders, we briefly outline the key principals which form the foundation of our CSR policy.

Health & Safety

Providing a safe and healthy workplace for all those employed or visiting our projects is Savannah's top priority, and we target a zero-harm working environment. Compliance with applicable legal and regulatory requirements is viewed as a minimum standard and we seek to achieve standards of international best practice.

Our Health & Safety policies are based on regular risk assessment and monitoring programmes, seeking to reduce risks wherever possible through regular reviews of procedures, appropriate staff training and Health & Safety focused leadership, and comprehensive emergency response planning.

We are also committed to ensuring the health and safety of communities located near to our projects. Where required, this is achieved through offsite monitoring of relevant physical parameters (such as noise, dust, vibration and emissions), clear communication on Health & Safety issues including clear signage and instructions, and comprehensive traffic management.

Human Resources

Savannah views its staff as its greatest asset. Hence, we are committed to providing working environments and policies which comply with all relevant Health & Safety and labour legislation in our countries of operation.

We seek to recruit high quality individuals who will help our business to achieve its goals in a responsible way and our employment policy is based on the principals of equal opportunities, transparency, fair treatment and non-discrimination at all levels of our organisation. Employee selection is based on an individual's qualifications, past experience, potential and suitability for the role concerned, and we place a strong focus on training and providing opportunities for continued professional development.

Environmental

Environmental management is integral to all our business activities and Savannah is committed to minimising the impact of its operations on the natural environment. We are also committed to playing an active role in programmes managed by others which are designed to generate positive outcomes for the natural environment in and around our projects.

Regular monitoring of key environmental indicators, emission offsetting strategies, and emergency response planning are all fundamental to our environmental management policy. We are also committed to minimising our environmental impact and net use of raw materials and energy through maximising operational efficiencies and active waste management systems (including recycling and reuse), and relevant training for all staff.

We believe our environmental stewardship responsibilities extend beyond the active lives of our operations, and we are committed to sympathetic and effective decommissioning and rehabilitation of our operating sites in a timely manner and in line with relevant legislation.

Community

Savannah is committed to maximising the direct and indirect benefits that our projects can bring to the communities we work alongside. We strive to operate in a way which respects, preserves and enhances community life, local customs and heritage in the areas where we work. We expect to go beyond the requirements set by the relevant legislation regarding community engagement and support and will seek to work collaboratively with groups focused on bringing positive change in the areas in which we operate.

Our community engagement programmes are based around major themes including:

- Communication: We aim to operate in a transparent way and are committed to providing accurate information in a timely manner to all stakeholders through a variety of channels. We also wish to encourage productive two-way dialogue with our communities allowing concerns and opportunities to be flagged easily and actioned.
- Employment & training: We seek to draw staff from local communities and will provide appropriate training and support programmes to develop skills amongst the local communities which are relevant to our project.
- Education: We welcome the opportunity to provide support to, and work with, local educational departments and institutions at all levels in the educational system (primary, secondary and tertiary).
- Consideration & flexibility: We seek opportunities to collaborate and provide support to our partner communities, local and national authorities, and all relevant groups working to generate positive outcomes in areas close to our operations. We welcome ideas and aim to have a flexible and open-minded approach in regard to the type of community programmes we engage with, and the means in which we provide our support.
- Supporting local business: We seek to source produce and services for our operations from local suppliers whenever possible. We believe the long-term commitment we make to our own projects can bring significant benefits for other local businesses.

Sustainable Development

Through the creation of direct and indirect employment, generation of tax and royalty revenues, our commitment to actively engaging with all stakeholders, and mitigating our impact on the environment, we believe Savannah's projects can become a foundation for long term, positive development in the locations where we operate.

The investment we have, and will, make in community programmes, other local businesses, education and training, infrastructure and environmental management should provide benefits such as hard assets and transferable skills which will endure well beyond the operating lives of our own projects.

Recent CSR Activities

Savannah remained committed to the core values of its CSR policy during 2018, and we hope that the information provided in the new community sections of our website, which were introduced in late 2017, proved to be a useful additional source of background information for all project stakeholders.

As stated, our top priority is ensuring a safe working environment. Unfortunately, one loss time injury was reported during 2018 across all of Savannah's projects and sites. Pleasingly, the staff member involved made a full recovery and was able to return to work quickly. The relevant equipment and operating procedure were reviewed following the incident and modified to further reduce the risk to staff. Savannah will strive to achieve zero loss time injuries in 2019.

Portugal

We continued to actively engage and communicate regularly with all potential stakeholders in the Mina do Barroso project during 2018. Our activities included:

- Publishing 15 community newsletters
- Hosting 3 formal meetings with the local communities
- Sponsorship of 7 events
- We also secured use of a property in the centre of Covas do Barroso village which we subsequently refurbished and opened as our community office in April 2019.

Away from the project, Savannah formalised its working relationship with the Governmental Research and Development ('R&D') institution, the LNEG and the Faculty of Sciences from the University of Porto as a "Protocol of Cooperation". The partners are working together on mineralogical studies and flowsheet design based on samples from Mina do Barroso.

CORPORATE SOCIAL RESPONSIBILITY

A government-academic-commercial partnership such as this complements the Portuguese Government's 'lithium strategy' which was announced during 2018 and frames the country's desire to become a significant player in Europe's new lithium battery industry. Furthermore, we believe, Savannah has already been making a positive contribution to the Portuguese economy with 13 Portuguese nationals currently employed by the Group, and multiple Portuguese firms contracted to provide a range of in-country services.

As with all our projects, we believe that with considerate and intelligent management, the development of Mina do Barroso has the potential to provide long term benefits for the Boticas region, where the mine development is located and the wider Portuguese economy. These benefits include the creation of direct and indirect jobs as well as a potential source of finance and other resources for community projects. We will continue our dialogue with stakeholders during the current Environmental Impact Assessment and Feasibility Study phase of the project. These documents, once completed, should provide a comprehensive narrative on the project and will leave Savannah well placed to present and discuss all aspects of the project with stakeholders.

Savannah's Information Centre in the village of Covas do Barroso:

Mozambique

Our ongoing community programmes and partnerships in 2018 saw Savannah involved with a range of schemes covering infrastructure, agriculture, trade and public health. The provision of clean drinking water to communities on the project licence areas remains a priority and during the year fresh water supplies were opened in two villages which we estimate are now providing clean water to around 2,000 people. Local agricultural development was supported through the partnership with The German Society for International Collaboration (GIZ), whose programmes included distribution of 9,500 coconut tree seedlings to over 900 villagers and pineapple tree seedlings to over 170 local families. We also provided financial support to the Inhambane Province's International Trade Fair and a district investors' forum, as well as providing materials and other support in the area on national HIV/AIDS awareness day.

Local officials at the inauguration of the new water system at Inharrime:

On 14 March 2019, Intense Tropical Cyclone Idai made landfall near the city of Beira in Mozambique bringing severe flooding, damage to infrastructure and property, and causing significant loss of life in northern Mozambique, Malawi and Zimbabwe. Idai is estimated to be the third most significant cyclone on record in the south hemisphere and the worst in over 45 years. The World Health Organisation estimate that nearly 2 million people are in need of urgent humanitarian assistance following the Cyclone, but rescue and recovery efforts have been hampered by the landfall of a second cyclone, Kenneth, which struck the region on 25 April 2019. Savannah Resources has donated to the Cyclone relief funds and our colleagues in Mozambique have also committed their time to provide practical assistance where possible to the relief efforts. Savannah expresses its deepest sympathies and sincerest best wishes to all those affected by these cyclones.

Savannah's projects in Mozambique, which lie approximately 600km south of Beira, were unaffected by the Cyclones.

CORPORATE SOCIAL RESPONSIBILITY

Savannah Staff donating food and medical supplies to INGC (National Disasters Management Institute) as part of the relief effort following Cyclone Idai:

Oman

Savannah's community engagement programme continued in Oman during 2019 where it employs a full time community liaison officer. Regular monthly meetings are held with community leaders providing updates on the project developments these meeting involved site visits to explain the locations of the work and clearly assess impacts. During the field exploration activities, Savannah utilises local services from within the communities to assist with supply of water, accommodation and meals.

STRATEGIC REPORT

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

Set out below are the applicable reporting requirements under the Act for the purposes of the Strategic Report, together with guidance to other applicable sections of the 2018 Annual Report, which are incorporated by reference into the Group's Strategic Report.

Principal Activities, Fair review of the Business and future developments
The following table provides summary reviews of the principal activities of the group in the year, financial results and potential future developments. The comments below build on the commentary provided in the Chairman's Statement on pages 2 to 5 and the Chief Executive's Report on pages 6 to 11:

Asset & location	Ownership	Activities undertaken
Mina do Barroso lithium project, Portugal	75% of Savannah Lithium Limitada (Acquisition of outstanding 25% stake for 100% ownership proposed and awaiting subject to shareholder approval)	• Exploration and Evaluation: Comprehensive programmes were completed including mapping, surface and drill based sampling, assaying of recovered samples, metallurgical test work to assess recovery rate of lithium and other mineral products. • JORC Resource expansion and upgrade: Three estimates were made during the year based on our ongoing sampling programme, culminating in the estimate made in September 2018 (20.1Mt at 1.04% Li_2O). • Scoping Study completed: The study last June included; mine and plant designs, production scheduling, metallurgical test work, infrastructure & transport studies, capital and operating cost estimation and, financial modelling and economic evaluation of the project. • Feasibility Study Commissioned: Following the Scoping Study a Feasibility Study was commissioned with Primero Group selected as lead engineering group. This study builds on the Scoping Study exercise to provide the level of confidence in design and planning required to secure project financing and includes; JORC resource and reserve estimation, multiple phases of metallurgical test work, final designs and schedules for (i) site layout, (ii) mining, (iii) processing and (iv) storage of waste and infrastructure, capital and operating cost estimation, labour studies, commodity market studies, project risk review. We expect the Feasibility Study to be completed later in 2019. • Environmental Impact Assessment ("EIA"): The EIA considers all aspects of the environment which may be potentially impacted by the project, and also the project's social and economic context. The EIA will evaluate the project's impact during its implementation, exploitation, deactivation and post-deactivation phases. The outcomes of the assessment are a set of actions to be undertaken throughout all the operating phases of the project to minimise its environmental and social impact.

Asset & location	Ownership	Activities undertaken
		• Licencing and permitting: The company engaged with relevant local and central government departments, landowners and other groups involved with the approval processes relating to; the amendments required to the existing Mining Lease, EIA, land access, etc. We expect to make formal applications for the government approvals required in 2019. • Option acquired over addition ground: Savannah acquired an option on a suite of land blocks adjacent to the Mina do Barroso Mining Lease last September. The 3 blocks (blocks A-C), owned by private Portuguese company Aldeia & Irmão, S.A. ("Aldeia") and covering an area of 2.94km2 are currently subject to a separate mining lease application. Based on initial reconnaissance we believe the Lease application area could provide further resource upside to the overall project. The blocks could also help optimise the layout of the proposed mine. The Option runs to 25 June 2019 by when we would be required to commit to the purchase of the tenement. • Completion of contingent consideration for 75% stake: In accordance with the share purchase agreement of 24 May 2017, the second and final contingent consideration tranche, consisting of 20m Savannah shares and A$1.5m cash, was settled in October 2018. The second and final consideration was triggered following the announcement of the updated, 20.1Mt Mineral Resource estimate at Mina do Barroso in September 2018. • Community Engagement: in line with the Company's approach with each location it operates, it has an active community engagement plan with the aim being that with considerate and intelligent management, the development of Mina do Barroso has the potential to provide long term benefits for the Boticas region, where the mine development is located. • Offtake Partner: potential offtake partners identified throughout the lithium value chain, and active dialogues are ongoing in respect of this. • Project Finance: Noah's Rule were appointed as the Company's debt adviser and active dialogues are ongoing with potential funding providers.

Asset & location	Ownership	Activities undertaken
Mutamba Heavy Mineral Sands, Mozambique	20% of consortium with Rio Tinto	• Submission of Mining Lease applications: In January, Mining Lease applications were submitted to the Ministry of Mineral Resources and Energy in Mozambique covering the adjacent Jangamo (188km2) and Dongane/Ravene blocks (161km2) and the separate, Chilubane (138km2) deposit to the south. In September, a Mining Lease application was also made over area EL3617L (119km2). This was the final Mining Lease application to be lodged that is covered by the Consortium with Rio Tinto for the Mutamba project (Jangamo, Dongane/Ravene). By Mozambican law, the Ministry has six months from the date of submission to respond to applications, but as yet has not provided a definitive response to any of the applications made, regular communications are maintained with the relevant authorities in Mozambique and this process continues to progress. • Pre-Feasibility Study: The Scoping phase of the Pre-Feasibility Study continued during the year, albeit it was limited by the licencing situation. Timing of the completion of the PFS is subject to the timing of Lease approvals.
Block 4 & 5 Copper projects, Oman	51% of Al Thuraya LLC (Block 4); 65% of Al Fairuz Mining (Block 5)	• Mining Licence applications: In May 2018 we received the last (of the eight) ministerial letters of 'no objection' required for our dual mining licence applications for the Mahab 4 and Maqail South copper projects. Receipt of the final 'No objection' letter then allowed Oman's Public Authority for Mining (PAM) to consider the licence applications. We were, however, disappointed to learn that there were administrative deficiencies in the original letters sent to the Ministries. We understand that all the Ministries have now responded again, all favourably. However, we still await the licence approvals and remain in regular communication with PAM which has recently requested some additional routine information from the Company which has been provided. • Drilling programme: A drill programme (12 holes, 1,065m) was completed across the Bayda (Blocks 4) and Hara Kilab (Block 5) prospects which have the potential to provide further material to the central processing facility outlined in our licence applications. The drilling carried out in late 2018 identified narrow zones of copper mineralisation. The results are still being analysed and a further announcement will be made when the process has concluded.
Fair review of business		• The loss of the Group as set out on page 41 amounts to £3,381,161 (2017: £2,842,285), of which £3,258,458 (2017: £2,835,684) was related to administrative costs. During 2018 the Group invested £7,248,950 (2017: £5,040,296) on mineral exploration and evaluation on the licences it owns and operates, this is capitalised as an intangible asset as set out in Note 8 in the Financial Statements. This is including £1,953,368 (of which £283,283 was settled by the issue of shares) paid as contingent consideration relating to the acquisition of the lithium asset in Portugal and £4,187,214 on mineral exploration and evaluation on the licences in the lithium asset. • A review of the Group's prospects is included in the Chairman's Statement on pages 2 to 5 and the Chief Executive's Report on pages 6 to 11.

STRATEGIC REPORT

Principal Risks and Uncertainties

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

Natural Resource Project Development & Construction Risk

There can be no guarantee that mineral exploration and evaluation programmes will result in the delineation of a commercially viable project. However, to reduce this risk, the Group is focusing its activity primarily on brownfield locations, previously delineated resources or established exploration targets. For example, the Mina do Barroso project in Portugal already has a granted Mining Lease following exploration work done by previous owners, Blocks 4 and 5 in Oman feature a number of discontinued mining operations and the areas covered by the Consortium with Rio Tinto in Mozambique were subject to exploration prior to our involvement.

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

Attraction and Retention of Key People

The success of the Group is dependent on the expertise and experience of the Directors and senior management and the loss of one or more could have a material adverse effect on the Group. The Board has adopted a remuneration policy aimed at rewarding performance, encouraging retention of key staff and aligning their interests with those of shareholders.

Future Funding Requirements

The Group has an ongoing requirement to fund its exploration and mine development activities and will need to obtain additional finance to execute its plans. Potential sources of finance include the established debt and equity capital markets, offtake partners which could provide prepayment and working capital facilities in exchange for long term supply contracts, commodity based royalty and stream finance groups which can also provide prepayments in exchange for exposure to future revenue or production streams, and grants or other facilities from government or other centralised bodies (e.g. EU). Senior management and the Board closely monitor the cashflows of the Group and this assists in ensuring expenditure is focussed on areas of greatest exploration potential. Overheads and administration costs are carefully managed.

Licence and Title

The granting, maintaining, amendment and renewal of the appropriate licence or licence equivalent is essential to the Group's exploration and development activities in all the countries in which it operates, and is usually at the discretion of the relevant government authority. The Group seeks to ensure that its activities are always in compliance with the relevant licences and associated standards, laws and regulations and will attempt to respond in a timely manner to any changes in licence regulations. The costs associated with maintaining and renewing licences and complying with all related licence requirements, together with delays experienced in the issuance of licences, may have a financial impact on the company through additional costs or extensions to work programmes or delays in delivering projects. The licences in the Group's portfolio have been the subject of legal due diligence in order to establish valid legal title and regular communication is maintained with the relevant government authority in Portugal, Mozambique and Oman.

Country Risk

A greater or lesser degree of sovereign and political risk exists in all countries. At the reporting date, the Group carried out a combination of exploration and mine development work in Portugal, Mozambique and Oman. Each of these countries presents a very different risk profile. However, this also means the Group benefits from a diversification of country risk. Country risk is further mitigated by ensuring the Group maintains active programmes, that it prioritises local in-country employment and that it maintains working relationships at all levels with government, administrative bodies, local communities and other stakeholders. The Board actively monitors relevant political and regulatory developments.

Commodity Price

The Group's primarily commodity focus is lithium, mineral sands and copper and the price movements in these commodities can be volatile. This volatility can be caused by numerous factors beyond the Group's control. A sustained period of significant price volatility may adversely affect the Group operations in the future. Commodities risk is currently mitigated by ensuring the Group maintains a diverse portfolio of projects. Assuming all previously highlighted development and construction related risks have been mitigated and production is established at one or more of our projects, specific commodity price risk may be more actively managed. This could be achieved through the use of mechanisms such as long-term sales contracts incorporating minimum pricing levels or hedging strategies. In the case of the Mina do Barroso project, the spodumene lithium and its co-products are not currently exchange traded commodities and this necessitates entering into off-take agreements as part of the project financing.

Analysis of the Development and Performance of the Business

This information is contained in the Chairman's Statement on pages 2, and the Chief Executive's Report on pages 6.

Analysis of the Position of the Business

This information is contained in the Chairman's Statement on pages 2, and the Chief Executive's Report on pages 6.

Key Financial Performance Indicators and Milestones

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

Analysis Using Key Financial Performance Indicators and Milestones

KPIs	Description	Performance
Cash balance (for exploration, development and going concern purposes)	Cash balance available to continue with the activity of the Group.	At the reporting date the Group's cash balance was £7.7m (2017: £2.5m). This, in conjunction with the raising of future cash, which the Directors believe can be secured, will allow the Group to continue working on its development / exploration activities and to meet its financial commitments for at least 12 months.
Subscription and placing of shares	To continue with its operating activities as an active and growing mineral development group, Savannah is required to raise funds from the market.	During 2018 the Company raised gross proceeds of £14.7m (2017: £8.47m) cash via issuance of ordinary shares in relation to equity fundraises.

KPIs	Description	Performance
Share Price	Share price reflects the value added by the Company's Board and management teams.	Having opened at 6.625p and risen by 104% to a 51-month high of 13.55p on 12 June 2018, the share price fell to close the year at 5.3p, a 20% decline (2017: +26.3%). Funds were raised at an average price of 8.25p in 2018 (2017: 5.25p), representing an increase of 57% y-o-y.
Investment on Exploration & Evaluation assets ('E&E assets') and Property, Plant and Equipment ('PPE')	As an active and expanding mining development group, the investment on E&E assets and PPE assets show the volume of activity which is adding value.	During 2018 the Group increased its investment in exploration activity with additions in E&E assets of £7.2m (2017: £5.0m), of which £2.0m (2017: £1.9m) are payments of the contingent considerations associated to the Portuguese lithium project triggered during the period following the reporting of significant increases in the size of the Mineral Resource Estimate. Also, there was a decrease in the investment in PPE with additions of £0.3m (2017: £1.1m) compared to the additions in 2017 which primarily related to the one-off nature of the construction of a pilot plant in Mozambique in 2017.

Analysis Using Other Key Performance Indicators and Milestones

KPIs	Description	Performance
Project pipeline	As an active mine development group, management is up to date on the changes in the market and looking for new opportunities to increase the potential of the Group.	In recent years there has been (and continues to be) an increase in the importance of the lithium-ion battery markets, impacting on global lithium demand with projections showing significant increases in demand. In 2016 the Group started its investment in lithium projects and in 2018 acquired an option to acquire a suite of tenement blocks which are currently subject to a separate Mining Lease application adjacent to Mina do Barroso from Aldeia.
Mining Lease Applications	As a mining development group, the grant of mining leases as a precursor to commencement of production is a significant milestone.	During 2018 the Group's mining licence applications for the Maqail South and Mahab 4 copper projects in Oman received the final ministerial 'no objection' required to be considered by the Public Authority of Mining (PAM) for the final approval. However, we were, disappointed to learn subsequently that there were administrative deficiencies in the original letters sent by PAM to the Ministries. We understand that all the Ministries have now responded again favourably, to the replacement letters, however, we still await the licence approvals and remain in regular communication with PAM which has recently requested some additional routine information from the Company which has been provided. Also, the renewal of the Block 4 exploration licence has been delayed due to claims by a party in relation to certain areas within Block 4. According to our legal advisers in Oman, the Group has the right to renew the Block 4 exploration licence area in full, without any exclusions.

KPIs	Description	Performance
		Mining Lease applications were also submitted to the Ministry of Mineral Resources and Energy in Mozambique covering; (i) the Jangamo, Dongane/Ravene and Chilubane deposits and (ii) EL3617L, the final Mining Lease application to be lodged covered by the Consortium with Rio Tinto for the Mutamba project. As yet, no formal responses to the applications have been received. Regular communications are maintained with the relevant authorities in Mozambique and this process continues to progress.
Results in mineral resources	As a mining development group, the report of satisfactory mineral resource results is a key indicator of the potential of the Group and its projects.	Portugal: Three JORC resource updates were announced during the year. The last, in September, estimated a total resource of 20.1Mt at 1.04% Li_2O (vs. 3.2Mt at 1.0% Li_2O in December 2017). The resource estimate consisted of Measured resources of 5.5Mt @ at 1.08% Li_2O; Indicated resources of 4.9Mt @ at 0.93% Li_2O; and Inferred resources of 9.7Mt @ at 1.1% Li_2O for 209,000t of total contained Li_2O. In addition to the JORC resource estimate, an Exploration Target* was estimated at 9.0-15.0Mt at 1.0-1.2% Li_2O. * Cautionary Statement: The potential quantity and grade of the Exploration Targets is conceptual in nature, there has been insufficient exploration work to estimate a mineral resource and it is uncertain if further exploration will result in defining a mineral resource.
Economic Studies	Satisfactory completion of economic studies is a key indicator of the viability of the Group mining development projects.	Mina do Barroso, Portugal: A Scoping study was completed in June. Based on initial capex of US$125m (including a 25% contingency) and average annual production of 175,000t of spodumene lithium concentrate over an 11-year life, the Scoping Study returned a pre-tax NPV8% of US$356m, pre-tax IRR of 63% (post tax US$241m and 48.6% respectively), pre-tax payback of 1.7 years, and annual average EBITDA of US$72m. A Feasibility Study was commissioned in the second half of the year which we expect to be completed later in 2019. Mutamba, Mozambique: Scoping work on the Pre-Feasibility Study continued. Subject to licencing, we expect to complete the Pre-Feasibility Study in 2019. Mahab 4 & Maqail South, Oman: The Scoping Study on the dual mine development and wider project remains pending completion due to the delays associated with licencing and associated agreements.

STRATEGIC REPORT

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

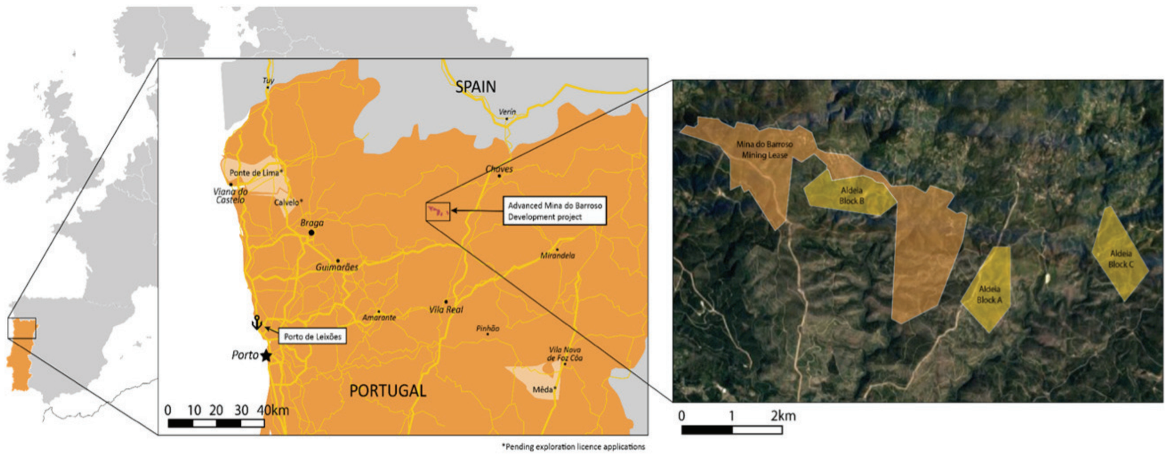
Date: 20 May 2019

PROJECT OVERVIEWS

The Mina do Barroso Lithium project, Portugal

Savannah Resources has been involved with the Mina do Barroso lithium project in Northern Portugal since May 2017 and currently owns a 75% stake in the project. In April 2019, the Group proposed to acquire the residual 25% share in the project from the minority owners in an all share transaction. Shareholder approval is currently being sought to allow the issue of the new Savannah shares necessary to complete the transaction.

Mina do Barroso location:



Western Europe's largest spodumene lithium resource

Located less than 2 hours' drive from the city of Porto in northern Portugal, the Mina do Barroso project consists of a Mining Lease* (5.42km^2), which was granted to previous owners of the project in 2006 and is valid for 30 years. To date Savannah's extensive exploration programme, which includes 30,000m of drilling, has identified 8 deposits bearing spodumene lithium mineralisation on the Lease. JORC compliant Mineral Resources have been estimated on four of these deposits which together represent the largest spodumene lithium resource in Western Europe, (currently 23.5Mt at 1.0% Li_2O). Many of the lithium deposits on the project remain open to possible extensions through further exploration. In addition to the current JORC Resource, an Exploration Target has also been estimated on two of the orebodies, Grandao and Reservatorio. which ranges from 9Mt to15Mt at 1.0-1.2% Li_2O. Hence, Savannah believes significant exploration upside exists beyond the current 23.5Mt Resource.

* The existing mining lease will need amendment or replacement for Savannah's proposed mine and concentraitor development.

Mina do Barroso JORC Mineral Resource Estimate & Exploration Target

JORC Mineral Resource Estimate (April 2019, 0.5% Li_2O cut-off)					
Deposit	**Resource Category**	**Tonnes (Mt)**	**Li_2O grade (%)**	**Fe_2O_3 grade (%)**	**Li_2O contained (t)**
Grandao	Measured	6.6	1.1	0.7	71,600
	Indicated	6.4	1.0	0.8	61,300
	Inferred	4.8	1.0	0.7	48,900
	Sub-total	**17.7**	**1.04**	**0.7**	**181,800**
Reservatorio	Measured	–	–	–	–
	Indicated	–	–	–	–
	Inferred	3.2	1.0	1.4	32,000
	Sub-total	**3.2**	**1.0**	**1.4**	**32,000**
Pinheiro	Measured	–	–	–	–
	Indicated	–	–	–	–
	Inferred	2.0	1.0	0.7	20,000
	Sub-total	**2.0**	**1.0**	**0.7**	**20,000**
NOA	Measured	–	–	–	–
	Indicated	0.4	1.2	0.8	4,200
	Inferred	0.3	1.0	0.9	2,900
	Sub-total	**0.6**	**1.1**	**0.9**	**7,100**
All Deposits	Measured	6.6	1.1	0.7	71,600
	Indicated	6.8	1.0	0.8	65,400
	Inferred	10.2	1.0	0.9	103,900
	Grand total	**23.5**	**1.02**	**0.8**	**241,000**

Exploration Target Summary*			
	Tonnage		
Deposit	**Low**	**High**	**Li_2O grade (%)**
Reservatorio	5.0	7.0	1.0-1.2
Grandao	4.0	8.0	1.0-1.2
Total	**9.0**	**15.0**	**1.0-1.2**

Source: April 2019 JORC Resource update RNS

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

Positive Scoping Study triggered Feasibility Study

Following the completion of a Scoping Study on the project in June 2018, Savannah has commissioned a Definitive Feasibility Study and an Environmental Impact Assessment Study on the project. Savannah expects the Definitive Feasibility Study to be completed later this year and the economic case presented in the Study will form the basis for a development decision on the project.

PROJECT OVERVIEWS

Drilling underway at the Mina do Barroso project:

A major source of lithium for Europe's e-mobility transition

As the following table highlights, Savannah's Mina do Barroso project is expected to produce at least 175ktpa of battery grade spodumene concentrate from late 2020. This concentrate output, containing 10.5ktpa of Li_2O (equivalent to ~26ktpa of lithium carbonate or ~29ktpa lithium hydroxide pre-processing losses) could represent around 40% of the forecast lithium requirement for the European auto industry in 2025 and 22% of the 2030 demand. Hence, Mina do Barroso alone could form the base load for a new lithium processing and battery material industry in Portugal, which would be of major significance within the EU. Such strategic significance provides additional opportunities to Savannah in terms of the customer base it appeals to, and this has been reflected in the high calibre of potential off-take partners and / or strategic partners with whom active dialogues are ongoing.

Not just a lithium project

In addition to the production of significant volumes of spodumene lithium concentrate, Mina do Barroso also has the potential for feldspar and quartz production which is in demand from Portugal's large ceramics and glass industries. Sales of these 'co-products' would have the dual benefits of reducing the amount of waste material which the project must store and provide additional revenue streams which could significantly improve the net production costs of the lithium concentrate.

Expansion Opportunity

To complement the ongoing work to identify and delineate more resources on the Mining Lease, Savannah purchased an option to acquire a suite of adjacent tenement blocks in September 2018 which are currently subject to a separate Mining Lease application. In total the three blocks (blocks A-C), currently owned by private Portuguese company Aldeia & Irmão, S.A. ('Aldeia'), cover an area of 2.94km2. To date intensive due diligence drilling has consistently intersected a lithium bearing, spodumene dominant pegmatite with grades of up to 2.00% Li_2O over a strike length of more than 250m and vertical depth of more than 120m from near surface. We are confident the Lease application area could provide both further significant resource upside to the overall Project and more flexibility around the layout of the proposed mine. The Option runs to 25 June 2019 by when we would be required to commit to the purchase of the tenements.

Mina do Barroso Project Scoping Study Key Facts (100% basis):

Operating Parameters and assumptions	
Mineable resource used in Scoping (June 2018)	14.4Mt at 1.07% Li_2O. All open pit. Life of mine strip ratio (waste: ore): 5.2: 1, years 1-4: 1.6:1
Initial life of mine	11 years at 1.3Mtpa throughput rate
Processing route & recovery rate	Crush-grind-Dense Media Separation-flotation (80% recovery)
Concentrate production & spec	175ktpa (minimum), 6% spodumene
Concentrate production as LCE/LHyE (Pre-processing losses)	~26ktpa; ~29ktpa. Sufficient for ~0.5M 60kWh car battery packs per annum
Co-products	Feldspar (~276ktpa), quartz (~173ktpa) for use in the ceramics and other industries
Initial capex	US$109m (Additional contingency of US$24.9m, inc. in financial model)
Sustaining capital & closure costs	US$17.2m
LoM Operating cost (US$/t conc)	US$271/t (US$210/t average in Years 1-4). Costs include all mining, processing, transport, shipping/freight, corporate, admin, marketing & royalty costs and are net of by-product credits. Yr1-4 costs 1st quartile and LoM average 2nd quartile on 2023F global cost curve (source: Roskill)
Financial & economic outcomes	
Pricing assumptions (Average life of mine)	Spodumene concentrate: US$685/t; Feldspar US$39/t; Quartz US$33/t
Revenue (LoM; Avg pa)	US$1,555m; US$140m
EBITDA (LoM, Avg pa)	US$805m; US$73m
Pre-tax FCF (LoM; Avg pa)	US$651m; US$59m
Net FCF (LoM; Avg pa)	US$458m; US$41m
NPV (8% discount rate)	Pre-tax US$356m; Post-tax US$241m
IRR	Pre-tax 63.2%; Post-tax 48.6%
Payback	Pre-tax 1.7 years; Post-tax 2.1 years

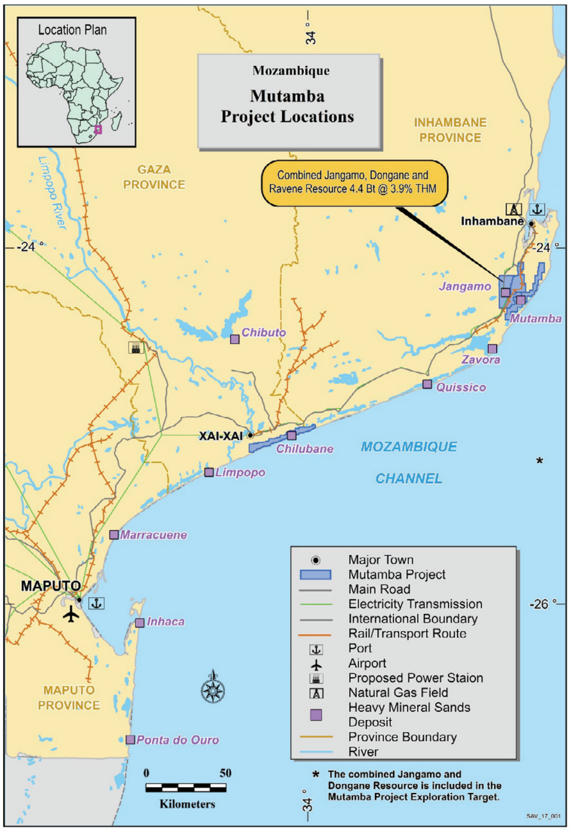
Source: June 2018 Scoping Study and subsequent company press releases

Mutamba Mineral Sands Project, Mozambique

Savannah has been active in the Mineral Sands sector (titanium minerals and zircon) in southern Mozambique since 2013 and in October 2016 completed a Consortium Agreement with Rio Tinto which combined Savannah's Jangamo Project with Rio Tinto's adjacent Mutamba Project (which included three deposit areas – Jangamo, Dongane and Ravene), and its Chilubane Deposit, located 180km to the south west of the Mutamba Project. The enlarged collective Mutamba Project, which is in the Gaza and Inhambane provinces and about 450km northeast of Mozambique's capital, Maputo, benefits from good infrastructure, including road, power and access to the nearby ports of Inhambane and Maxixie approximately 40km away.

PROJECT OVERVIEWS

The Mutamba project location:



Partnered with Rio Tinto, but Savannah taking the lead

Savannah is the project operator and currently holds a 20% share in the Consortium. The Group may increase its stake in the Consortium up to a 51% by funding and completing Pre-Feasibility and Feasibility Studies on the project. Rio Tinto contributes its existing Mutamba camp, facilities and associated equipment, and the Consortium Agreement includes an offtake agreement on commercial terms for the sale of 100% of production to Rio Tinto (or an affiliate). Savannah completed a Scoping Study on the project in 2017 and is currently completing the Pre-Feasibility Study.

Mutamba's Mineral Resources: A project of global scale

The global Mineral Resource estimate for the Mutamba project (Jangamo, Dongane and Ravene) currently stands at 4.4 Billion tonnes at 3.9% total heavy minerals ("THM") comprising both Indicated and Inferred category material and containing ilmenite, rutile and zircon. The resource estimate includes a high-grade portion of 92Mt at 6.2% THM, which was defined at Ravene. Significant potential also remains to expand the resource beyond its current boundaries, which will be the focus of future prospecting activities.

PROJECT OVERVIEWS

Mutamba JORC Mineral Resource Estimate (May 2017)

Deposit	Resource Category	Sand (Mt)	Heavy Minerals (%)	Ilmenite (% in Heavy Minerals)	Ilmenite (% in sand)	Rutile (% in sand)	Zircon (% in sand)
Jangamo (13336L)	Indicated	1,780	3.8	62	2.4	0.06	0.11
	Inferred	200	3.5	63	2.2	0.03	0.11
Jangamo (3617L)	Inferred	65	4.2	60	2.5	0.08	0.15
Dongane	Inferred	1,400	3.8	61	2.3	0.07	0.10
Ravene	Inferred	900	4.1	56	2.3	–	0.10
Total		**4,400**	**3.9**	**60**	**2.3**	**0.05**	**0.11**

Source: Mutamba Scoping Study RNS, May 2017

Project development concept outlined by 2017 Scoping Study

The Mutamba Project has the potential for the definition of a large orebody able to sustain a significant mining operation. The mineralisation is amenable to a combination of dry mining and dredge mining, with ilmenite being the dominant heavy mineral present. Savannah's overall objective is to build, together with Rio Tinto, a commercial mineral sands presence in Mozambique, delivering, via Rio Tinto's offtake, stable supplies of titanium feedstock and zircon to global markets.

Mineral sands industry expert TZMI was commissioned to conduct a scoping study to evaluate an initial, low capex, long life, dry mining operation. Key findings of the study, which was published in May 2017, are given in the following table.

Mutamba Mineral Sands: Scoping Study key data (100% basis)

	Mutamba TZMI Base Case Prices (US$/t)	Management Case One +10% Product Price (US$/t)	Management Case Two +20% Product Price (US$/t)
Operating Parameters and assumptions			
Mineable resource	451Mt at 6.0% THM (Conceptual mine plan utilising 33% Indicated and 67% Inferred resource)		
Life of mine (LOM)	30 years		
Mining rate	15Mtpa		
Life of mine strip ratio (waste: ore)	2:451		
Average annual production	456,000t of ilmenite and 118,000t of non-magnetic concentrate		
Pre-production capital expenditure	US$152m		
Contingency	US$74m		
Ilmenite Price (Free on Board, FOB)	185	204	222
Nonmagnetic Concentrate (FOB)	250	275	300
Financial & economic outcomes			
Pre-Tax Free Cashflow (LOM)	US$1,007M	US$1,347M	US$1,686M
Pre-Tax Average Annual Free Cashflow	US$41M	US$52M	US$62M
Pre-Tax NPV (10% discount)	US$154M	US$245M	US$335M
IRR (pre-tax)	19%	23%	27%
Payback Period (pre-tax)	5yrs	4yrs	3yrs

Source: Mutamba Scoping Study RNS, May 2017

PROJECT OVERVIEWS

Current work and key developments to come: Pre-Feasibility Study & Mining Lease applications
In August 2017, phase one of the Pre-Feasibility Study into the potential development of the Mutamba Mineral Sands Project commenced. TZMI was again appointed to complete this phase of the work. Alongside work on the Pre-Feasibility Study, a 20 tonne per hour pilot plant was constructed to produce bulk samples of concentrate for metallurgical and product test work.

In January 2018 Submissions for Mining Leases were made to the Ministry of Mineral Resources and Energy in Mozambique covering the adjacent Jangamo (188km^2) and Dongane/Ravene blocks (161km^2) and the separate, Chilubane (138km^2) deposit to the south. These were followed in September 2018 by a Mining Lease applications over area EL3617L (119km^2), which was the final Mining Lease application to be lodged for deposits on the Consortium's ground. To date a definitive response has not been received from the Ministry to any of the applications made. However, Savannah and its partner, Rio Tinto, remain confident that the Mining Leases will be granted in the coming months. Once received, these Leases will be a major step towards eventual production at Mutamba. However, this will need to be preceded by completion of the current Pre-Feasibility Study and, if the Pre-Feasibility carries a positive conclusion on the project's economics, a Feasibility Study too.

The mineral sands pilot plant at Mutamba:

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 2018.

Dividends

The Directors do not recommend the payment of a dividend (2017: £nil).

Events Since the Reporting Date

This information is contained in Note 24 to the Financial Statements.

Directors

The Directors who have held office during the period from 1 January 2018 to the date of this report (unless otherwise stated) are as follows:

David S Archer
Dale J Ferguson
Matthew J King
Maqbool Ali Sultan
Imad Kamal Abdul Redha Sultan
James Leahy[2]
Manohar Pundalik Shenoy[1]
Murtadha Ahmed Sultan[1]

[1] Alternate Director
[2] Appointed on 26 November 2018

Directors' Indemnity

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

Financial Instruments Risk

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

Future Development

This information is contained in the Chairman's Statement on pages 2 to 5 and the Chief Executive's Report on pages 6 to 11.

Going Concern

In common with many mineral exploration companies, the Company raises equity funds for its activities in discrete share placements. The Directors believe that the Group's project portfolio is attractive and the cash sums of £2.1m and £12.6m raised for new equity, including £1.6m from 23.6% shareholder Al Marjan, in Q2 and Q3 2018 respectively support this view. The Directors are therefore confident that funding will continue to be secured and that it is appropriate to prepare the Financial Statements on a going concern basis. The Company currently has a number of options in respect of future financing and has engaged with potential financiers and sources of capital. However, although the Company has been successful in the past in raising equity finance, the lack of formal agreements means there can be no certainty that the additional funding required by the Group and the Company in the next twelve months will be secured within the necessary timescale. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as a going concern, however as aforementioned and evidenced by announcements the Company has routinely been able to raise funds to progress its highly prospective portfolio. The Financial Statements do not include the adjustments that would result if the Group and the Company was unable to continue as a going concern.

Statement as to Disclosure of Information to Auditors

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

Auditors

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

REPORT OF THE DIRECTORS

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

	No. of shares held at 31 December 2018	No. of shares held at 31 December 2017
David S Archer	**41,756,649**	31,792,519
Matthew J King	**1,104,028**	1,104,028
Dale J Ferguson	**15,962,854**[2]	4,391,078[2]
Maqbool Ali Sultan[1]	**–**	–
Imad Kamal Abdul Redha Sultan[1]	**–**	–
James Leahy	**–**	–
Manohar Pundalik Shenoy[1]	**3,809,524**	3,809,524
Murtadha Ahmed A Sultan[1]	**–**	–

[1] The Directors indicated are representatives of Al Marjan Ltd which held 208,262,589 shares at the reporting date (2017: 186,878,750 shares).
[2] 12,375,000 shares (2017: 4,125,000 shares) held indirectly through Slipstream Resources Investments Pty Ltd.

Details of Directors' remuneration are disclosed in Note 3.

Details of Directors' interests in the share options and warrants are disclosed in Note 22.

Substantial Shareholding

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

Name of Shareholder	No. of shares	%
Al Marjan Ltd (Directors[1])	**208,262,589**	**23.63%**
Slipstream Resources Investments Pty Ltd	**45,000,000**	**5.11%**
Husain Salman Ghulam Al-Lawati	**42,019,792**	**4.77%**
David Archer (Director)	**41,756,649**	**4.74%**
Karl-Erik von Bahr	**30,052,525**	**3.41%**

On behalf of the Board:

David S Archer
Chief Executive Officer

Date: 20 May 2019

CORPORATE GOVERNANCE STATEMENT

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

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

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

The Board of Directors

The appointment of Mr. James Leahy as a non-executive Director in November 2018 means that the Board currently comprises of two executive, four non-executive Directors and two alternate Directors. The Board formally meets approximately every quarter and is responsible for setting and monitoring group strategy, reviewing budgets and financial performance, ensuring adequate funding, examining major portfolio management matters, formulating policy on key issues and reporting to the shareholders.

Internal Financial Control

The Board is responsible for establishing and maintaining the Group's system of internal financial controls. Internal financial control systems are designed to meet the particular needs of the Group and the risk to which it is exposed, and by its very nature can provide reasonable, but not absolute, assurance against material misstatement or loss. The Directors continue to review the effectiveness of the procedures presently in place to ensure that they are appropriate to the nature and scale of the operations of the Group.

The Audit and Risk Committee

The Audit Committee has been expanded to include a risk function and is now the Audit and Risk Committee. In particular, the committee is reviewing inter alia also items reported under the Company's Compliance Policy as well as the AIM Rules Compliance meeting and facilitates the management of the Group's Risk Register, in conjunction with the Board, senior managers and appropriate professional advisers.

It comprises two non-executive Directors and one alternate Director – Matthew King (who chairs the Committee), James Leahy and Manohar Shenoy. The Committee's audit arm 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. It also reviews the Group's annual and interim Financial Statements before submission to the Board for approval. The Committee's risk function provides input to the Board in its assessment of enterprise risk and the determination of risk appetite as part of the overall setting of strategy for the Group. It also assists the Board in its oversight of the Group's risk management framework including monitoring its effectiveness.

All members of the Board attended a risk workshop in December 2018. The purpose of the workshop was to further enhance the Board's consideration of risk so as to reset the framework for risk management as the Group progresses from exploration to production and to expand the Company's approach to corporate governance.

Finally, the Group has taken steps to develop a risk register, with the intention of allowing risks to be identified, tracked and addressed in order to mitigate any potential damage to the Group or its businesses. Reporting on identified risks as per the Group's risk register has been included as a standard recurring item on the Board's and executive management's meetings.

The Remuneration Committee

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

AIM Rule Compliance Committee
The AIM Rule Compliance Committee comprises one non-executive and one executive Director – Matthew King (who chairs the Committee) and David Archer, the CEO. It is responsible for ensuring that resources and procedures are in place to ensure the Company is at all times in compliance with the AIM Rules for Companies. The Committee helped to ensure the timely implementation of the new AIM Rules regarding Corporate Governance prior to the 28 September 2018 deadline. The Committee is also responsible for ensuring that the executive Directors are communicating effectively with the Company's Nominated Adviser.

Moreover, the Committee is overseeing the implementation of specific software for the purpose of facilitating tracking insiders as defined in MAR and AIM Rules and updating the corresponding insider list on an ongoing basis.

Nominations Committee
The Company does not currently have a Nominations Committee as the Board regards nominations matters are best dealt with by the full Board having regard to the current size of the Company. The desirability for a Nominations Committee will be reviewed on an annual basis.

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

The necessary controls and procedures, updated by the Board in 2017, in order to comply with the UK Bribery Act 2010, continue to be reviewed to ensure compliance.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors 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; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

Opinion
We have audited the financial statements of Savannah Resources Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flow and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 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.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty in relation to going concern
We draw attention to note 1 in the financial statements concerning the group and parent company's ability to continue as a going concern. The matters explained in the note indicate that the group and parent company will require additional funding within the next twelve months and that there is no certainty that the funding required by the group and the parent company will be secured within the necessary timescale. These conditions, along with the other matters as set out in note 1, indicate that a material uncertainty exists that may cast significant doubt on the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Given the conditions and uncertainties noted above we considered going concern to be a Key Audit Matter. We performed the following work as part of our audit:

- We critically challenged the directors' forecasts to assess the group and parent company's ability to meet their financial obligations as they fall due for a period of at least 12 months from the date of approval of the financial statements and assessed and corroborated the key underlying assumptions, including:
  - Assessing the reasonableness of forecast expenditure by reference to Management's planned activity.
  - Verification of the available funds to supporting documentation.
  - Discussion with Management whether there are any other matters that may adversely impact upon their assessment of going concern.
  - We reviewed documents which demonstrate ongoing activity in respect of the potential non-binding financing options.

We reviewed the disclosures in the financial statements.

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

Key audit matters

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

KEY AUDIT MATTER
Impairment of Exploration and Evaluation assets As detailed in note 8, at the year end the group held three groups of exploration and evaluation assets: lithium projects in Portugal, mineral sands in Mozambique and copper projects in Oman. Management is required to carry out an assessment at least annually for any indicators of impairment. Reviewing indicators of impairment often require significant estimates and judgements and therefore we identified this as a key audit matter.
OUR RESPONSE
We considered Management's assessment of the indicators of impairment, and confirmed there is an ongoing plan to develop each of the licence areas. We reviewed the licence agreements and we noted the Mozambique and Oman licences expired during the period. We reviewed the application for renewal of the licences and the application for new mining licences, and we reviewed written correspondence with the Mozambique and Oman Authorities. We confirmed with Management that they expect the licences applications to be approved. Given the fact that the licences have currently expired and require government approval for renewal and new mining applications, we assessed the appropriateness of the disclosures included in the financial statements given in note 8 and 1, which describe the uncertainty.

Our application of materiality

Group materiality	£420,000 (2017: £250,000)
Basis for determining materiality	1.5% of total assets (2017: 1.75%)
Group performance materiality	£315,000 (2017: £187,500)
Basis for performance materiality	75% of group materiality
Parent company materiality	£310,000 (2017: £225,000)
Basis for determining materiality	1.5% of total assets, capped at 74% of group materiality (2017: 1.75% of total assets, capped at 90% of group materiality)
Parent company performance materiality	£232,500 (2017: £168,750)
Basis for performance materiality	75% of parent company materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We consider total assets to be the most significant determinant of the group's financial performance used by members as the group continues to bring its mining assets through to production.

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

A lower level of materiality, performance materiality, is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit.

Whilst materiality for the financial statements as a whole was £420,000, each significant component of the group was audited to a lower level of materiality ranging from £46,000 to £310,000.

We agreed with the Audit Committee that we would report to the Committee all individual audit differences identified during the course of our audit in excess of £8,400 (2017: £12,000). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including the group's system of internal control, and assessing the risks of material misstatement in the financial statements at the group level.

Our group audit scope focused on the group's principal operating locations being:

- the Mina do Barroso lithium project in Portugal held in Savannah Lithium Lda,
- the Block 4 and Block 5 copper projects in Oman held in Al Thuraya LLC and Al Fairuz Mining Co LLC, respectively, and
- the Mutamba mineral sands project in Mozambique held in AME East Africa Ltd and Matilda Minerals Lda,

which all were subject to a full scope audit. Together with the parent company and its group consolidation, which was also subject to a full scope audit, these represent the significant components of the group.

These locations which were subject to full scope audit procedures represent the principal business units and account for 99% of the group's total assets.

The remaining components of the group were considered non-significant and these components were principally subject to analytical review procedures, together with additional substantive testing over the risk areas detailed above where applicable to that component.

BDO UK performed the audits of the parent company and all components except the Portuguese component, Savannah Lithium Lda, which was audited by the BDO network member firm in Portugal.

The Group audit team was actively involved in the direction of the audits performed by the component auditors along with the consideration of findings and determination of conclusions drawn. As part of our audit strategy, a senior member of the audit team performed a review of the component audit file which was audited by BDO Portugal. We performed the audit procedures in respect of the significant risk area that represented the Key Audit Matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Stuart Barnsdall (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
55 Baker Street
London
W1U 7EU
United Kingdom

20 May 2019

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 2018

	Notes	2018 £	2017 £
CONTINUING OPERATIONS			
Revenue		**–**	–
Administrative expenses		**(3,258,458)**	(2,835,684)
Impairment of intangible assets	8	**(140,024)**	–
OPERATING LOSS		**(3,398,482)**	(2,835,684)
Finance income		**17,321**	948
Finance costs		**–**	(7,549)
LOSS BEFORE AND AFTER TAX ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT	4	**(3,381,161)**	(2,842,285)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Net change in Fair value through other comprehensive income of Equity Investments	11	**(73,345)**	45,644
Items that will or may be reclassified to profit or loss:			
Exchange gains/(losses) arising on translation of foreign operations		**384,248**	(197,120)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**310,903**	(151,476)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT		**(3,070,258)**	(2,993,761)
Loss per share attributable to equity owners of the parent expressed in pence per share:			
Basic and diluted			
From Operations	7	**(0.44)**	(0.53)

The notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2018

		2018	2017
ASSETS	**Notes**	**£**	£
NON-CURRENT ASSETS			
Intangible assets	8	**17,413,168**	9,809,994
Other intangible assets	9	**342,881**	–
Property, plant and equipment	10	**1,437,068**	1,196,084
Other receivables	13	**–**	239,300
Other non-current assets	15	**253,188**	220,213
TOTAL NON-CURRENT ASSETS		**19,446,305**	11,465,591
CURRENT ASSETS			
Investments	11	**18,007**	170,203
Trade and other receivables	13	**330,774**	155,959
Other current assets	15	**223,733**	20,011
Cash and cash equivalents	14	**7,715,435**	2,455,968
		8,287,949	2,802,141
Assets classified as held for sale		**–**	138,543
TOTAL CURRENT ASSETS		**8,287,949**	2,940,684
TOTAL ASSETS		**27,734,254**	14,406,275
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	16	**8,814,518**	6,358,504
Share premium		**31,060,554**	18,105,108
Foreign currency reserve		**579,126**	194,878
Warrant reserve	22	**1,000,221**	1,405,958
Share based payment reserve	22	**508,051**	691,194
FVTOCI Reserve		**(58,737)**	–
Retained earnings		**(16,485,626)**	(13,612,758)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**25,418,107**	13,142,884
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	21	**25,813**	22,847
TOTAL NON-CURRENT LIABILITIES		**25,813**	22,847
CURRENT LIABILITIES			
Loans and borrowings	21	**16,895**	10,276
Trade and other payables	17	**2,273,439**	1,228,757
		2,290,334	1,239,033
Liabilities classified as held for sale		**–**	1,511
TOTAL CURRENT LIABILITIES		**2,290,334**	1,240,544
TOTAL LIABILITIES		**2,316,147**	1,263,391
TOTAL EQUITY AND LIABILITIES		**27,734,254**	14,406,275

The Financial Statements were approved by the Board of Directors on 20 May 2019 and were signed on its behalf by:

David 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 2018

ASSETS	Notes	2018 £	2017 £
NON-CURRENT ASSETS			
Investments in subsidiaries	11	**458,667**	342,883
Other intangible asset	9	**333,353**	–
Other receivables	13	**20,844,330**	13,699,270
Other non-current assets	15	**36,800**	19,035
TOTAL NON-CURRENT ASSETS		**21,673,150**	14,061,188
CURRENT ASSETS			
Investments	11	**17,225**	170,116
Trade and other receivables	13	**130,438**	44,841
Other current assets	15	**202,180**	–
Cash and cash equivalents	14	**7,368,469**	2,125,504
TOTAL CURRENT ASSETS		**7,718,312**	2,340,461
TOTAL ASSETS		**29,391,462**	16,401,649
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	16	**8,814,518**	6,358,504
Share premium		**31,060,554**	18,105,108
Warrant reserve	22	**1,000,221**	1,405,958
Share based payment reserve	22	**508,051**	691,194
FVTOCI Reserve		**(58,737)**	–
Retained earnings		**(12,883,510)**	(10,502,403)
TOTAL EQUITY		**28,441,097**	16,058,361
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	**950,365**	343,288
TOTAL LIABILITIES		**950,365**	343,288
TOTAL EQUITY AND LIABILITIES		**29,391,462**	16,401,649

The Company total comprehensive loss for the financial year was £2,523,008 (2017: £1,886,723) (Note 6).

The Financial Statements were approved by the Board of Directors on 20 May 2019 and were signed on its behalf by:

David 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 2018

	Share capital £	Share premium £	Foreign currency reserve £	Warrant reserve £	Share based payment reserve £	FVTOCI reserve £	Retained earnings £	Total equity £
At 1 January 2017	4,509,465	11,226,706	391,998	386,794	455,309	–	(10,900,327)	6,069,945
Loss for the year	–	–	–	–	–	–	(2,842,285)	(2,842,285)
Other comprehensive income	–	–	(197,120)	–	–	–	45,644	(151,476)
Total comprehensive income for the year	–	–	(197,120)	–	–	–	(2,796,641)	(2,993,761)
Issue of share capital (net of expenses)	1,849,039	7,897,566	–	–	–	–	–	9,746,605
Share based payment charges	–	–	–	–	320,095	–	–	320,095
Lapse of options	–	–	–	–	(84,210)	–	84,210	–
Issue of warrants	–	(1,019,164)	–	1,019,164	–	–	–	–
At 31 December 2017	6,358,504	18,105,108	194,878	1,405,958	691,194	–	(13,612,758)	13,142,884
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(3,381,161)**	**(3,381,161)**
Other comprehensive income	**–**	**–**	**384,248**	**–**	**–**	**(58,737)**	**(14,608)**	**310,903**
Total comprehensive income for the year	**–**	**–**	**384,248**	**–**	**–**	**(58,737)**	**(3,395,769)**	**(3,070,258)**
Issue of share capital (net of expenses)	**2,056,014**	**12,967,604**	**–**	**–**	**–**	**–**	**–**	**15,023,618**
Contingent consideration	**–**	**–**	**–**	**–**	**283,283**	**–**	**–**	**283,283**
Contingent consideration shares issued	**400,000**	**–**	**–**	**–**	**(283,283)**	**–**	**(116,717)**	**–**
Share based payment charges	**–**	**–**	**–**	**–**	**38,580**	**–**	**–**	**38,580**
Exercised options	**–**	**–**	**–**	**–**	**(202,521)**	**–**	**202,521**	**–**
Lapse of options	**–**	**–**	**–**	**–**	**(19,202)**	**–**	**19,202**	**–**
Issue of warrants	**–**	**(12,158)**	**–**	**12,158**	**–**	**–**	**–**	**–**
Exercised warrants	**–**	**–**	**–**	**(326,755)**	**–**	**–**	**326,755**	**–**
Lapse of warrants	**–**	**–**	**–**	**(91,140)**	**–**	**–**	**91,140**	**–**
At 31 December 2018	**8,814,518**	**31,060,554**	**579,126**	**1,000,221**	**508,051**	**(58,737)**	**(16,485,626)**	**25,418,107**

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 asset acquired and share options granted by Savannah Resources Plc, less transfers to retained losses in respect of options exercised, lapsed and forfeited.
FVTOCI Reserve	Cumulative changes in fair value of equity investments classified at fair value through other comprehensive income (FVTOCI).
Retained earnings	Cumulative net gains and losses recognised in the consolidated Statement of Comprehensive Income.

The notes form part of these Financial Statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

	Share capital £	Share premium £	Warrant reserve £	Share based payment reserve £	FVTOCI reserve £	Retained earnings £	Total equity £
At 1 January 2017	4,509,465	11,226,706	386,794	455,309	–	(8,699,890)	7,878,384
Loss for the year	–	–	–	–	–	(1,932,367)	(1,932,367)
Other comprehensive income	–	–	–	–	–	45,644	45,644
Total comprehensive income for the year	–	–	–	–	–	(1,886,723)	(1,886,723)
Issue of share capital (net of expenses)	1,849,039	7,897,566	–	–	–	–	9,746,605
Share based payment charges	–	–	–	320,095	–	–	320,095
Lapse of options	–	–	–	(84,210)	–	84,210	–
Issue of warrants	–	(1,019,164)	1,019,164	–	–	–	–
At 31 December 2017	6,358,504	18,105,108	1,405,958	691,194	–	(10,502,403)	16,058,361
Change in accounting policy – IFRS 9 (Note 23)	**–**	**–**	**–**	**–**	**–**	**(556,454)**	**(556,454)**
At 1 January 2018	**6,358,504**	**18,105,108**	**1,405,958**	**691,194**	**–**	**(11,058,857)**	**15,501,907**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(2,449,663)**	**(2,449,663)**
Other comprehensive income	**–**	**–**	**–**	**–**	**(58,737)**	**(14,608)**	**(73,345)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(58,737)**	**(2,464,271)**	**(2,523,008)**
Issue of share capital (net of expenses)	**2,056,014**	**12,967,604**	**–**	**–**	**–**	**–**	**15,023,618**
Shares issued	**400,000**	**–**	**–**	**–**	**–**	**–**	**400,000**
Share based payment charges	**–**	**–**	**–**	**38,580**	**–**	**–**	**38,580**
Exercised options	**–**	**–**	**–**	**(202,521)**	**–**	**202,521**	**–**
Lapse of options	**–**	**–**	**–**	**(19,202)**	**–**	**19,202**	**–**
Issue of warrants	**–**	**(12,158)**	**12,158**	**–**	**–**	**–**	**–**
Exercised warrants	**–**	**–**	**(326,755)**	**–**	**–**	**326,755**	**–**
Lapse of warrants	**–**	**–**	**(91,140)**	**–**	**–**	**91,140**	**–**
At 31 December 2018	**8,814,518**	**31,060,554**	**1,000,221**	**508,051**	**(58,737)**	**(12,883,510)**	**28,441,097**

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 asset acquired and share options granted by Savannah Resources Plc, less transfers to retained losses in respect of options exercised, lapsed and forfeited.
FVTOCI Reserve	Cumulative changes in fair value of equity investments classified at fair value through other comprehensive income (FVTOCI).
Retained earnings	Cumulative net gains and losses recognised in the consolidated Statement of Comprehensive Income.

The notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2018

	Notes	2018 £	2017 £
Cash flows used in operating activities			
Loss for the year		**(3,381,162)**	(2,842,285)
Depreciation and amortisation charges	10	**31,194**	14,895
Impairment of assets	8	**140,024**	–
Share based payment charge	3, 22	**38,580**	320,095
Shares issued in lieu of payments to extinguish liabilities	3, 16	**–**	98,630
Finance income		**(17,321)**	(948)
Finance expense		**–**	7,549
Exchange (gains)/losses	4	**(54,076)**	75,156
Cash flow from operating activities before changes in working capital		**(3,242,761)**	(2,326,908)
Increase in trade and other receivables		**(179,376)**	(71,288)
Increase in trade and other payables		**562,925**	39,620
Net cash used in operating activities		**(2,859,212)**	(2,358,576)
Cash flow used in investing activities			
Purchase of intangible exploration assets	8	**(6,317,118)**	(3,276,715)
Purchase of other intangible assets	9	**(131,173)**	–
Purchase of tangible fixed assets		**(328,768)**	(1,069,056)
Purchase of investments	11	**(695)**	(87)
Proceeds from sale of investments	11	**104,461**	–
Payments for guarantees for mining activity		**–**	(199,755)
Guarantees for acquisition of intangible exploration assets	15	**(202,180)**	–
Interest received		**17,321**	948
Net cash used in investing activities		**(6,858,152)**	(4,544,665)
Cash flow from financing activities			
Interest paid		**–**	(7,549)
Proceeds from issues of ordinary shares (net of expenses)		**14,986,546**	8,257,418
Net cash from financing activities		**14,986,546**	8,249,869
Increase in cash and cash equivalents		**5,269,182**	1,346,628
Cash and cash equivalents at beginning of year		**2,455,968**	1,172,347
Exchange losses on cash and cash equivalents		**(9,715)**	(63,007)
Cash and cash equivalents at end of year		**7,715,435**	2,455,968

The notes form part of these Financial Statements.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2018

	Notes	2018 £	2017 £
Cash flows used in operating activities			
Loss for the year		**(2,449,736)**	(1,932,367)
Impairment of financial assets	13	**1,325,790**	–
Share based payment reserve charge	3, 22	**38,580**	320,095
Shares issued in lieu of payments to extinguish liabilities	3, 16	**–**	98,630
Finance income		**(17,321)**	(948)
Finance expense		**–**	4,348
Exchange (gains)/losses		**(628,473)**	75,156
Cash flow from operating activities before changes in working capital		**(1,731,160)**	(1,435,086)
Increase in trade and other receivables		**(103,289)**	(21,078)
Increase in trade and other payables		**477,736**	44,228
Net cash used in operating activities		**(1,356,713)**	(1,411,936)
Cash flow used in investing activities			
Investment in subsidiaries	11	**(115,784)**	(51,643)
Loans to subsidiaries		**(8,049,798)**	(5,631,693)
Purchase of other intangible assets	9	**(131,173)**	–
Guarantees for acquisition of intangible exploration assets	15	**(202,180)**	–
Proceeds from sale of investments	11	**104,461**	–
Interest received		**17,321**	948
Net cash used in investing activities		**(8,377,153)**	(5,682,388)
Cash flow from financing activities			
Interest paid		**–**	(4,348)
Proceeds from issues of ordinary shares		**14,986,546**	8,257,418
Net cash from financing activities		**14,986,546**	8,253,070
Increase in cash and cash equivalents		**5,252,680**	1,158,746
Cash and cash equivalents at beginning of year		**2,125,504**	1,029,765
Exchange losses on cash and cash equivalents		**(9,715)**	(63,007)
Cash and cash equivalents at end of year		**7,368,469**	2,125,504

The notes form part of these Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of Preparation

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

Presentational and Functional Currency

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

Going Concern

In common with many mineral exploration companies, the Company raises equity funds for its activities in discrete share placements. The Directors believe that the Group's project portfolio is attractive and the cash sums of £2.1m and £12.6m raised for new equity, including £1.6m from 23.6% shareholder Al Marjan, in Q2 and Q3 2018 respectively support this view. The Directors are therefore confident that funding will continue to be secured and that it is appropriate to prepare the Financial Statements on a going concern basis. The Company currently has a number of options in respect of future financing and has engaged with potential financiers and sources of capital. However, although the Company has been successful in the past in raising equity finance, the lack of formal agreements means there can be no certainty that the additional funding required by the Group and the Company in the next twelve months will be secured within the necessary timescale. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as a going concern, however as aforementioned and evidenced by announcements the Company has routinely been able to raise funds to progress its highly prospective portfolio. The Financial Statements do not include the adjustments that would result if the Group and the Company was unable to continue as a going concern.

Basis of Consolidation

The Group accounts consolidate the accounts of Savannah Resources Plc and its domestic and foreign subsidiaries, refer to Note 11. 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

Before the application of IFRS 9, equity investments, excluding subsidiaries, were 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. When these equity investments were disposed, the cumulative value changes recognised in other comprehensive income were transferred to the income statement as a realised profit or loss on disposal. Their change in market value was up to the date of disposal.

After the application of IFRS 9, equity investments, excluding subsidiaries, are classified at fair value through other comprehensive income (FVTOCI). They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

1. ACCOUNTING POLICIES continued

All equity investments, excluding subsidiaries, held are quoted and traded in an active market. The variability in the range of reasonable fair value estimated for these instruments is not significant, therefore, when there is no active market for these equity investments the fair value will be estimated using historical market data. When there are no active market and a reliable measure of the fair value of the investments is not available these are carried at cost, this being the fair value carrying amount on the date of the reclassification. The change in market value represents the fair value of shares held at the reporting date less the cost or fair value at the start of the financial year.

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

Investments in Subsidiaries and Associates

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

Foreign Currencies

Transactions in foreign currencies are initially recorded in the functional currency by applying spot exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

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

Intangible Assets

Exploration and evaluation assets

Once an exploration 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 Group, the related costs will be written off.

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

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

1. ACCOUNTING POLICIES continued

Acquisitions of Mineral Exploration Licences

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

Other Intangible Assets

Once an option to acquire an exploration licence has been obtained by a Group holding company, with the expectation that on execution the exploration licence is to be acquired by a subsidiary, costs are capitalised in Other intangible assets. Costs incurred include appropriate technical and administrative expenses but not general overheads. On execution of the option by a subsidiary the Other intangible assets are reclassified to investments in the Group holding company and classified as exploration and evaluation assets by the subsidiary that acquired the licence.

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	1 – 4 years
Motor Vehicles	4 years

Financial Instruments

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

Financial Assets

Trade and other receivables

Trade and other 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.

Under IAS 39, impairment provisions were recognised when there was objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group or the Company would 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.

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

1. ACCOUNTING POLICIES continued

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

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

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and balances held with banks. Cash equivalents are short term, highly liquid accounts that are readily converted to known amounts of cash.

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

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

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or has expired. When a financial liability is derecognised, the cumulative gain or loss in equity (if any) is transferred to the consolidated income statement.

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

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

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

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.

Finance Leases
Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Where warrants are granted as part of cash subscriptions of new shares in the Company these are designated as Investors Warrants. The fair value of the Investors Warrants at the date of grant is charged thus decreasing the value of the Share Premium. Fair value is measured by use of a warrant pricing model.

Joint Arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either: (a) Joint ventures: where the Group has rights to only the net assets of the joint arrangement; (b) Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers: (a) The structure of the joint arrangement; (b) The legal form of joint arrangements structured through a separate vehicle; (c) The contractual terms of the joint arrangement agreement; and (d) Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

Non-current assets held for sale

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

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

1. ACCOUNTING POLICIES continued

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

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method.

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

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 assumptions 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. Further details are set out in Note 8.

(b) 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 related to share options and warrants are set out in Note 22. For the calculation of the fair value of the contingent considerations paid in shares (Note 19) management has evaluated the probability of each milestone to be triggered.

(c) Going concern

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

The key judgements are set out below:

(a) Exploration and evaluation costs

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

1. ACCOUNTING POLICIES continued

(b) Impairment of amounts due from subsidiaries

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

(c) Classification of Joint Arrangement

In determining the accounting treatment of the agreements signed with other non-group companies (Note 12) management needed to determine if joint control exists and therefore apply IFRS 11 Joint Arrangements. Also, when applying IFRS 11 it was necessary to evaluate the rights and obligations relating to the agreements to conclude if it was a Joint Operation or a Joint Venture. During 2017 and 2018 management concluded that there were no relevant changes affecting the relationship between the Group and the other parties and therefore there is no changes to the initial accounting treatment of these agreements.

Accounting Developments During 2018

The accounting policies adopted are consistent with those of the previous financial year except for those included below. Management has reviewed the new standards and amendments to IFRS effective as of 1 January 2018. The most significant of these, and the effect that these had on the Financial Statements of the Group or Company are:

- IFRS 15 Revenue from Contracts with Customers (mandatorily effective for periods beginning on or after 1 January 2018): Management has reviewed the effect in the Group and Company Financial Statements, and it was concluded that this new standard does not have effect in any of these financial statements as the Group currently has no revenue.
- IFRS 9 Financial Instruments (mandatorily effective for periods beginning on or after 1 January 2018): This does not have a material impact in the Group Financial Statements as the main financial instruments are cash and cash equivalents and trade payables. The main financial instruments in the Company Financial Statements are cash and cash equivalents and amounts due from subsidiaries. After application of IFRS 9 the Company has recognised an impairment on the amounts due from subsidiaries (Note 13 and Note 23).

Accounting Developments Not Yet Adopted

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these, and the effect that this will have on the Financial Statements of the Group or Company is IFRS 16 Leases (mandatorily effective for periods beginning on or after 1 January 2019). This will not have a material impact in the Group and Company Financial Statements as they do not have significant leases in place.

2. SEGMENTAL REPORTING

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

Based on the Group's current stage of development there are no external revenues associated to the segments detailed below. For exploration and development in Oman, Mozambique, Portugal and Finland 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 effectively 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**	**Portugal Lithium**	**Finland Lithium**	**HQ and corporate**	**Investments**	**Elimination**	**Total**
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**
2018								
Revenue	**–**	**–**	**–**	**–**	**1,398,308**	**–**	**(1,398,308)**	**–**
Interest Income	**–**	**157**	**–**	**–**	**17,164**	**–**	**–**	**17,321**
Share based payments	**–**	**–**	**–**	**–**	**38,580**	**–**	**–**	**38,580**
Loss for the year	**(247,895)**	**(647,656)**	**(646,033)**	**(152,485)**	**(1,687,093)**	**–**	**–**	**(3,381,162)**
Total assets	**5,213,999**	**5,077,253**	**9,334,988**	**933**	**8,089,074**	**18,007**	**–**	**27,734,254**
Total non-current assets	**5,017,160**	**4,928,172**	**9,130,820**	**–**	**370,153**	**–**	**–**	**19,446,305**
Additions to non-current assets	**553,846**	**505,256**	**6,212,870**	**–**	**351,118**	**–**	**–**	**7,623,090**
Total current assets	**196,839**	**149,081**	**204,168**	**933**	**7,718,921**	**18,007**	**–**	**8,287,949**
Total liabilities	**(116,311)**	**(50,060)**	**(933,626)**	**(2,258)**	**(1,213,891)**	**–**	**–**	**(2,316,146)**

	Oman Copper	Mozambique Mineral Sands	Portugal Lithium	Finland Lithium	HQ and corporate	Investments	Elimination	Total
	£	£	£	£	£	£	£	£
2017								
Revenue	–	–	–	–	639,108	–	(639,108)	–
Interest Income	–	–	–	–	948	–	–	948
Finance costs	(2,035)	(1,166)	–	–	(4,348)	–	–	(7549)
Share based payments	–	–	–	–	320,095	–	–	320,095
Loss for the year	(308,616)	(631,731)	(171,056)	(8,164)	(1,722,718)	–	–	(2,842,285)
Total assets	4,365,898	4,640,081	2,902,257	138,543	2,189,293	170,203	–	14,406,275
Total non-current assets	4,224,672	4,387,977	2,833,907	–	19,035	–	–	11,465,591
Additions to non-current assets	951,312	2,801,960	2,823,802	–	19,035	–	–	6,596,109
Total current assets	141,226	252,104	68,350	138,543	2,170,258	170,203	–	2,940,684
Total liabilities	(112,807)	(398,825)	(411,302)	(1,511)	(338,946)	–	–	(1,263,391)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. EMPLOYEES AND DIRECTORS

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

	Group		Company	
	2018	2017	**2018**	2017
	No	No	**No**	No
Operational	**39**	43	**1**	1
Non-operational	**17**	15	**5**	4
	56	58	**6**	5

	Group		Company	
	2018	2017	**2018**	2017
Staff Costs (excluding Directors)	**No**	No	**No**	No
Salaries	**1,527,761**	1,266,934	**395,134**	332,833
Bonus	**131,752**	150,467	**88,805**	142,208
Social security and other employee expenses	**106,112**	66,262	**51,922**	29,145
Pension	**24,241**	13,187	**24,241**	13,187
Share based payment expense (see Note 22)	**38,580**	85,195	**38,580**	85,195
	1,828,446	1,582,045	**598,682**	602,568

The Group numbers in the above table includes £666,922 (2017: £654,947) which was capitalised as an intangible asset.

The Group bonus in 2017 included £98,630 paid in Company shares. No bonus in shares has been paid in 2018.

Directors' Remuneration	**£**	£
	2018	2017
Salaries	**435,786**	428,066
Bonus	**170,191**	76,927
Social security	**57,656**	56,039
Pension	**19,704**	16,750
Share based payment expense (see Note 22)	**–**	234,900
	683,337	812,682

The numbers in the above table include £125,541 (2017: £116,658) of Directors' Remuneration which was capitalised as an intangible asset in relation to the provision of specific technical services.

A gross gain (before taxes) of £337,933 (2017: nil) on the exercise of share options was attributable to the Directors. The costs related to these exercised options were charged in the Consolidated Statement of Comprehensive Income when the options were vested in prior years.

The Directors' remuneration is paid by the Company.

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

3. EMPLOYEES AND DIRECTORS continued

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

	Directors' emoluments 2018					Directors' emoluments 2017				
	Salary	**Bonus**	**Non-cash share options**	**Pension**	**Total**	Salary	Bonus	Non-cash share options	Pension	Total
	£	**£**	**£**	**£**	**£**	£	£	£	£	£
Executive Directors										
Dale J Ferguson	**144,484**	**71,311[1]**	**–**	**–**	**215,795**	148,066	28,927[2]	52,200	–	229,193
David S Archer	**247,200**	**98,880[1]**	**–**	**19,704**	**365,784**	240,000	48,000[2]	182,700	16,750	487,450
Non-Executive Directors										
Matthew J King	**40,000**	**–**	**–**	**–**	**40,000**	40,000	–	–	–	40,000
James Leahy Maqbool	**4,103**	**–**	**–**	**–**	**4,103**	–	–	–	–	–
Ali Sultan	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Imad Kamal Abdul Redha Sultan	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Manohar Pundalik Shenoy	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Murtadha Ahmed A Sultan	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
	435,787	**170,191**	**–**	**19,704**	**625,682**	428,066	76,927	234,900	16,750	756,643

[1] Bonuses unpaid as at 31 December 2018

[2] Bonuses unpaid as at 31 December 2017

Supported by KPMG LLP, the Remuneration Committee undertook a review of remuneration packages and developed a new remuneration policy aimed at rewarding performance, encouraging retention of key staff and aligning their interests with those of shareholders. A new long-term incentive plan ("LTIP") LTIP intended to support this policy was implemented in March 2019 and is designed to incentivise the Company's Executive Management Team. The LTIP, which was prepared with advice from KPMG LLP, replaces the Company's prior long-term incentive plan which was implemented in April 2018 (the "2018 Plan"). The 2018 Plan and all awards under it were terminated with no rewards being granted.

The LTIP has been established to encourage long-term value creation for Savannah's shareholders and to align the interests of the participants with shareholders. Awards under the LTIP take the form of options over the Company's ordinary shares of 1 pence each, (the "Options") which are only exercisable from the third anniversary of the date of grant (subject to several market standard specific exceptions), at an exercise price determined by the Remuneration Committee. Once exercised, these shares cannot be sold until five years from the date of grant of the Option, except to the extent necessary to meet the costs of exercise, or where the Remuneration Committee agrees to any reasonable request from an Option holder to make an earlier disposal. The Board believes that the implementation of the LTIP will incentivise the participants and will also help Savannah to attract and retain talented individuals in the future as the Company expedites the development of its mining projects. The LTIP allows for up to 7.5% of the Company's issued share capital to be allocated to employees. The Remuneration Committee has adopted a policy whereby up to 5% of the Company's issued share capital should be made available via the LTIP to the Executive Management Team only, with the balance being available to other employees. These percentages will be reviewed annually by the Company's Remuneration Committee. The LTIP also includes malus and clawback clauses.

The LTIP is a share option scheme of the kind commonly adopted by listed companies and 8,950,000 Options with an exercise price of 10p were issued in March 2019. The exercise price of 10p represented an 87% premium to the closing share price on the preceding business day.

4. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging

	2018 £	2017 £
Depreciation and amortisation	**31,194**	14,895
Auditors' remuneration:		
– Statutory audit of the Group Financial Statements	**46,700**	44,000
– Non-audit services	**21,358**	30,960
Fees payable to associated firms of the auditor for audit of subsidiaries	**25,415**	14,700
Fees payable to associated firms of the auditor for non-audit services	**9,527**	8,056
Foreign exchange loss / (gain)	**(54,076)**	90,759
Operating lease payments	**94,920**	119,082
Share based payments	**38,580**	320,095
Bonus paid in shares	**–**	98,630

5. INCOME TAX

Analysis of the Tax Charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2018 nor for the year ended 31 December 2017.

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:

	2018 £	2017 £
Loss on ordinary activities before tax	**(3,381,161)**	(2,842,285)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017- 20%)	**(642,421)**	(568,457)
Effects of:		
Expenses not deductible for tax purposes	**116,593**	133,229
Different tax rates applied in overseas jurisdictions	**31,777**	101,268
Tax losses carried forward	**494,051**	333,960
Total income tax	**–**	–

Deferred Tax

The Group has carried forward losses amounting to £8,993,040 as at 31 December 2018 (2017: £6,937,380). 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.

6. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these Financial Statements. The parent company's total comprehensive loss for the financial year was £2,523,008 (2017: £1,886,723).

7. EARNINGS PER SHARE

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

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

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

Reconciliations are set out below.

	2018 **£**	2017 £
Basic Loss Per Share		
Losses attributable to ordinary shareholders:		
Total loss for the year	**(3,381,161)**	(2,842,285)
Weighted average number of shares	**766,442,525**	538,585,436
Loss per share – total loss for the year from continuing operations	**0.0044**	0.0053

8. INTANGIBLE ASSETS

	Exploration and evaluation **£**
Cost	
At 1 January 2017	5,066,750
Additions	5,040,296
Transfer to Assets classified as Held for Sale	(118,804)
Exchange differences	(178,248)
At 31 December 2017	9,809,994
Additions	**7,248,950**
Transfer from Assets classified as Held for Sale	**137,128**
Exchange differences	**357,120**
At 31 December 2018	**17,553,192**
Amortisation and impairment	
At 1 January 2017	–
At 31 December 2017	–
Impairment charged in the year	**140,024**
At 31 December 2018	**140,024**
Net Book Value	
At 1 January 2017	5,066,750
At 31 December 2017	9,809,994
At 31 December 2018	**17,413,168**

8. INTANGIBLE ASSETS continued

Refer to Note 11, Note 16 and Note 19 for detail of additions with consideration satisfied by the issue of shares.

The exploration and evaluation assets referred to in the table above comprise expenditure in relation to exploration licences in Oman, Mozambique, Portugal and Finland. 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").

	2018	2017
	£	£
Mozambique Minerals Sands	**3,645,207**	3,047,021
Oman Copper	**4,868,220**	4,087,859
Portugal Lithium	**8,899,741**	2,675,114
	17,413,168	9,809,994

The Directors have reviewed the carrying value of the CGUs and have not identified any indicators of impairment, except in Finland. Therefore, there is no impairment charge in 2018 or 2017 for Oman, Mozambique and Portugal. After review of the impairment indicators for the licence areas in Finland an impairment charge of £140,024 has been recognised for the total value of the assets allocated to that licences. There were no disposals in 2018.

In Oman, during 2018 the Group's mining licence applications for the Maqail South and Mahab 4 copper projects in Block 5 received the final ministerial 'no objection' required to be considered by the Public Authority of Mining (PAM) for the final approval. However, there were administrative deficiencies in the original letters sent to the Ministries. Management understand that all the Ministries have now responded again favourably, and the Group is awaiting for the licence approvals and remains in regular communication with PAM.

Block 4 exploration licence renewal has been delayed by around six months due to claims by a party claiming to have rights to certain areas within Block 4. According to our legal advisers in Oman, the Group has the right to renew the Block 4 exploration licence area in full, without any exclusions. The Board expects the matter to be resolved and the Block 4 licence renewed in due course.

In Mozambique the "Rights to work over areas" relating to licences number 9230C (562L), 9229C (566L), and 9228C (1336L), held by Rio Tinto, cover the Jangamo, Dongane, Ravene and Chilubane deposits. These "Rights to work over areas" expired in January 2018, prior to which an application for three mining concessions over the same areas were submitted. The licences were issued with provisional Concession numbers on the 11 April 2018. Legally the Ministry had 6 months to respond to the applications but in practise it is not uncommon to have significant overruns on this timing due to the sheer volume of information provided. The Ministry has been in regular contact with Matilda Minerals and Rio Tinto and the Ministry has verbally confirmed that the process is proceeding positively. The Board is confident that the Concessions will be issued in due course.

9. OTHER INTANGIBLE ASSETS

Group:

	Other intangible assets £
Cost	
At 1 January 2017	–
At 31 December 2017	–
Additions	**342,881**
At 31 December 2018	**342,881**
Net Book Value	
At 1 January 2017	–
At 31 December 2017	–
At 31 December 2018	**342,881**

Company:

	Other intangible assets £
Cost	
At 1 January 2017	–
At 31 December 2017	–
Additions	**333,353**
At 31 December 2018	**333,353**
Net Book Value	
At 1 January 2017	–
At 31 December 2017	–
At 31 December 2018	**333,353**

In July 2018 the Company entered into an exclusive due diligence and option agreement for the potential acquisition of a three block Mining Lease for lithium, feldspar and quartz (the "Proposed Licence Area") (once granted) totalling 2.94 km^2. Following the completion of the due diligence procedures with satisfactory results, in September 2018 the Company elected to enter into an option to acquire the Proposed Licence Area which is governed by a certain Pledge and Purchase Agreement following the grant of a mining lease from relevant government/competent authorities (the "Aldeia Option"). The Aldeia Option would, if not exercised earlier, endure until no later than 25 June 2019 whereby the Company would be required to commit to the purchase of the Proposed Licence Area once granted by the relevant Portuguese government bodies. The total consideration of the exclusive due diligence and the Aldeia Option was Eur 373,000 (GBP £333,353), of which the Company paid Eur 148,000 (GBP £131,173) during 2018.

10. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles £	Office Equipment £	Plant and Machinery £	Land £	Total £
Cost					
At 1 January 2017	36,607	11,401	–	–	48,008
Additions	41,197	12,760	1,044,021	45,656	1,143,634
Exchange differences	(2,441)	(249)	50,444	619	48,373
At 31 December 2017	75,363	23,912	1,094,465	46,275	1,240,015
Additions	**72,419**	**5,176**	**164,179**	**9,361**	**251,135**
Exchange differences	**3,631**	**2,110**	**18,870**	**709**	**25,320**
At 31 December 2018	**151,413**	**31,198**	**1,277,514**	**56,345**	**1,516,470**
Depreciation					
At 1 January 2017	21,164	10,674	–	–	31,838
Charge for year	12,539	2,356	–	–	14,895
Exchange differences	(2,059)	(743)	–	–	(2,802)
At 31 December 2017	31,644	12,287	–	–	43,931
Charge for year	**21,352**	**9,842**	**–**	**–**	**31,194**
Exchange differences	**2,219**	**2,058**	**–**	**–**	**4,277**
At 31 December 2018	**55,215**	**24,187**	**–**	**–**	**79,402**
Net Book Value					
At 1 January 2017	15,443	727	–	–	16,170
At 31 December 2017	43,719	11,625	1,094,465	46,275	1,196,084
At 31 December 2018	**96,198**	**7,011**	**1,277,514**	**56,345**	**1,437,068**

The pilot plant located in Mozambique has not been depreciated during the year because is not fully commissioned.

The above property, plant and equipment is allocated to the following licence areas, representing the Group's Cash Generating Units ("CGUs"):

	2018 £	2017 £
Mozambique Minerals Sands	**1,282,458**	1,102,890
Oman Copper	**–**	5,776
Portugal Lithium	**154,610**	87,418
	1,437,068	1,196,084

The Management has evaluated the existence of impairment indicators of the property, plant and equipment allocated to the licence areas together with the impairment review performed for the exploration and evaluation assets, and it has concluded that there are no indicators of impairment. The carrying value of the property, plant and equipment assets is not impaired and therefore an impairment charge has not been included in 2018 or 2017.

11. INVESTMENTS

Group

	Shares in investments at FVTOCI £
At 1 January 2017	124,472
Additions at cost	87
Change in market value of investment	45,644
At 31 December 2017	170,203
Additions at cost	**25,610**
Disposals	**(104,461)**
Change in market value of investment	**(71,910)**
Impairment	**(1,435)**
At 31 December 2018	**18,007**

After the application of IFRS 9 management has elected to designate these equity investments as fair value through other comprehensive income (FVTOCI).

In 2018 the Company disposed of 6.9 million shares in a listed company, with a realised gain of £68,717 that was already recognised in Retained Earnings as part of the calculation of the change in market value of the investment. There was no disposal of shares in 2017. At 31 December 2018 the Company does not hold additional shares in this company.

In January 2018 as part of the agreement with its partners in Al Fairuz Mining Company LLC (note 11) the Company issued 1,000,000 ordinary shares in the Company and received 312,500 shares in a listed company (Note 16). The fair value of these shares is the quoted value at the reporting date, being the fair value hierarchy level 1.

The fair value of the rest of shares held by the Company is the quoted value at the reporting date. The fair value hierarchy in 2018 and 2017 for these shares is level 1 as the valuation is based wholly on quoted prices.

Company	**Shares in subsidiaries £**
Non-Current	
At 1 January 2017	291,031
Additions	51,852
At 31 December 2017	342,883
Additions	**115,784**
At 31 December 2018	**458,667**

11. INVESTMENTS continued

	Shares in investments at FVTOCI £
Current	
At 1 January 2017	124,472
Change in market value of investment	45,644
At 31 December 2017	170,116
Additions at cost	**24,915**
Disposals	**(104,461)**
Change in market value of investment	**(71,910)**
Impairment	**(1,435)**
At 31 December 2018	**17,225**

In November 2018 the Group incorporated a new subsidiary Savannah Advisory Services Ltd, to deal with the Group's service contracts. The company is a wholly-owned subsidiary of Savannah Resources Plc ("SAV").

During May 2017, the Group incorporated two new subsidiary entities: Savannah Resources Portugal B.V. ("SRPBV"), being a wholly-owned subsidiary of SAV, and AME Portugal Pty Ltd ("AMEPPty"), being a wholly-owned subsidiary of SRPBV. In May 2017, the Company entered into an agreement to acquire 100% of Slipstream PORT Pty Ltd ("SPPty"), thereby acquiring an effective 75% interest in Savannah Lithium Lda ("SL") (formerly Slipstream Resources Portugal Lda) . SL is a Portuguese entity which is the holder of a series of highly prospective lithium projects with near-term production potential in the north of Portugal.

In consideration for acquiring 100% of the issued share capital of SPPty, the Group paid AUD$ 1,000,000 (~GBP £560,000) in cash and issued 20,000,000 (equivalent to GBP £1,300,000) ordinary shares in the Company. In addition, the purchase of SPPty dictated future milestone payments, which were satisfied in 2018, as disclosed in Note 19.

In August 2017, the Group acquired a further 20% of the issued share capital of Matilda Minerals Lda, increasing its interest in the entity to 100%. The Group paid an aggregate consideration of AUD$ 100,000 (~GBP £56,000), satisfied by the issue of 1,194,074 ordinary shares in the Company.

In September 2017 a new 100% subsidiary company, Savannah Resource Lithium B.V. was set up with an initial investment of €100 (~£92) in the ordinary share capital.

In October 2016 Savannah Resources Plc, through its subsidiary AME East Africa Limited ("AME"), entered into a Consortium Agreement ("CA") with Rio Tinto Mining and Exploration Limited ("Rio Tinto") whereby both parties would combine their respective projects in Mozambique to form an unincorporated consortium. On signing of this CA, AME owned 10% of the combined Mutamba Project and Rio Tinto owned the remaining 90%. After delivery of Scoping Study in May 2017, AME's interest in the Mutamba Consortium increased to 20%. AME can earn into up to 51% in the Project by achieving prescribed milestones. Based on the terms of the CA, both AME and Rio Tinto have joint control, and therefore this is a joint arrangement under IFRS. Detailed information about the CA is included in Note 12.

11. INVESTMENTS continued

On 11 May 2016 the Group through its subsidiary African Mining & Exploration Limited acquired 100% of Finkallio Oy, paying a consideration of EUR 6,000 (~£5,310). The Group subsequently obtained through Finkallio Oy licences for lithium exploration projects in Finland. The Group is in the process of divesting its investment in Finkallio Oy, and at 31 December 2018 the exploration and evaluation assets held on the Company have been fully impaired.

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. As per the Earn-in agreement, in order for the Group to achieve a 51% shareholding in Al Thuraya, they were required to make a capital contribution of USD $2,000,000 (~GBP £1,498,000) within two years of entering the earn-in agreement and a further USD $2,600,000 (~GBP £1,948,000) cash within four years to receive a further 14% shareholding in Al Thuraya. In March 2019 a deed of variation was executed between the parties to extend the second capital contribution period, by eighteen months, to five years and six months. These funds will be used for geological development activities. During the 2018 financial year the Group made capital contributions of USD $441,763 (GBP £331,000) (2017: USD $595,096), being the total contribution as at 31 December 2018 of USD $3,512,249 (GBP £2,758,000) (2017: USD $3,070,486). In September 2016 the Group earned the 51% interest in Al Thuraya after achieving the capital contribution of USD $2,000,000 as per the Earn-in agreement.

In October 2016 a novation agreement was executed between Savannah Resources Plc, Savannah Resources B.V. ("SRBV"), Al Thuraya and the existing shareholders of Al Thuraya, in which Savannah Resources Plc assigned to SRBV its rights and obligations pursuant to the Earn-In agreement to acquire up to 65% interest in Al Thuraya. The consideration to be paid by SRBV for this assignment amount to EUR 1,909,403 (£1,716,000), was calculated based on the capital contributions made by Savannah Resources Plc to Al Thuraya in USD at that date of executing the novation agreement of the contract.

In 2014 a new 100% subsidiary company, SRBV was set up to be the immediate parent company of Gentor Resources Limited ("GRL") with an initial investment of €100 (~£81) in the ordinary share capital. On 10 April 2014 the Group entered into an agreement to acquire 100% of Gentor Resources Inc.'s subsidiary, GRL, which in turn holds interests in Al Fairuz Mining Co LLC ("Al Fairuz"), Sohar Mining LLC (formerly Gentor Resources LLC), and Al Zuhra Mining LLC ("Al Zuhra") (subsequently disposed in 2016) through its subsidiary, SRBV. GRL has a 65% interest in Al Fairuz (Block 5).

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 £785,000) upon a formal final investment decision for the development of the Block 5 Licence; (b) USD $1,000,000 (~GBP £785,000) upon the production of the first saleable concentrate or saleable product from ore derived from the Block 5 Licence; (c) USD $1,000,000 (~GBP £785,000) within six months of the payment of the Contingent 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 19).

The Company had the following subsidiary undertakings, either directly or indirectly, at 31 December 2018, which have been included in the Consolidated Financial Statements.

11. INVESTMENTS continued

Subsidiary	Registered office	Nature of business	Class of share	% Holding
Savannah Advisory Services Limited[2]	United Kingdom[7]	Holding Company	Ordinary	100%
AME East Africa Limited[2]	United Kingdom[7]	Holding Company	Ordinary	100%
Matilda Minerals Limitada[5]	Mozambique[8]	Mining & exploration	Ordinary	100%
Panda Recursos Limitada[3]	Mozambique[9]	Mining & exploration	Ordinary	99.99%
Savannah Resources B.V.[2]	The Netherlands[10]	Holding Company	Ordinary	100%
Gentor Resources Limited[3]	British Virgin Is.[11]	Holding Company	Ordinary	100%
Sohar Mining L.L.C[3,17]	Oman[12]	Dormant	Ordinary	70%[1]
Finkallio Oy[3]	Finland[14]	Mining & exploration	Ordinary	100%
African Mining & Exploration Limited[2]	United Kingdom[7]	Dormant	Ordinary	100%
Savannah Resources Portugal B.V[2]	Netherlands[10]	Holding Company	Ordinary	100%
AME Portugal Pty Ltd[3]	Australia[16]	Holding Company	Ordinary	100%
Slipstream PORT Pty Ltd[3]	Australia[15]	Holding Company	Ordinary	100%
Savannah Lithium Limitada[3,6]	Portugal[16]	Mining & exploration	Ordinary	75%[1]
Savannah Resources Lithium B.V[2]	Netherlands[10]	Holding Company	Ordinary	100%
Joint Operations				
Al Fairuz Mining L.L.C.[3]	Oman[12]	Mining & exploration	Ordinary	65%[4]
Al Thuraya Mining L.L.C.[3]	Oman[13]	Mining & exploration	Ordinary	51%[4]

[1] These entities have been consolidated 100% despite the Group owning 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.

[2] Directly held by Savannah Resources Plc

[3] Indirectly held by Savannah Resources Plc

[4] See details of joint operations in Note 12

[5] 99.99% Indirectly held by AME East Africa Limited and 0.01% Directly held by Savannah Resources Plc.

[6] Formerly Slipstream Resources Portugal Limitada

[7] Salisbury House, London Wall, London, EC2M 5PS, United Kingdom

[8] Damiao de Gois, no 438, Sommerschield, Maputo, Mozambique

[9] Rua 1301, Num 97, Sommerschield, Maputo, Mozambique

[10] Strawinskylaan 3127, 8e verdieping, 1077ZX Amsterdam, The Netherlands

[11] Trident Chambers, P.O. Box 146, Road Town, Tortola, VG1110, Virgin Islands, British

[12] P.O.Box 1053, P.C.130, Azaiba, Muscat, Sultanate of Oman

[13] P.O.Box 54, P.C.100, Muscat, Sultanate of Oman

[14] c/o Bokf.byrå Mattans Ab, Storalånggatan 57 A 1, 65100 VASA, Finland

[15] Level 20, 16 Carrington Street, Sydney, NSW 2000, Australia

[16] Rua Jose Eigenmann, No 90, parish of Nogueira, municipality of Braga, Portugal, 4715-199

[17] Formerly Gentor Resources L.L.C

12. JOINT ARRANGEMENTS

Unincorporated consortium Mutamba Project

In October 2016 Savannah Resources Plc, through its subsidiary AME East Africa Limited (AME), entered into a consortium agreement ("Consortium Agreement") with Rio Tinto Mining and Exploration Limited (Rio Tinto) whereby both parties would combine their respective projects in Mozambique to form an unincorporated consortium. On signing of this Consortium Agreement AME own 10% of the combined Mutamba Project and Rio Tinto own the remaining 90%. AME can earn into up to 51% in the Project by achieving the following milestones:

(a) Upon the Group completing the Phase 1 work programme (Scoping Study) it will have a 20% participating interest in the Project;

(b) Upon the Group completing Phase 2 of the work programme (Pre-Feasibility study) it will have a 35% participating interest in the Project;

(c) Upon the Group completing Phase 3 of the work programme (Feasibility study) it will have a 51% participating interest in the Project.

In May 2017 the Group completed the Phase 1 milestone with the delivery of the Scoping Study, increasing its interest in the combined Mutamba Project to 20%.

The Consortium is managed by a Consortium committee with two representatives from each party, and chaired by an AME representative. AME is the operator of the Project, and it is responsible for preparing and implementing the work programme and budget approved by the Consortium committee. Based on the terms of the agreement both AME and Rio Tinto have joint control, and therefore this is a joint arrangement under IFRS.

The Consortium is currently unincorporated, and each party have rights to the assets, and obligations to the liabilities, relating to the arrangement, therefore it is considered a Joint Operation. AME is responsible for all funding related to the combined Project up until the delivery of a Feasibility Study. Since the execution of the Consortium Agreement in 2016 the Group has capitalised £2,366,186 (2017: £1,853,458) in exploration and evaluation assets and £1,122,092 (2017: £1,102,890) in property, plant and equipment, relating to the combined project.

Shareholders' agreement for Al Fairuz Mining L.L.C.

In 2014 Savannah Resources Plc, through the acquisition of its subsidiary Gentor Resources Limited, became party to a shareholders' agreement for Al Fairuz with The Al Fairuz Brothers.

Al Fairuz is managed by a Management Committee which, up until completion of a feasibility study, consist of four members, two representatives from each party, and is chaired by a Savannah member. After completion of the feasibility study Savannah is entitled to appoint a fifth member.

Savannah is the operator of the Project, and it is responsible for preparing and implementing the work programme and budget approved by the Management Committee. Based on the terms of the agreement both Savannah and The Al Fairuz Brothers have joint control, and therefore this is a joint arrangement under IFRS.

Each party has rights to the assets, and obligations to the liabilities, relating to the arrangement, therefore it is considered a Joint Operation. Savannah is 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. Since the acquisition of Al Fairuz the Group has capitalised £2,718,627 (2017: £2,313,216).

12. JOINT ARRANGEMENTS continued

Earn-in agreement for Al Thuraya Mining L.L.C.

In 2014 Savannah Resources Plc entered into an earn-in agreement in Al Thuraya Mining LLC.

Savannah Resources plc is the operator of the Project and has appointed two of the four members in the Board or Al Thuraya. According with the Earn-in agreement there are certain activities that shall only be undertaken by the Company if all Shareholders have given their prior consent. Based on the terms of the agreement both Savannah and the other Shareholders have joint control, and therefore this is a joint arrangement under IFRS.

Each party has rights to the assets, and obligations to the liabilities, relating to the arrangement, therefore it is considered a Joint Operation. Savannah is responsible for all of the funding of the project. This funding will be in the form of capital contributions. Since the acquisition of Al Thuraya the Group has capitalised £2,149,594 (2017: £1,774,644).

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	**2018**	2017
	£	£	**£**	£
Non-Current:				
Other receivables – VAT	**–**	239,300	**–**	–
Amounts due from subsidiaries	**–**	–	**20,844,330**	13,699,270
	–	239,300	**20,844,330**	13,699,270
Current:				
VAT recoverable	**133,728**	51,069	**–**	9,207
Other receivables	**197,046**	104,890	**130,438**	35,634
	330,774	155,959	**130,438**	44,841

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

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

The Company expects that the carrying value of the intercompany loan receivable may not be fully recoverable as the subsidiaries may not generate sufficient future profits to settle the amounts owing and accordingly, these amounts have been partially impaired owing to the adoption of IFRS 9 (see Note 23). Repayment of the loans is subject to the Directors' assessment of the Group's requirements and availability of appropriate liquid resources. Among other things, the Company's expected credit loss model includes consideration of various risks affecting the success of underlying projects of subsidiaries. When determining the expected credit losses Management has taken into account that the intercompany loans are related to projects that are in the exploration stage. Management has concluded that the success of the project is the most important factor that will drive credit losses. During the next 12 months this will be affected by the results in mineral resources, the commodity prices, the capability of the Parent Company to obtain funds to develop the projects and the success obtaining exploration and mining licences. Several scenarios and their likelihood have been considered to calculate the expected cash flows for the loans associated to each project and the expected credit losses as at the reporting date. The Company has applied IFRS 9 in the current period and estimates that an expected credit loss calculated of £1.3m arises on the receivables from the subsidiaries, and £0.6m relating to prior periods.

13. TRADE AND OTHER RECEIVABLES continued

Movements in the impairment allowance for amounts due from subsidiaries for the year ended 31 December 2018 is as follows:

Company

	Amounts due from subsidiaries £
At 31 December 2017	–
Restated through opening retained earnings under IFRS 9	**556,454**
At 1 January 2018	**556,454**
Charged during the year	**1,325,790**
At 31 December 2018	**1,882,244**

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

	Company	
	2018 £	2017 £
Amounts due from subsidiaries:		
Outstanding amount	**22,726,574**	13,699,270
Impairment	**(1,882,244)**	–
	20,844,330	13,699,270

14. CASH AND CASH EQUIVALENTS

	Group		**Company**	
	2018 £	2017 £	**2018 £**	2017 £
Cash at bank and in hand	**7,715,435**	2,455,968	**7,368,469**	2,125,504

15. OTHER CURRENT AND NON-CURRENT ASSETS

	Group		**Company**	
	2018 £	2017 £	**2018 £**	2017 £
Non-Current:				
Guarantees	**213,645**	199,755	**–**	–
Other	**39,543**	20,458	**36,800**	19,035
Other Non-Current Assets	**253,188**	220,213	**36,800**	19,035
Current:				
Guarantees	**202,180**	–	**202,180**	–
Other	**21,553**	20,011	**–**	–
	223,733	20,011	**202,180**	–

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

The Current Assets – Guarantees are guarantees required as part of the Aldeia Option (Note 9) executed as part of the Portuguese project during September 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. SHARE CAPITAL

Allotted, issued and fully paid	**2018** £0.01 ordinary shares number	**2018** £	2017 £0.01 ordinary shares number	2017 £
At beginning of year	**635,850,386**	**6,358,504**	450,946,455	4,509,465
Issued during year:				
Share placements[1]	**177,640,185**	**1,776,402**	161,423,950	1,614,239
Bonus paid in shares	**–**	**–**	1,688,870	16,889
Exercise of share options[2]	**12,980,112**	**129,801**	–	–
Exercise of warrants[2]	**13,981,112**	**139,811**	–	–
In lieu of cash for acquisition of assets[3]	**40,000,000**	**400,000**	21,791,111	217,911
Issued as condition of JV agreement[4]	**1,000,000**	**10,000**	–	–
At end of year	**881,451,795**	**8,814,518**	635,850,386	6,358,504

[1] In respect of the Share placements in 2018 the net proceeds were £14,010,819 of which £12,234,417 has been recorded in share premium. The gross proceeds were £14,651,253.

[2] Refer to Note 22 for details of share options and warrants exercised.

[3] Refer to Note 11 and Note 19 for details of shares issued in lieu of cash for acquisition of assets and payment of contingent consideration. No share premium has been recorded for these transactions.

[4] Refer to Note 11 for details of shares issued to joint venture partner. £14,915 has been recorded in share premium for this transaction.

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

17. TRADE AND OTHER PAYABLES

	Group		**Company**	
	2018	2017	**2018**	2017
	£	£	**£**	£
Current:				
Trade payables	**1,027,100**	481,436	**183,914**	149,155
Other payables	**82,571**	45,054	**69,711**	28,052
Accruals	**1,163,768**	702,267	**692,380**	161,740
Amounts owing to subsidiaries	**–**	–	**4,360**	4,341
	2,273,439	1,228,757	**950,365**	343,288

Accruals represent mainly work done in 2018 in the projects in Portugal (feasibility study and drilling programme), professional fees in the Group for which invoices have not been received at the reporting date, and the payment to be made during 2019 in relation to the Aldeia Option executed as part of the Portuguese project during September 2018. Trade and other payables amounts relate mainly to balances that are capitalised and therefore these are included in investing not operating cash flows.

18. FINANCIAL INSTRUMENTS

Financial Instruments – Risk Management

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

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

Principal Financial Instruments

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

- loan receivables
- trade and other receivables
- cash at bank
- trade and other payables
- loans and borrowings
- investments
- other non-current assets – guarantees
- other current assets – guarantees

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

Liquidity Risk

At the reporting date the Group's cash balance was £7.7m (2017: £2.5m). This, in conjunction with the raising of future cash, which the Directors believe can be secured, will allow the Group to continue working on its development/exploration activities and to meet its financial commitments for at least 12 months. In common with many non-revenue generating companies, the Company will 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.

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, in Oman whose functional currency is OMR which is pegged to the USD at a rate of 1 OMR to 2.6 USD and in Portugal and Finland whose functional currency is Euro. The Group's net assets arising from overseas operations are exposed to currency risk resulting in gains or losses on retranslation into Pound Sterling.

Foreign exchange risk also arises when individual group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency (Euro, OMR, MZN or Pound Sterling) with the cash remitted to their own operations in that currency where 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.

18. FINANCIAL INSTRUMENTS continued

Market Risk

The Group holds equity investments in companies traded on active markets (see Note 11). The Directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances.

The effect of a 10% increase in the value of the equity investments held at the reporting date would, all other variables held constant, have resulted in an increase in other comprehensive income and net assets of £1,723 (2017: increase in other comprehensive income and net assets of £17,011). 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. In application of IFRS 9 the Company has calculated the expected credit loss from these receivables (Note 13).

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

Financial instruments by category (Group)

Financial assets

	Amortised cost (Loans and receivables 2017) £	Fair value through Other comprehensive income (Available for sale at fair value 2017) £	Available for sale at cost £	Total £
As at 31 December 2018				
Investments	**–**	**18,007**	**–**	**18,007**
Other non-current assets	**253,188**	**–**	**–**	**253,188**
Other current assets	**223,733**	**–**	**–**	**223,733**
Cash and cash equivalents	**7,715,435**	**–**	**–**	**7,715,435**
Total financial assets	**8,192,356**	**18,007**	**–**	**8,210,363**
As at 31 December 2017				
Investments	–	125,062	45,141	170,203
Other non-current assets	220,213	–	–	220,213
Cash and cash equivalents	2,455,968	–	–	2,455,968
Total financial assets	2,676,181	125,062	45,141	2,846,384

See review of the fair value hierarchy of available for sale assets measured at fair value in Note 11.

18. FINANCIAL INSTRUMENTS continued

Financial liabilities

	Financial liabilities at amortised cost £	Total £
As at 31 December 2018		
Trade and other payables	**2,273,439**	**2,273,439**
Loans and borrowings	**42,708**	**42,708**
Total financial liabilities	**2,316,147**	**2,316,147**
At 31 December 2017		
Trade and other payables	1,228,757	1,228,757
Loans and borrowings	33,123	33,123
Total financial liabilities	1,261,880	1,261,880

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

	Functional Currency of Entity						
	GBP 2018 £	**MZN 2018 £**	**EUR 2018 £**	**Total 2018 £**	GBP 2017 £	MZN 2017 £	Total 2017 £
Foreign currency financial assets							
USD	**2,468,014**	**76,259**	**56,688**	**2,600,961**	271,964	181,138	453,102
EUR	**2,381,502**	**–**	**–**	**2,381,502**	359,004	–	359,004
AUD	**797,215**	**–**	**5,419**	**802,634**	37	–	37
Total	**5,646,731**	**76,259**	**62,107**	**5,785,097**	631,005	181,138	812,143

	Functional Currency of Entity								
	GBP 2018 £	**MZN 2018 £**	**OMR 2018 £**	**EUR 2018 £**	**Total 2018 £**	GBP 2017 £	MZN 2017 £	OMR 2017 £	Total 2017 £
Foreign currency financial liabilities									
USD	**47,525**	**9,366**	**5,595**	**–**	**62,486**	35,842	245,137	–	280,979
AUD	**407,826**	**–**	**–**	**–**	**407,826**	107,706	–	24,697	132,403
EUR	**224,050**	**–**	**–**	**–**	**224,050**	1,128	–	–	1,128
OMR	**9,249**	**–**	**–**	**–**	**9,249**	1,541	–	–	1,541
GBP	**–**	**–**	**–**	**3,430**	**3,430**				
Total	**688,650**	**9,366**	**5,595**	**3,430**	**707,041**	146,217	245,137	24,697	416,051

The effect of a 10% strengthening of the USD against GBP at the reporting date on the USD denominated cash and equivalents carried at that date would, all other variables held constant, have resulted in a decrease in pre-tax loss for the year and increase of net assets of GBP £236,689 (2017: £41,191). A 10% weakening in the exchange rate would, on the same basis, have increased pre-tax loss and decreased net assets by GBP £288,705 (2017: £50,345).

18. FINANCIAL INSTRUMENTS continued

The effect of a 10% strengthening of the EUR against GBP at the reporting date on the EUR denominated cash and equivalents carried at that date would, all other variables held constant, have resulted in a decrease in pre-tax loss for the year and increase of net assets of GBP £216,917 (2017: £36,194). A 10% weakening in the exchange rate would, on the same basis, have increased pre-tax loss and decreased net assets by GBP £264,102 (2017: £44,237).

The effect of a 10% strengthening of the AUD against GBP at the reporting date on the EUR denominated cash and equivalents carried at that date would, all other variables held constant, have resulted in a decrease in pre-tax loss for the year and increase of net assets of GBP £73,178. A 10% weakening in the exchange rate would, on the same basis, have decreased pre-tax loss and increased net assets by GBP £88,924.

Capital Disclosures

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares and seek other financial structures as debts (project finance), royalties, equity, or combinations thereof.

19. GROUP CONTINGENT LIABILITIES

Details of contingent liabilities where the probability of future payments is not considered remote are set out below, as well as details of contingent liabilities, which although considered remote, the Directors consider should be disclosed. The Directors are of the opinion that provisions are not required in respect of these matters, as at the reporting date have not been triggered, 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 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 £628,000) 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 Resources Plc shares)

(a) a milestone payment of USD $1,000,000 (~GBP £785,000) upon a formal final investment decision for the development of the Block 5 Licence;

(b) a milestone payment of USD $1,000,000 (~GBP £785,000) 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 £785,000) 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.

In September 2016 Savannah Resources B.V. terminated its interest in Al Zuhra Mining LLC (Block 6). This has not impacted the aforementioned deferred consideration.

19. GROUP CONTINGENT LIABILITIES continued

Contingent consideration payable in relation to the acquisition of Slipstream PORT Pty Ltd (Portugal lithium project)

On 24 May 2017 the Group acquired a series of highly prospective lithium projects with near-term production potential in the north of Portugal. The Group paid an initial consideration of AUD$ 1,000,000 (~GBP £554,000) in cash and issued 20,000,000 ordinary shares in the Company, with additional milestone payments, to be satisfied by cash and the issue of ordinary shares in SAV. All the milestones were triggered during 2018 and settlement of the contingent consideration in cash and shares was also completed during 2018 as follows:

(a) In February 2018 the Company announced the completion of a revised JORC 2012 – Compliant Inferred Mineral Resource Estimate of 9.1Mt at 1.03% Li_2O and first milestone was triggered. The Company paid AUD$ 1,500,000 (~GBP £842,028) in cash and issued 20,000,000 ordinary shares in the Company in March 2018 (Note 16).

(b) In September 2018 the Company announced the completion of a revised JORC 2012 – Compliant Inferred Mineral Resource Estimate of 20.1Mt at 1.04% Li_2O and second milestone was triggered. The Company paid AUD$ 1,500,000 (~GBP £828,058) in cash and issued 20,000,000 ordinary shares in the Company in October 2018 (Note 16).

The equity contingent considerations of £283,283 is measured at fair value as at 24 May 2017, the acquisition date, and recognised this year using a valuation technique based on estimated fair value of the assets as at acquisition date and management's assessment of the probability of the milestones being achieved. This equity contingent consideration should have been recognised in the prior year financial statements. It is considered to be an immaterial amount and has been included as a share based payment this year. The difference of £116,717 between the fair value of the equity contingent considerations as at 24 May 2017 and the nominal value of the shares issued was debited to the retained earnings.

At 31 December 2018 all contingent considerations payables in relation to the Portugal lithium project has been paid and there are no additional contingent liabilities.

20. RELATED PARTY DISCLOSURES

Details of Directors' remuneration are disclosed in Note 3. During the year £198,287 (2017: £159,224) was payable to Blue Bone Consulting Pty Ltd (a company controlled by Dale Ferguson) for consultancy fees and bonus of which £83,196 (2017: £33,924) remained unpaid. The amounts payable to Blue Bone Consulting Pty Ltd have been included in the Directors' remuneration in Note 3.

21. GROUP COMMITMENTS

Finance lease

2018	**Minimum lease payments £**	**Interest £**	**Present value £**
Finance Lease Commitments			
No later than 1 year	**18,367**	**1,472**	**16,895**
Later than 1 year and no later than 5 years	**26,533**	**720**	**25,813**
Later than 5 years	–	–	–
Total finance lease commitments			**42,708**
Current liabilities			**16,895**
Non-current liabilities			**25,813**

21. GROUP COMMITMENTS continued

2017	Minimum lease payments £	Interest £	Present value £
Finance Lease Commitments			
No later than 1 year	11,234	958	10,276
Later than 1 year and no later than 5 years	24,088	1,241	22,847
Later than 5 years	–	–	–
Total finance lease commitments			33,123
Current liabilities			10,276
Non-current liabilities			22,847

The finance leases are for the lease of motor vehicles in Portugal. The Group has the right to purchase the vehicle outright at the end of the lease term by paying a nominal amount. The Group intention is to exercise this option and the value of the lease has been classified in Property, Plant and Equipment (Note 10).

Operating lease

	2018 £	2017 £
Operating Lease Commitments		
No later than 1 year	**196,337**	111,249
Later than 1 year and no later than 5 years	**1,078**	351
Later than 5 years	–	–
Total operating lease commitments	**197,415**	111,600

The operating lease commitments are for business premises in Oman, Mozambique, Portugal and the UK.

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. In September 2016 the Group earned a 51% interest in Al Thuraya after achieving the capital contribution of USD $2,000,000 as per the Earn-in agreement. The total contributions as at 31 December 2018 are USD $3,512,249, and therefore a further USD $1,087,751 cash contribution is required if the Company wishes to guarantee a further 14% shareholding in Al Thuraya to achieve a 65% interest (Note 11).

In October 2016 Savannah Resources Plc, through its subsidiary AME East Africa Limited (AME), entered into a consortium agreement ("CA") with Rio Tinto Mining and Exploration Limited whereby both parties would combine their respective projects in Mozambique to form an unincorporated consortium. See details of the CA in Note 12.

22. 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.

	2018 Number	**2018 Weighted average exercise price**	**2018 Weighted remaining life**	2017 Number	2017 Weighted average exercise price	2017 Weighted remaining life
Share Options						
Opening Balance	**31,923,443**	**5.7p**		24,523,443	4.8p	–
Granted	**1,000,000**	**8.0p**	**3.07**	11,700,000	7.5p	3.20
Lapsed	**(1,143,334)**	**5.1p**	**–**	(4,300,000)	5.5p	–
Exercised	**(12,980,109)[1]**	**3.6p**	**–**	–	–	–
Closing Balance	**18,800,000**	**7.2p**	**1.78**	31,923,443	5.7p	1.77
Investor Warrants						
Opening Balance	**66,562,109**	**5.7p**	**–**	15,321,561	4.6p	–
Granted	**343,432**	**11.3p**	**2.62**	51,240,548	6.0p	2.73
Lapsed	**(2,800,000)**	**11.0p**	**–**	–	–	–
Exercised	**(13,981,113)[2]**	**3.6p**	**–**	–	–	–
Closing Balance	**50,124,428**	**6.1p**	**1.71**	66,562,109	5.7p	2.24

[1] Weighted average share price at the date of exercise was 9.3p.

[2] Weighted average share price at the date of exercise was 10.6p.

Share schemes outstanding at 31 December 2018 are as follows:

	Outstanding 31 December 2018	**Exercisable 31 December 2018**	Outstanding 31 December 2017	Exercisable 31 December 2017	**Exercise Price**	**Expiry Date**
Share Options						
February 2014	**3,000,000**	**3,000,000**	3,000,000	3,000,000	**8.8p**	**25/02/19**
March 2016	**2,100,000**	**2,100,000**	2,100,000	2,100,000	**2.8p**	**16/03/20**
December 2016	**1,500,000**	**1,500,000**	1,500,000	750,000	**7.6p**	**21/12/20**
March 2017	**10,700,000**	**10,700,000**	10,700,000	10,700,000	**7.6p**	**28/02/21**
August 2017	**500,000**	**–**	500,000	–	**6.2p**	**17/08/21**
January 2018	**1,000,000**	**500,000**	–	–	**8.0p**	**25/01/22**
	18,800,000	**17,800,000**	17,800,000	16,550,000		
Investor Warrants						
September 2016	**1,410,449**	**1,410,449**	1,410,449	1,410,449	**5.0p**	**30/09/19**
March 2017	**1,480,952**	**1,480,952**	1,480,952	1,480,952	**7.4p**	**07/03/20**
July 2017	**11,165,477**	**11,165,477**	12,542,977	12,542,977	**6.0p**	**14/07/20**
October 2017	**35,724,118**	**35,724,118**	37,216,619	37,216,619	**6.0p**	**25/10/20**
August 2018	**343,432**	**343,432**	–	–	**11.3p**	**13/08/21**
	50,124,428	**50,124,428**	52,650,997	52,650,997		

All of the options granted attract a share based payment charge.

22. SHARE OPTIONS AND WARRANTS continued

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

The Directors' interests in the share options and warrants of the Company are as follows:

At 31 December 2018

	Quantity at 1 Jan 2018	Quantity granted during the year	Exercised during the year	Options / Warrants at 31 Dec 2018	Exercise price	Date of the grant	First date of exercise	Final date of exercise
Share Options								
Dale Ferguson	**5,321,776**	**–**	**(5,321,776)**	**–**	**3.0p**	**21/07/13**	**20/07/14**	**20/07/18**
Dale Ferguson	**2,000,000**	**–**	**–**	**2,000,000**	**7.59p**	**01/03/17**	**01/03/17**	**28/02/21**
Matthew King	**1,500,000**	**–**	**–**	**1,500,000**	**3.0p**	**16/03/16**	**16/03/16**	**15/03/20**
David Archer	**7,000,000**	**–**	**–**	**7,000,000**	**7.59p**	**01/03/17**	**01/03/17**	**28/02/21**
Warrants								
David Archer	**11,111,112**	**–**	**(11,111,112)**	**–**	**3.0p**	**24/09/13**	**24/09/13**	**19/07/18**
David Archer	**2,857,143**	**–**	**–**	**2,857,143**	**6.0p**	**14/07/17**	**14/07/17**	**14/07/20**

At 31 December 2017

	Quantity at 1 Jan 2017	Quantity granted during the year	Lapsed during the year	Options / Warrants at 31 Dec 2017	Exercise price	Date of the grant	First date of exercise	Final date of exercise
Share Options								
Dale Ferguson	5,321,776	–	–	5,321,776	3.0p	21/07/13	20/07/14	20/07/18
Dale Ferguson	–	2,000,000	–	2,000,000	7.59p	01/03/17	01/03/17	28/02/21
Matthew King	1,500,000	–	–	1,500,000	3.0p	16/03/16	16/03/16	15/03/20
David Archer	–	7,000,000	–	7,000,000	7.59p	01/03/17	01/03/17	28/02/21
Warrants								
David Archer	11,111,112	–	–	11,111,112	3.0p	24/09/13	24/09/13	19/07/18
David Archer	–	2,857,143	–	2,857,143	6.0p	14/07/17	14/07/17	14/07/20

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

Share Options	**January 2018**
Stock price	6.2p
Fair value of option	2.9p
Exercise Price	8.0p
Expected volatility	70%
Expected life	4 years
Risk free rate	1.1%

Investor Warrants	**August 2018**
Stock price	8.9p
Fair value of option	3.5p
Exercise Price	11.3p
Expected volatility	70%
Expected life	3 years
Risk free rate	0.9%

22. SHARE OPTIONS AND WARRANTS continued

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

Share options granted

During the 2018 financial year 1,000,000 (2017: 11,700,000) share options were issued to employees to assist with the recruitment, reward and retention of key employees. These options vest upon the employee meeting service and/or performance conditions.

Investor warrants issued

During the 2018 financial year 343,432 (2017: 51,240,548) warrants were issued in relation to placements in 2018. The warrants vested immediately on issue.

23. EFFECTS OF CHANGES IN ACCOUNTING POLICIES

The Group and the Company adopted IFRS 9 with a transaction date of 1 January 2018. The Group and the Company have chosen not to restate comparatives on adoption of IFRS 9 and, therefore, the changes due to the application of IFRS 9 are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application and recognised in the opening equity balances. The application of IFRS 9 has not had significant impact in the Group financial instruments and therefore no changes were required.

The following tables show the adjustments recognised for each line item of the Company financial statements affected.

	Adjustment	31/12/2017	IFRS 9	01/01/2018
		£	£	£
Total comprehensive loss	(a)	**1,886,723**	**556,454**	**2,443,177**
ASSETS				
NON-CURRENT ASSETS				
Other receivables	(a)	13,699,270	(556,454)	13,142,816
TOTAL NON-CURRENT ASSETS		**14,061,188**	**(556,454)**	**13,504,734**
TOTAL ASSETS		**16,401,649**	**(556,454)**	**15,845,195**
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Retained earnings	(a)	(10,502,403)	(556,454)	(11,058,857)
TOTAL EQUITY		**16,058,361**	**(556,454)**	**15,501,907**
TOTAL EQUITY AND LIABILITIES		**16,401,649**	**(556,454)**	**15,845,195**

(a) The company applied the expected credit loss model when calculating impairment losses on its financial assets measured at amortised costs, being the financial assets affected the Amounts due from subsidiaries. This resulted in increased impairment provisions and greater judgement due to the need to factor in forward looking information when estimating the appropriate amount of provisions. In applying IFRS 9 to the amounts due from subsidiaries the company considered the probability of a default. The Company has considered the risk of default and the expected cash flow in several scenarios at 01 January 2018, concluding that there is an expected credit loss of £556,454, resulting in an increased charge in the statement of profit or loss and other comprehensive income for the year ended 31 December 2017 compared to IAS 39.

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24. EVENTS SINCE THE REPORTING DATE

In March 2019 a deed of variation was executed to extend the second capital contribution period included in the earn-in agreement entered to acquire Al Thuraya. The period has been extended by eighteen months, from four years to five years and six months (note 11).

In March 2019 a new long-term incentive plan ("LTIP") LTIP prepared with advice from KPMG LLP was implemented. The LTIP replaces the Company's prior long-term incentive plan which was implemented in April 2018 (see Note 3 for further details).

In April 2019 the Company entered into a "term sheet" to acquire the minority 25% shareholding in Savannah Lithium Lda, which owns the Mina do Barroso Lithium Project in Portugal. The transaction will take Savannah's ownership of the Project to 100%. Consideration is to be satisfied through the issue of 163 million new ordinary shares in Savannah at USD $0.073 (circa. 5.63p) per share valuing the transaction at circa USD $11.9m. The transaction is subject to Savannah entering into a legally binding Share Purchase Agreement with the Vendors and will be subject to shareholders approving the requisite resolutions to issue new ordinary shares at the Company's 2019 AGM.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Savannah Resources Plc ('the Company') will be held at St. James Room 1, Institute of Directors, 116 Pall Mall, London, SW1Y 5ED, on 18 June 2019 at 10:00 am 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 1-6 and as special resolutions in the cases of resolution 7 and 8.

ORDINARY BUSINESS

1 To receive the report of the Directors and the audited Financial Statements of the Company for the year ended 31 December 2018.

2 To re-appoint James Leahy 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 Matthew King 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 Imad Kamal Abdul Redha Sultan 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.

5 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

6 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 £6,510,000 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

7 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 to a maximum aggregate nominal value of £1,630,000 pursuant to the share purchase agreement for 25% of the issued quota capital of Savannah Lithium Lda 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.

NOTICE OF ANNUAL GENERAL MEETING

8 That in substitution for all existing and unexercised authorities, save for that granted pursuant to Resolution 7 above, and subject to the passing of Resolution 6 above, 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;

(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 £580,000; and

(d) to the allotment (otherwise than pursuant to sub-paragraphs (a), (b) and (c) above) of equity securities up to an aggregate nominal amount of £3,140,000 (approximately 30% of the Company's issued share capital plus 30% of the shares expected to be issued under resolution 7 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
The Courtyard
17 West Street
Farnham
Surrey GU9 7DR

NOTICE OF ANNUAL GENERAL MEETING

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

Registered Office:	By order of the Board
Salisbury House London Wall London EC2M 5PS	**Christopher Michael McGarty** Company Secretary

20 May 2019

Registered in England and Wales Number: 07307107

NOTICE OF ANNUAL GENERAL MEETING

Notes to the Notice of Annual 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 (excluding non-business days) 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 The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, sent by facsimile transmission to 01252 719 232 or emailed to voting@shareregistrars.uk.com; 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 The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR 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 20 May 2019, the Company's issued share capital comprised 881,451,795 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 20 May 2019 is 881,451,795.

Communications with the Company

11. Except as provided above, members who have general queries about the Meeting should telephone the Company Secretary, Christopher Michael McGarty, on 0207 117 2489 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

CREST

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual 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:	Matthew James Wyatt King	Chairman
	David Stuart Archer	Executive Director
	Dale John Ferguson	Executive Director
	Maqbool Ali Sultan	Non-Executive Director
	Imad Kamal Abdul Redha Sultan	Non-Executive Director
	James Leahy	Non-Executive Director
	Manohar Pundalik Shenoy	Alternate Director
	Murtadha Ahmed Sultan	Alternate Director
SECRETARY:	Dominic Traynor Salisbury House London Wall London EC2M 5PS	C M McGarty c/o Salisbury House London Wall London EC2M 5PS
REGISTERED OFFICE:	Salisbury House London Wall London EC2M 5PS	
REGISTERED NUMBER:	07307107 (England and Wales)	
AUDITORS:	BDO LLP Chartered Accountants & Statutory Auditors 55 Baker Street London W1U 7EU	
BANKERS:	NatWest Bank Plc St James' & Piccadilly Branch PO Box 2DG, 208 Piccadilly London W1A 2DG	
NOMINATED ADVISOR:	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP	
BROKER:	finnCap Ltd 60 New Broad Street London EC2M 1JJ	
EQUITY ADVISOR:	Whitman Howard Ltd Connaught House 1-3 Mount Street London W1K 3NB	
SOLICITORS:	Druces LLP Salisbury House London Wall London EC2M 5PS	
REGISTRARS:	Share Registrars The Courtyard, 17 West Street Farnham Surrey GU9 7DR	
WEBSITE:	www.savannahresources.com	

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