SAVANNAH

SAVANNAH RESOURCES PLC

Company No 07307107

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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CHAIRMAN'S STATEMENT

2019 was another important year for Savannah and the lithium industry, of which the Group aims to be an integral part. Undeniably, lithium raw materials and the Savannah share price both performed poorly during 2019. Nonetheless, our company made significant progress last year in developing the potential of our Mina do Barroso asset, and we regard the fall in lithium raw material and chemical prices as an over-correction, masking the underlying global trend towards an electrified future in which lithium ion batteries will have a key role. The year was also marked by the award of the three, key mining licences in Mozambique. We look forward to providing further updates regarding the major milestones for all our projects in the coming months.

Mina do Barroso and Savannah have a vital, long term, role to play in the European lithium battery industry and have the potential to bring Portugal to the forefront of European lithium supply. Our next objectives are to complete the Environmental Impact Assessment ("EIA") and the Definitive Feasibility Study ("DFS") on the project, and obtain the legal authority and social acceptance required for its development, which will provide the foundation to secure construction finance.

Progress in Mozambique was confirmed towards the end of the year and into 2020 with the award of the three mining licences which are critical to the ultimate development of the Mutamba mineral sands project. These licence awards also coincided with a continuing improvement in the market price of mineral sands products. We are now making preparations to accelerate work on the Mutamba Pre-Feasibility Study.

We also made progress in Oman, where the authorities announced last August that they intended to issue the mining licences we submitted applications for in 2016 on the Block 5 project. Meanwhile, we have continued to examine our options under the strategic review we initiated last year, and we expect to complete this and commence a course of action during this year.

In respect of the Coronavirus pandemic we are proud to have already taken actions to safeguard the wellbeing of both our employees and other stakeholders at all our operating sites ahead of official recommendations or requirements by governments.

Notwithstanding the current impact of the Coronavirus pandemic on all international stock exchanges, we hope that completion of our objectives in 2020, while remaining cost conscious at all times, will provide support for the share price as the markets recognise the critical role future lithium producers such as Savannah will play in the developing EV revolution.

Portugal

Having become sole owner of the Mina do Barroso project through the acquisition of the residual 25% stake last June, Savannah immediately expanded the project's footprint by 50% by executing its option to acquire the adjacent three block "Aldeia" mining lease application. With the project's resource expanded last May to 27Mt (+37% vs. September 2018), the focus since summer 2019 has been on completing the project's technical appraisal, its permitting process, and the development of associated commercial relationships.

As we explained at the time of the fundraising last September, we concluded that further technical evaluation work was required in light of the challenges experienced in the commissioning of new spodumene operations in Australia. This work is now moving toward a conclusion and will be drawn together with all aspects of the project in the DFS due later this year. The development decision we hoped to make last year will now be taken once the DFS has been completed.

The permitting process is underpinned by the project's EIA study. Hence, we will be shortly submitting this for review by APA (the Portuguese Environment Agency). This will be a major milestone. I would draw the attention of all our stakeholders to the comprehensive nature of the study, which is expected to extend to over 2,000 pages. In simple terms the study identifies the potential impacts the project may have on the natural environment and local communities, and provides detailed plans for eliminating or minimizing these impacts through project design, and for monitoring and mitigating these impacts during the project's operation and beyond. Hence, the study's content gives us the first real opportunity to provide fact-based answers to the questions local stakeholders have had about how the project will look and feel and what impact, if any, it will have on their daily lives and the environment. We welcome this engagement and the opportunity to work with all stakeholders to ensure the study's mitigating measures are fully utilised once it receives approval.

We are also in the process of planning and designing a series of programmes which, we hope, will see Savannah's lithium project become a significant support

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to the local economy and communities in the Boticas municipality in which we operate, as well as the wider region. Around the world, the mining industry has initiated, funded and operated a wide range of tailored programmes which have generated long lasting economic and social benefits for the communities that live alongside projects. This has always been Savannah's intention with Mina do Barroso, and we look forward to presenting our plans to the project stakeholders over the coming months.

Details of our more recent Corporate Social Responsibility ("CSR") programmes undertaken across all our projects can be found in the CSR section.

For these benefits to be realised however, the project must become a commercial reality. This can only happen by having customers for our products. In that regard Savannah is making significant progress in positioning itself as Europe's most attractive project partner for industrial groups looking to build spodumene mineral conversion plants in Europe for the production of lithium hydroxide. Lithium hydroxide is a key component in lithium batteries.

We are also receiving interest from major Portuguese industrial groups around forming strategic partnerships with Savannah on what is planned to be a sustainable mine development, which puts Portugal at the heart of Europe's fast growing and highly strategic battery supply chain. We expect the project to generate significant direct and indirect economic benefits for Portugal and we continue to enjoy solid support for the project from the Portuguese Government. This has been further enhanced by our partnership with, and inclusion in, various EU-backed ventures relating to the development of our project and an end-to-end lithium battery supply chain in Europe.

The electric vehicle revolution is well underway, and 2020 will likely see EV penetration levels rise notably as the global market moves towards the expected c.10m sales in 2025 and c.30m in 2030 (source: Bloomberg NEF Electric Vehicle Outlook 2019). These numbers may seem staggering to some, but with growing consumer interest now adding to the impetus created by tightening emissions legislation, car companies globally are about to expand their EV model ranges significantly.

On 16 March 2020 the Portuguese government's guidelines came into force and include requiring all universities, schools, nurseries, public places, and bars be closed at least until the end of March, and request that the population avoid travelling and stay at home as much as possible.

To sum up, notwithstanding undue disruption from Coronavirus, 2020 should bring the evaluation and planning phase of the Mina do Barroso project to a close. During the year we expect to have completed the DFS and, assuming the development decision is positive, to have entered into offtake agreements, and advanced our financing and our long-term community relationship plans. We look forward to continuing to develop our relationships with all stakeholders.

Mozambique

Our effort in maintaining an open dialogue and a good relationship with the Government of Mozambique proved its worth with the award of full Mining Licences over the three contiguous concessions which cover the key resource-bearing ground on our Mutamba mineral sands joint venture. It is simply not possible to construct and operate a mine without the necessary licences being granted. Hence, we and our partner on the project, Rio Tinto, view these licence awards as a significant de-risking step for the project's ultimate development.

While the review and approval period extended beyond our original expectations, the long-term impact on the project was minimal in our view. In the intervening period, the market dynamics within the titanium feedstock sector remained favourable for the development of new, large scale, long life sources of supply such as Mutamba.

Furthermore, a mining operation in this region of Mozambique could provide the long-term foundation for meaningful economic and social development, and I again refer readers to the CSR section for further details of our community programmes in the area.

Savannah will continue to work on the Mutamba project with Rio Tinto, focusing on the best way to draw value from the project for our stakeholders. The current task for Savannah is the Pre-Feasibility study on the project.

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Completion of that study would lift our ownership of the project from the current 20% to 35%.

Oman

We noted with sadness the passing of Oman's leader for nearly 50 years, His Majesty, Sultan Qaboos bin Said Al Said, in January and sent our condolences to all our Omani stakeholders at that time.

While we haven't enjoyed the same licencing success to date in Oman on the Mahab 4 and Maqail South project applications as we have in Mozambique, we announced in August that we had been advised by the Public Authority for Mining in Oman ("PAM") that it intends to grant the licences under the new mining law. Savannah maintains its dialogue with PAM and other relevant government departments and agencies, with the licence grants now only reliant on the government deciding on the licence fee schedule and these fees being paid.

During the year, work in the field was limited to ground programmes such as mapping with the emphasis placed firmly on cost control to reflect the lower priority now placed on these projects.

As discussed, Savannah's focus remains firmly on Portugal, but the award of the Block 5 mining licences remains important in our view as it would greatly de-risk the overall project. Resolution on the renewal of the Block 4 exploration licence applied for in 2018 is also deemed as important for the same reason. To this end, the strategic review initiated last year on these assets continues. On a more positive note, Savannah did receive interest from a number of groups regarding the potential acquisition of these projects and discussions are continuing. Savannah expects to conclude its strategic review this year and provide a resolution for our shareholders, employees and stakeholders on these assets.

Corporate Update

We were delighted to receive a UK Department of International Trade's Overseas Direct Investment Award for Portugal in November 2019. The recognition of our commitment to the country to date by the UK Government, in addition to the Portuguese Government, is highly appreciated.

At the time of last year's annual report Savannah was in the process of finalising the acquisition of the minority 25% stake in Mina do Barroso to take sole ownership of the project. This was duly completed in June 2019 with the project's minority shareholders agreeing to receive USD $11.9m worth of equity in Savannah as opposed to cash to maintain their own exposure to this exciting project. As a result, resource investment specialist Slipstream Resources Investments Pty Ltd ("Slipstream"), which was an existing shareholder in Savannah, significantly increased its interest to 12.9%. Furthermore, the vendors of the 25% stake, including Slipstream, agreed to a 12-month lock-in arrangement on the shares received and a further 9-month orderly market restriction, following completion of the transaction.

The deal has maximised our shareholders' exposure to one of the most important lithium projects in Europe and gives Savannah greater control and optionality in any future negotiations regarding project finance and strategic partnerships on the project.

A small issue of Savannah shares was also used in June 2019 in an Agreement with Gentor Resources Inc ('Gentor') to settle the USD $3m deferred consideration element of the original 2014 acquisition of the Block 5 licence in Oman. USD $200,000 (~£158,000) of stock, subject to a six-month orderly market agreement, was issued to Gentor along with a cash payment of USD $100,000 (~£79,000).

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Savannah's CEO, David Archer, receives the UK Department of International Trade's Overseas Direct Investment Award for Portugal, November 2019:

Source: Company photo

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Financial Overview

With its project evaluation programmes continuing throughout the year, Savannah is reporting a loss before and after tax of £3.8m for 2019 (2018: £3.4m). The higher amount reflects an increase in administration costs associated with the corporate transactions completed during the year, a temporary modest increase in staff levels, additional professional advisory services and an adverse foreign exchange loss driven by the strengthening of the GBP, though these expenses were partially offset by no staff bonuses being awarded and a reduction in travel costs.

Cash spent on exploration activity fell to £4.2m (2018: £6.3m) overall. However, if the one-off £2.0m milestone payments made last year in relation to the original acquisition of a 75% stake in Savannah Lithium Lda, owner of the Mina do Barroso project, is taken into account, exploration expenditure was broadly unchanged. An amount of £294,000 relating to the Non-Controlling Interest value applicable to the additional 25% stake in Savannah Lithium Lda, which the Group acquired in June 2019 through the issue of 163m new ordinary shares in the Company, is reported in Exploration and Evaluation Assets. The agreed transaction value as per the signed term sheet was USD $11.9m, however in accordance with the financial reporting requirements of IFRS only the value of the Non-controlling interest ("NCI") is recognised in intangible assets.

The Group finished the year with Cash and Cash Equivalents of £3.5m (2018: £7.7m). The cash position includes the £5m (£4.83m net of expenses) placement completed last September. As highlighted at the time, these additional funds are being used primarily to complete the DFS on the Mina do Barroso lithium project in the current year. Availability of funds from the equity capital markets for the mining sector was much reduced in 2019 due to a number of factors including the potential impact on the global economy of a US-China trade war.

Hence, we were extremely pleased to raise this sum which is understood to have been the sixth largest fundraise by an AIM listed mining company in 2019. As in other recent placings, the cornerstone of the financing was our largest shareholder, Al Marjan Limited (20.7%), with a £1.24m commitment. Al Marjan's ongoing commitment to Savannah is greatly appreciated, and we were also pleased with the additional investment received from our existing institutional shareholders as well as a number of new investors.

Outlook

We will continue to monitor developments relating to the Coronavirus pandemic and will take the appropriate and proportionate actions to safeguard both our employees' and other stakeholders' well-being. Such actions may impact the speed of delivering on our objectives. However, at Mina do Barroso our focus remains firmly on completing the pre-development phase as soon as possible. This means lodging the EIA, finishing the DFS, obtaining the necessary licences and commercial agreements, and making preparations to secure the offers of finance required to build the project. Work on the PFS at Mutamba continues and whilst firm cost controls are in place in respect of the Oman projects, we continue to shepherd our licence applications through the Oman administration.

My thanks go to all our staff. Their continuing efforts to progress our project portfolio in order to create value for shareholders and benefits for all our stakeholders is very much appreciated by myself and the Board. I would also like to express the Board's thanks to our many shareholders who have continued to support the company over the last year. We hope to repay your continuing support by growing Savannah into a valuable business based on responsible, sustainable mining operations which bring benefits to all stakeholders.

Matthew King
Chairman

Date: 17 March 2020

CHIEF EXECUTIVE'S REPORT

Savannah experienced some challenges during 2019 but our company worked hard to meet these market and operational challenges and we continued to make progress with our projects. This has resulted in a number of milestones which should provide the basis for the further progress and value creation during the year ahead.

At Mina do Barroso we are now busy with the project's EIA, the DFS, discussions with potential commercial partners and financing groups, and finalising our proposals for social and economic programmes for the communities living close to the project. The commercial agreements we are working towards and the imminent submission of the EIA confirm the project's status as Portugal's first significant contribution to the upstream part of Europe's developing lithium battery value chain.

Savannah is more than just the Mina do Barroso project, however, and the licence awards on the Mutamba mineral sands project after a thorough review period by the Mozambican authorities have changed the complexion of that project significantly. As a result, we are now increasing our work on the Mutamba Pre-Feasibility study.

Progress with the mine licence awards in Oman has been slower than in Mozambique but we continue our dialogue with the Omani authorities on this point alongside our own strategic review of the options available to Savannah on these assets. Concluding and actioning the findings of that review, ideally after the award of the Block 5 related mining licences and renewal of the Block 4 exploration licence, is a goal for the year. However, this remains a lower priority for the management team relative to permitting and financing the Mina do Barroso project and advancing the PFS on Mutamba.

Portugal

Mina do Barroso remains our flagship asset as its risk-reward profile continues to be the most attractive amongst our current portfolio. Despite the weakening of lithium prices in 2019 we believe the project's profile has been greatly enhanced over the past year by a number of factors including; a further increase in its lithium resource, the simplification of its ownership structure through Savannah's acquisition of the residual 25% stake, the addition of the adjacent Aldeia mining lease application ground; and the advanced nature of the discussions we are having with potential lithium and co-product customers/offtakers and other Portuguese strategic partners.

We believe that owing to the advanced nature of the offtake discussions our shareholders can take particular confidence that an offtake agreement with a significant and well positioned counterparty is within our grasp. From a wider market perspective, it also reiterates the view held by informed lithium consumers that the potential for supply shortages in the market exists in the medium term despite the inventory surplus which appeared last year. Furthermore, it also confirms the views of many, including the European Commission, that a European battery manufacturing industry must be supported by domestic raw materials as competition grows globally for access to lithium and risk associated with long supply chains are brought into stark relief by unexpected events such as the Coronavirus pandemic. Mina do Barroso would offer an excellent foundation for a short, low carbon, lithium supply chain in Europe.

I understand these long-term market trends were difficult to credit during 2019 when reduced subsidies on electric vehicles in China and increased inventories of lithium raw materials and chemicals were driving down the share prices of lithium companies. However, the short-term events masked the relentless evolution and expansion of the lithium battery industry driven by the transition to electrification in the transport sector, and growth in other applications such as energy storage. In hindsight, 2019 should perhaps be seen as a transitionary year in the automotive industry and the discomfort in the immature and rapidly expanding lithium supply industry, akin to growing pains.

We believe the 2019 sales figures for the world's car market will bear this out with some analysis. While global car and light duty vehicle sales fell 4.4% to 90.3m (source: LMC Automotive) with Western Europe the only major growth market (+1.2%), website EV-volumes.com reports that this overall fall masked a 9% rise in plug-in vehicles sales to 2.3m. This lifts EV penetration in global new vehicle sales to 2.5% from 2.2% in 2018.

At present forecasts appear to be for a further decline in overall light vehicles sales in 2020 (e.g. Centre for Automotive Research, Germany), with this trend potentially exacerbated further by the impact of the Coronavirus on all markets. However, may present another opportunity for EVs to take market share as more models are released at a range of price points.

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Digging deeper into the global EV market shows that China, still the largest market for EVs, saw sales impacted noticeably by the reduction in state subsidies in July, but sales in China still grew by 3% to 1.2m. Encouragingly the Chinese Government has subsequently confirmed that the planned subsidy reduction for 2020 would not be implemented. Sales in the US showed a fall year-on-year of 11%. However, this is believed to reflect the poor availability of affordable EVs in that market as opposed to a wider rejection of the technology, with 2020 expected to bring a return to EV sales growth. The real 2019 EV success story was Europe, the market in which Savannah believes Mina do Barroso has such an important role to play.

Website EV-volumes.com reports European sales of plug in vehicles reached 590,000 in 2019, 44% higher than 2018 with the overall penetration rate rising to 3.4% vs. 2.1% for 2018. Furthermore, 2020 could see plug-in EV sales in Europe approach 1m (3-7% of total sales; source: Transport & Environment) and comfortably surpass that level in 2021 (7-12% of total sales) as European auto manufacturers begin the multi-year roll out of numerous new models to avoid the significant fines faced if new emission targets are missed. Furthermore, with legislation then due to tighten from 2025 and again in 2030, the framework for mass adoption of EVs in the region is already in place. Overall, Transport & Environment estimate that the total investment in EVs by European car makers, which is already in the tens of billions of Euros, will equate to approximately 50% of the total fines that would be due if they took no action on the make up of their fleets. Based on those metrics it's very difficult to think that the EV revolution won't take place.

The advanced discussions we are in with offtakers is not Savannah's only commitment to the European lithium battery value chain. During the past year we have significantly strengthened our own ties with the European Union through a number of its agencies and initiatives.

We have also become a project partner in two initiatives run by EIT RawMaterials, which has a mission to enable sustainable competitiveness of the European minerals, metals and materials sector along the value chain. The first, the Certification of Raw Materials ("CERA") project has the brief to produce a standardised certification scheme ensuring environmental, social and economic sustainability in extraction, processing, trading and manufacturing of all mineral raw materials. Savannah's Mina do Barroso project has been chosen as the pilot mining project for evaluation to achieve the CERA standard, and we believe meeting this rigorous EU standard should give the project significant credit with potential industrial customers and Europe-based financiers.

The second project, "LiRef", is validating two conversion processes with the target to develop one robust and flexible process to transform spodumene concentrate into battery grade lithium chemical. If a common

European Annual Plug-in Vehicle Sales & Market Share

Source: EV-volumes.com

processing technology can be found it could be used in European-based spodumene conversion plants with the capacity to treat ores from multiple sources including Mina do Barroso.

Back at the project, our focus for 2019 was on progressing the EIA, the Mine Plan Study, which is another report required in the project licencing process, and DFS. Hence, following the intense resource delineation campaigns of 2017 and 2018, there was less drilling on the project in 2019 (69 holes for 5,887m taking the total to date to 335 holes for 31,407m). However, the company was still able to publish two resource upgrades with the second estimate in May representing a 37% increase over the September 2018 estimate in terms of contained Li_2O (286kt). A 25% increase in the midpoint of the additional Exploration Target[1] estimate (15Mt vs. 12Mt) was also made in May, indicating the long-term potential to increase the project's resource towards 50Mt. While resource expansion may have only modest significance to equity markets currently, to industrial consumers of lithium, the possibility of securing access to what may become decades of stable supply is very valuable. Savannah was also able to declare its first co-product resource on the project for the Grandao deposit. Further details of the resource estimates can be found in the Project Summary section.

As highlighted at the time of the fundraise last September, and based on the operating performances of new spodumene projects in Australia, we took the decision to expand the original DFS metallurgical test work programme to allow us to identify and optimise a lithium recovery process that would work effectively across all five orebodies on the project. This work has advanced and will be concluded by a final phase of pilot scale testing.

As we outlined in September, many of the DFS workstreams are at an advanced point, and the next task will be to re-evaluate what remains to be done once the EIA and the associated Mine Plan Study have been completed as much of the work prepared for those studies is relevant to the DFS.

Air monitoring equipment being used to collect baseline data for the Mina do Barroso EIA study:

Source: Company photo

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

CHIEF EXECUTIVE'S REPORT

In regard to the EIA, the submission will represent a huge effort on the part of Savannah's project team and consultants following a long period of data collection, interpretation, design and planning. We expect the consultation and approval process should take some six months during which time we plan a comprehensive programme of stakeholder engagement outlining and discussing specific areas of the EIA and our project plans.

To confirm, it is Savannah's intention to develop the project with the minimum of impact on the natural environment and local communities. We are also committed to making our operation as sustainable as feasibly possible to attach the greatest environmental benefit we can to the lithium concentrate we produce.

To this end, Savannah is looking to form strategic partnerships with some of the high quality service providers available within Portugal to help move Mina do Barroso into development and bring maximum benefits to the local economy and population, and Portugal as a whole.

We are also very pleased with the continued strong support the project enjoys from the Portuguese Government, which remains keen to develop an in-country lithium industry based on Portugal's substantial lithium resources. Management has met with a number of ministers in the last year and we were delighted to host the Secretary of State for Energy, João Galamba, at the project site during the year. We were also delighted to welcome to the project the British Ambassador to Portugal, Chris Santy, and to win the UK Department of International Trade's Overseas Direct Investment Award for Portugal.

We expect Mina do Barroso to dominate our news flow in the next 12 months and look forward to the much-anticipated mass market EV ramp up in Europe in 2020 providing the sector with fresh momentum. Lithium inventories, as well as external factors such as the Coronavirus outbreak, may remain a drag on prices in the first half of the year at least and further volatility in this rapidly developing market must be considered 'normal' by lithium industry investors. However, we hope that stock specific news will outweigh these factors. Maintaining the progress of the project towards a development decision point remains our goal and to get there we must obtain all the necessary project approvals, complete the DFS, enter into offtake agreements and financing commitments, and gain social acceptance of the project's development by clearly demonstrating the many benefits it can bring.

Secretary of State for Energy, João Galamba (3rd from left) visiting the Mina do Barroso project in 2019:

Source: Company photo

CHIEF EXECUTIVE'S REPORT

Mozambique

The final four months of 2019 and January 2020 marked a significant period for Savannah's Mutamba mineral sands joint venture with Rio Tinto in Mozambique. During that period the joint venture was granted first conditional and then full Mining Licences for the three contiguous concessions which cover the 4.4Bt Indicated and Inferred resources currently estimated on the project. These Mining Concession licences, granted by the Minister of Mineral Resources and Energy in Mozambique, are valid for an initial 25-year period (expiring in 2044) with the possibility of being extended for a further 25 years.

The Mining Licence application submitted for the standalone Chilubane concession, located approximately 180km southeast of the main Mutamba project concession, remains under consideration by the Minister.

We have long flagged the potential of the Mutamba project based on the scale of its resource, the commercial significance of the mineral sands sector to our JV partner, Rio Tinto and the positive findings of the 2017 Scoping Study. The investment case for the project continues to be further enhanced by the encouraging long-term outlook for underlying demand.

The market dynamics within the titanium feedstock have remained favourable for the development of new sources of supply such as Mutamba. Ilmenite is the dominant titanium mineral in the Mutamba deposit, and established Mozambique-based mineral sands producer, Kenmare Resources, reported in January 2020 that prices received for its ilmenite product resumed their previous upward trend in 2019, having eased in the second half of 2018, with second half 2019 prices more than 10% above those in the first half. We believe this reflects the continuing decline in supply from existing operations which began in 2015. The higher purity, higher value titanium mineral, rutile, which also features in the Mutamba ore has seen prices increase since 2017 as well, again reflecting the decline in production from existing operations. This trend is expected to continue over the next 3-4 years while demand, primarily from the pigment industry, is expected to remain robust and grow in-line with the global economy.

Mutamba's potential cannot be realised without the foundation of valid mining licences. The project now has these and given the risk perceived in the mining industry around 'licence to operate' these awards carry significant weight in our view. There remains much work to do in respect of making Mutamba an operating mine, beginning with the completion of a Pre-Feasibility Study, which would increase Savannah's stake in the project from 20% to 35%. We continue with our efforts on this front, but reiterate that our prime focus remains the Mina do Barroso lithium project with the majority of our finite cash reserves committed to moving that project forward.

Oman

I reiterate the condolences expressed by our Chairman to all our Omani stakeholders on the passing of His Majesty Sultan Qaboos bin Said Al Said in January.

It is expected by observers that Oman's new leader, His Majesty Sultan Haithum bin Tariq Al Said, who succeeded to the throne on the death of his cousin, will maintain the former Sultan's focus on domestic, economic and social reform. However, it also must be expected that the change of leadership is likely to impact the operation of Oman's ministries in the short term.

Hence it will not surprise our shareholders to know that there is little further to report at this stage in regard to final mining licence awards over the Mahab 4 and Maqail South copper projects (Block 5) since we announced in August that we had been advised by PAM that it intends to grant them. Savannah maintains its dialogue with PAM and other relevant government departments with only confirmation of the licence fee structure and relevant payment required for the licences to be issued. During the year, work in the field was limited to 'surface' programmes such as mapping, with the emphasis placed firmly on cost control to reflect the lower priority now placed on these projects.

As discussed, Savannah's focus remains on Portugal and Mozambique, with the strategic review initiated last year on our Oman assets continuing. We intend to conclude this review and begin actioning its conclusions during the year and would welcome the award of the Block 5 mining licences and the renewal of the Block 4 exploration licence (which is pending due to certain areas that are required for further exploration currently not being included in the proposed licence renewal) as it would help to clarify the options available to us. As highlighted in the Chairman's statement, Savannah has received interest from a number of groups regarding the potential acquisition of these assets and discussions are ongoing.

Summary

My thanks go to Savannah's staff who have demonstrated enormous commitment during 2019 in dealing with the challenging setting.

We continue to welcome these challenges believing that the projects which Savannah manages can bring benefits to all our stakeholders, and in the case of Mina do Barroso play an important role in Europe's climate change action plan. 2020 is set to be another pivotal year for Savannah.

David Archer
Chief Executive Officer

Date: 17 March 2020

CORPORATE SOCIAL RESPONSIBILITY

Following on from our maiden Corporate Social Responsibility ("CSR") section last year, here we provide an update on our Health & Safety record and our continuing community engagement programmes across our projects.

Health & Safety

The Health & Safety of our staff, contractors and visitors remains a top priority for Savannah. One incident was reported and subsequently reviewed in 2019 (2018: 1 incident) across all our projects and offices. We are pleased to report the member of staff involved made a quick and full recovery and was able to return to work.

Portugal

As we move nearer to a development decision point for the Mina do Barroso project, our CSR programmes are evolving as is our general engagement with all stakeholders in our project from those living in the villages nearby through to local administrators, government ministers and EU agencies.

On the ground, our Information Centre in Covas do Barroso village, which opened last April, continued to provide a fixed point where local people can meet with staff and receive information on the project. We also kept up our regular community newsletter correspondence (also available on our website), hosted community meetings, sponsored local events and made a donation to the local fire brigade, which is so vital in this area due to frequent forest fires.

From January 2020 we have been offering regular project visits for interested parties during which small groups are given a tour of the project and can discuss Savannah's plans with our staff.

As outlined in the Chairman's statement above, the submission of the project's EIA study will allow us to provide stakeholders with a fact-based analysis and a comprehensive outline of our project plan. To complement this, we expect to present comprehensive community programmes and the Benefit Sharing Plans that we intend to follow during the development and operating phase of the Mina do Barroso project. We also hope that the Portuguese language website we launched last year, www.minadobarroso.com has been an additional source of useful information.

Savannah was also delighted to become a sponsor to FST Lisboa, a team of engineering students from Instituto Técnico de Lisboa, University of Lisbon, which has entered an electric vehicle and a driverless vehicle of their own design in the international Formula Student competitions, including the FS series. The team's innovative efforts on the racetrack perhaps represent the very furthest downstream part of the lithium battery value chain and goes to demonstrate that Portugal has the opportunity to encapsulate the whole chain from mine to motorway if the country so desires.

Sponsorship award being presented to members of the FST Lisboa team by Savannah CEO, David Archer:

Source: Company photo

CORPORATE SOCIAL RESPONSIBILITY

Savannah is looking forward to involving the local community and the wider Portuguese population in the Mina do Barroso project which could represent the country's first step into Europe's new lithium battery industry.

Mozambique

Savannah continued to contribute to community and social programmes in the Inhambane province where the Mutamba JV project is located. 2019 was the final year of our initial 3-year partnership on community programmes with the German Society for International Collaboration ('GIZ'). During the three years the partnership focused on the following key areas in its work within the communities which surround the project:

- Vocational training: 400 young people from the Inhambane province completed training in trades such as electrical maintenance, carpentry, plumbing and civil construction at the training centres in Inhambane and Jangamo which were funded by the partnership. Around 80% of the local youth trained to date have gained employment, and the electrical maintenance training programme curriculum that was initiated under this scheme is now being implemented at training centres across Mozambique.

- Value chain development: Small scale agriculture was a key pillar of the partnership with the focus on coconut and cassava production. 4,700 residents of Jangamo and Inharrime received coconut seedlings during the programme as part of the coconut palm reforestation programme. A coconut palm nursery with capacity for 20,000 seedlings was also set up during the project while a 'seeds for seedlings' exchange programme remains in place to ensure the reforestation project is sustained. The partnership also supported the formation of a cassava mill, managed by a newly formed Association which represents the 120 local small-scale farmers who have received training in cassava production. Overall, over 400 local small-scale farmers have seen a minimum 10% increase in income as a result of the training and support received from the partnership.

- Access to energy: 3,000 families have gained access to off grid solar systems through the partnership under a low cost 'Pay as you Go' model.

Following the success of the first phase of support, a new partnership with GIZ will be considered in 2020.

In addition, Savannah will also join with six other national and international groups including government agencies, NGOs and private sector entities in the new, five year, "IWAMAMBA" project. Through the project, the groups will share information and develop collaborative models for further community programmes in the Mutamba river basin. Savannah will contribute USD $10,000/year as well as relevant water data and staff time.

Oman

With the initiation of the strategic review, work in the field on our projects in Oman was very limited in 2019. However, Savannah's Omani team maintained its engagement with the relevant communities and project stakeholders, keeping them informed of Savannah's activities and attending important community events to maintain a clear presence on the ground.

CORPORATE SOCIAL RESPONSIBILITY

Staff and students at the Jangamo vocational training centre:

Source: Company photo

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 2019 Annual Report, which are incorporated by reference into the Group's Strategic Report.

Principal Activities, Fair Review of the Business and Future Developments
The following table provides summary reviews of the principal activities of the group in the year, financial results and potential future developments. The comments below build on the commentary provided in the Chairman's Statement and Chief Executive's Report:

Asset & location	Ownership	Activities undertaken
Mina do Barroso lithium project, Portugal	100%	• Project-related Acquisitions: In June 2019 the Group completed the acquisition of the minority 25% stake in the operating subsidiary, Savannah Lithium Lda which allowed the Group to take sole ownership of the Mina do Barroso project. The acquisition was made from the project's minority shareholders via the issue of 163m new ordinary shares in the Company (Notes 8 and 11). Also, in June 2019, the Group exercised the option purchased in September 2018 to acquire a suite of land blocks adjacent to the C-100 (Mina do Barroso) Mining Lease. The 3 blocks (blocks A, B & C), owned by private Portuguese company Aldeia & Irmão, S.A. ("Aldeia") are currently subject to a separate Mining Lease Application. Once the Aldeia Mining Lease has been granted, the mining rights will be transferred to a Group nominee entity, and phased payments under the acquisition agreement will commence. • Exploration and Evaluation: Comprehensive programmes were completed including mapping, surface and drill based sampling, assaying of recovered samples, and metallurgical test work to assess recovery rates of lithium and other mineral products. • JORC Resource expansion and upgrade: Two lithium resource estimates were made during the year based on our ongoing sampling programme, culminating in the estimate announced in May 2019 (27.0Mt at 1.06% Li_2O). The Group also published a maiden co-products resource estimate on the Grandao deposit in September 2019 (14.4Mt at 33.4% quartz and 42.6% Feldspar). • Definitive Feasibility Study ("DFS"): Commissioned in July 2018, the Group and its consultants continued to work on the DFS which is building on the Scoping Study published in June 2018 to provide the level of confidence in design and planning required to secure project financing. The study will include: 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 processed materials and (v) infrastructure, capital and operating cost estimation, labour studies, commodity market studies, and a project risk review. We expect the DFS to be completed later this year.

Asset & location	Ownership	Activities undertaken
		• Licencing process: The Group continued to engage with all relevant local and central government departments, and other stakeholders in the project licencing processes. • 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. The EIA will be submitted shortly to APA, the Portuguese Environment Agency, for review and approval as a key part of the overall project licencing process. • Community Engagement: The Group continued with its active community engagement plan in the Boticas region, where the project is located. The Group believes that with considerate and intelligent management, the development of the Mina do Barroso project has the potential to provide multiple long-term benefits for the area. Further details on our community engagement activities can be found in the Community Social Responsibility section.
Mutamba Heavy Mineral Sands, Mozambique	20% of consortium with Rio Tinto	• Licencing Process: Having submitted Mining Licence applications for the project in 2018, the Consortium was pleased to be awarded Mining Licences for the three concessions (9228C, 9229C and 9735C) which cover the key resource-bearing deposits on the project during December 2019 and January 2020. The Licences are all valid for an initial 25-year period with the potential to be extended by a further 25 years if required. The application for the Chilubane concession (9230C), to the south of the main project area, remains under consideration by the authorities. • Pre-Feasibility Study ("PFS"): The Scoping phase of the PFS continued during 2019, albeit at a very modest rate while the processing of the Mining Licence applications was underway. Now that the key Mining Licences have been awarded, the Group is making preparations to accelerate work on the PFS. • Community Engagement: The Group continued with its community engagement plan associated with Mutamba. Further details of our activities can be found in the Community Social Responsibility section.

Asset & location	Ownership	Activities undertaken
Block 4 & 5 Copper projects, Oman	51% of Al Thuraya LLC (Block 4); 65% of Al Fairuz Mining (Block 5)	• Licencing Process: The Group received advice from Oman's Public Authority for Mining ('PAM') in mid-2019 that it intends to grant the Mining Licences which were applied for on the Mahab 4 and Maqail South copper projects on Block 5. This followed re-confirmation of 'no objection' from the 8 relevant ministries concerned. The Mining Licences should be awarded once the licence fees have been set under the new Mining Law which was introduced in 2019, and the fees paid. In addition to the matter of fees, the Block 5 exploration licence approval is currently subject to approvals from three government ministries following procedural changes resulting from the new Mining Law. Renewal of the Block 4 Exploration Licence was also not completed by PAM during the year and has been pending for around 18 months due to certain areas that are required for further exploration not being included in the proposed licence renewal (see Note 8). We are in communication with PAM and the Omani Government on this matter. • Strategic Review: Based on the continuing Licence-related delays experienced, and the lower priority the Oman copper projects now have in the Group's portfolio, the Company initiated a Strategic Review of its projects in Oman during 2019. • Settlement of Deferred Consideration: In June 2019 the Company entered into an agreement with Gentor Resources Inc to settle the USD $3,000,000 Deferred Consideration related to the original acquisition of the Block 5 licence in April 2014 (Note 11). The Deferred Consideration obligation was cancelled in full by the issue of USD $200,000 (~GBP £155,000) worth of ordinary shares in the Company, which were subject to a six month orderly market agreement; and cash payment totalling USD $100,000 (~GBP £79,000). • Community Engagement: The Group continued to engage with relevant communities and project stakeholders associated with its Oman projects. Further details are given in the Community Social Responsibility section.

Asset & location	Ownership	Activities undertaken
Fair review of business		• The loss of the Group as set out on the Consolidated Statement of Comprehensive Income amounts to £3,801,926 (2018: £3,381,161), of which £3,861,344 (2018: £3,258,458) was related to administrative costs. During 2019 the Group invested £3,894,826 (2018: £7,248,950) 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 amount includes £294,000 relating to the Non-Controlling Interest ("NCI") value applicable to the additional 25% stake in Savannah Lithium Lda which the Group acquired in June 2019 through the issue of 163m new ordinary shares in the Company. The agreed transaction value as per the signed term sheet was USD $11.9m, however in accordance with the financial reporting requirements of IFRS only the value of the NCI is recognised in intangible assets. • A review of the Group's prospects is included in the Chairman's Statement and the Chief Executive's 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.

When a commercially viable project is delineated, the Group will then be exposed to construction and project delivery risk factors. These risk factors will include: project financing (see Future Funding Requirements section below); licence and permitting (see Licence and Title Risk section below); key person (see Attraction and Retention of Key People section below); and contractor and contract fulfilment/cost overrun. Risk relating to the main project contractors will be mitigated by comprehensive tendering and due diligence processes being performed to identify competent and financially robust service providers. Contract fulfilment and cost management will be mitigated by structuring 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 (which themselves may be impacted by macro-economic, political or environmental trends), offtake or other industrial partners which could provide prepayment and working capital facilities in exchange for long term supply contracts, commodity based royalty and stream finance groups which can also provide prepayments in exchange for exposure to future revenue or production streams, major suppliers, and grants or other facilities from government or other centralised bodies (e.g. EU). Senior management and the Board closely monitor the cashflows of the Group. Cashflow projections are presented regularly to the Board for review and this assists in ensuring expenditure is focused on areas of greatest development potential. Overheads and administration costs are carefully managed. Also, see the Coronavirus Pandemic Risk section.

Licence and Title Risk
The granting, maintaining 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 is 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 or conversion of exploration licences into mining licences, may have a financial impact on the company through additional costs or extensions to work programmes. 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 prioritises local in-country employment and maintains working relationships at all levels with government, administrative bodies, local communities and other stakeholders. The Board actively monitors relevant political and regulatory developments.

Commodity Price Risk
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 has the potential to adversely affect the Group operations. 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.

Social Licence Risk
In parallel with obtaining the necessary licences and permits to operate from national and local administrators, natural resource companies, must also operate in a way that is acceptable to local community stakeholders and broader civil society. Obtaining social acceptance is deemed by the industry to be the one of the most significant risk factors it faces, and failure to achieve and maintain social acceptance could have a temporary or permanent material adverse impact on the ability of a business to operate. The Group places great importance on its

relationships with its neighbouring communities and wider stakeholder groups, and looks to mitigate 'social licence' risk through its proactive, country-specific, CSR programmes, and through its wider company policies, including those relating to corporate governance, conduct, and reporting and communication. See Corporate Social Responsibility section for more details.

Coronavirus Pandemic Risk

On 11 March the World Health Organisation officially declared the Coronavirus outbreak affecting the world as a "pandemic". Its effects on global financial markets and everyday life in many countries has been significant and it is expected to cause further uncertainty in the short to medium- term. The fast-changing nature of this pandemic, combined with governments' resulting responses to it, are expected to have an impact on the Group's day to day operations and potentially its' financial outlook. The situation will remain under close review and appropriate actions taken.

Analysis of the Development and Performance of the Business

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

Analysis of the Position of the Business

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

Key Financial Performance Indicators and Milestones

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

Analysis Using Key Financial Performance Indicators and Milestones

KPIs	Description	Performance
Cash balance (for exploration, development and going concern purposes)	Cash balance available to continue with the activity of the Group	At the reporting date the Group's cash balance was £3.5m (2018: £7.7m). In common with many mineral exploration companies, the Company raised equity funds for its activities. The Directors believe that the Group's project portfolio is attractive and are confident that funding will continue to be secured and that it is appropriate to prepare the Financial Statements on a going concern basis. The Company currently has a number of options in respect of future financing and has engaged with potential financiers and sources of capital. The Directors have prepared cash flow forecasts for the twelve month period from the date of approval of the financial statements which indicates that additional funding will be required in the second half of 2020. 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 will be secured within the necessary timescale although the Company has the ability to take actions to reduce its financial commitments in response to possible delays in funding due to the impact of the Coronavirus with a corresponding slowing of the tempo of activities. These conditions indicate the existence of a

KPIs	Description	Performance
		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 and the Group has received interest for alternative sources of finance in particular for its flagship project in Portugal. 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.
Subscription and placing of shares	To continue with its operating activities as an active and growing mineral development group, the Group has raised funds from the market.	During 2019 the Company raised gross cash proceeds of £5.0m (2018: £14.7m) via the issuance of ordinary shares in relation to an equity fundraise. This £5.0m is understood to have been the sixth largest fundraise by an AIM listed mining company in 2019. However, financing options, other than issuing further equity in the Company, remain available to the Group (see Future Funding Requirements above).
Share price	The price reflects the value of the Group as determined by the free trading of its ordinary shares on public stock exchanges such as the AIM.	Having opened at 5.2p the share price initially rose by 25% to the year's high of 6.5p in mid-February. From that point the price fell to the year's low of 1.95p in mid-September before rising by 15% to close the year at 2.25p, equating to an overall decline of 57% (2017: -20%) versus year end 2018 which was consistent with the trend seen across the majority of global lithium companies following what is believed to be short-term lithium price weakness. Funds were raised at 2.0p in 2019 (2018: 8.25p).
Investment in Exploration & Evaluation Assets ('E&E Assets') and Property, Plant and Equipment ('PPE')	As an active and expanding mine development group, the investment in E&E Assets and PPE Assets show the volume of activity which is adding value.	During 2019 the Group continued its investment in exploration activity, but the commitment was reduced year-on-year by approximately 50% with additions in E&E Assets of only £3.9m (2018: £7.2m). There was also a parallel decrease in PPE investment with additions of just £0.02m (2018: £0.3m) as no significant equipment purchasing was required during the year. Although the Group did acquire the 25% minority stake of the Mina do Barroso project which gave it 100% ownership for an agreed transaction value of USD $11.9m and consideration paid by issuing new ordinary shares in the Company, only the value of the NCI amounting to £294,000 is recognised in E&E Assets.

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 with the acquisition of exploration licences in Finland (subsequently relinquished). Following the acquisition of the Mina do Barroso lithium project in the north of Portugal in 2017, the Group has the potential to become the first significant lithium spodumene producer in Europe. During 2019 the Company increased its shareholders' exposure to this project through the acquisition of the 25% minority stake which gave the Group 100% ownership.
Mining Lease Applications	As a mine development group the grant of mining leases as a precursor to commencement of production is a significant milestone.	*Portugal:* In June 2019, the Group exercised the option purchased in September 2018 to acquire a suite of land blocks adjacent to the C-100 (Mina do Barroso) Mining Lease. The 3 blocks (blocks A, B & C), owned by private Portuguese company Aldeia & Irmão, S.A. (Aldeia) are currently subject to a separate Mining Lease Application which is being reviewed by the Portuguese authorities. Once the Mining Lease Application has been granted, the mining rights will be transferred to a Group nominee entity. *Mozambique:* During December 2019 and January 2020 Mining Licences were awarded by the Mozambique Ministry of Mineral Resources and Energy on the three concessions which cover the current 4.4Bt resource at the Mutamba mineral sands project. Mining Licences 9735C, 9228C and 9229C were all granted for an initial 25-year period (expiring in 2044) with the possibility of an additional 25-year extension. The application for Mining Licence 9735C over the Chilubane concession, located 180km to the south west of the other concessions, remains under consideration by the government.

KPIs	Description	Performance
		Oman: During 2019 the Group was advised by the Oman Public Authority of Mining ("PAM") that it intended to award the Mining Licences which were previously applied for on the Maqail South and Mahab 4 copper projects on Block 5. The Mining Licences should be awarded once licencing fees have been set under the new Mining Law introduced in 2019. In addition to the matter of fees, the Block 5 exploration licence approval is currently subject to approvals from three government ministries following procedural changes resulting from the new Mining Law. Renewal of the Block 4 Exploration Licence was also not completed by PAM during the year and has been pending for around 18 months (see Note 8). We are in communication with PAM and the Omani Government on this matter.
Results in mineral resources	As a mine development group the report of satisfactory mineral resource results is a key indicator of the potential of the Group and its projects.	*Portugal:* Two lithium-related JORC resource updates were announced during the year. The latter, in May, estimated a total resource of 27.0Mt at 1.06% Li_2O (vs. 20.1Mt at 1.04% Li_2O in September 2018). The resource estimate consisted of Measured resources of 6.6Mt @ at 1.1% Li_2O; Indicated resources of 8.4Mt @ at 1.0% Li_2O; and Inferred resources of 12.0Mt @ at 1.1% Li_2O for 285,900t of total contained Li_2O. In addition to the JORC resource estimate, the Exploration Target[2] was also increased during the year to 11.0-19.0Mt at 1.0%-1.2% Li_2O (2018: 9.0-15.0Mt at 1.0-1.2% Li_2O). Having increased the size of the resource the Company is keen to include as much of this additional material as possible in the DFS, thus potentially extending the initial life of the project beyond the 11 years outlined in 2018's Scoping Study. Importantly, any increase in the resulting mine life makes the project more attractive to potential customers and groups considering the development of a lithium conversion plant in Portugal/Europe – stated goals of the Portuguese Government and the European Commission. The Group also published its maiden co-product resource estimate for the Mina do Barroso project during the year. In September an estimate of 14.4Mt at 33.4% quartz and 42.6% feldspar was published for the Grandao deposit only. This resource estimate consisted of Measured resources of 7.1Mt at 32.6% quartz and 42.8% feldspar, Indicated resources of 6.3Mt at 34.6% quartz and 42.6% feldspar and Inferred resources of 1.0Mt at 30.9% quartz and 40.3% feldspar for total contained quartz and feldspar of 4.79Mt and 6.11Mt respectively.

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

KPIs	Description	Performance
		Mozambique & Oman: There were no updates to the resource estimates on our Oman (1.7Mt @ 2.2% copper) or Mozambique projects (4.4Bt at 3.9% heavy mineral sands) during the year.
Economic Studies	Satisfactory completion of economic studies is a key indicator of the viability of the Group's mine development projects.	*Mina do Barroso, Portugal:* The Definitive Feasibility Study which was commissioned in the second half of 2018 continued throughout 2019. Additional mine design, mine planning, and metallurgical test work was incorporated in the study during the year. This was to reflect the increase in the number of orebodies now defined at the project (up to 5 from 3 in May 2019 vs. May 2018) and to ensure all different ore types on the project can be effectively processed by the planned concentrator plant. *Mutamba, Mozambique:* Scoping work on the Pre-Feasibility Study continued, albeit at a very modest pace while the Mining Licence applications submitted in 2018 remained under consideration by the authorities. *Mahab 4 & Maqail South, Oman:* The Scoping Study on the dual mine development remains pending completion due to the delays associated with licencing and associated agreements.

Section 172(1) Statement

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

Information is presented below on a number of 'principal decisions' which the board made during the course of 2019. Principal decisions are not defined in legislation, but are considered material by the Board from the perspective of the company, impacted stakeholder group, or both.

Stakeholder Group	Importance of engagement	How did the Board and/or management engage
Shareholders/Investors A table of significant shareholders can be found on the Report of the Directors section and on the company's website. Key metrics are: • Cash • Investment in Exploration & Evaluation Assets • Share price The company has not issued additional investment instruments beyond shares and share-related warrants, such as corporate bonds, and therefore has no other class of investors.	For Savannah: • To maintain access to capital in support of achieving the Group's stated business goals. • To receive feedback/advice/assistance on performance and execution of the Group's business plan For the Shareholder/Investor: • To be kept informed on the Group's performance, changes to strategy and other developments • to assist ongoing investment decision making	The key means of engagement with shareholders include: • AGM • Investor roadshows • Ad hoc meetings in relation to key news/questions
Workforce The average number of monthly staff employed by the Group during 2019 was 64 (2018: 56) – see note 3 for further details.	The company's day to day running and long-term development relies on the recruitment, retention and incentivisation of staff, and provision of a safe working environment	The key means of engagement with staff includes: • Regular internal calls, meetings and visits to project sites by members of the board and Executive team • Remuneration framework including Long Term Incentive Plan
Community Savannah works alongside communities at all its project sites and has active community programmes underway in each location. The Group aims to act with integrity, transparency and honesty in its dealings with stakeholders and communities and wishes for its host communities to benefit from its projects.	For Savannah: • To ensure that Health & Safety standards and other regulations relating to Savannah's interaction with the general public and public services are being met • To ensure it secures and maintains social acceptance of its business activities among the communities it works alongside through effective community engagement programmes • To ensure that indirect benefits from its operations among the local community are maximised	Full details of the Group's CSR activities across its businesses can be found in the CSR section.

Stakeholder Group	Importance of engagement	How did the Board and/or management engage
	• To receive feedback/advice/assistance on these above topics For Communities: • Opportunity to receive up to date information on Savannah's business activities and programmes relevant to communities • To register for and to take part in relevant community programmes • To provide feedback on relevant topics	
Suppliers Savannah requires a wide range of services to maintain its business activities and uses a wide range of domestic and overseas suppliers to meet its needs. When Savannah moves into the development and production phases at one or more of its operations, supplier numbers are expected to rise significantly in-line with the scale up of the project concerned.	For Savannah: • To maintain good working relationships and credit terms with suppliers to ensure the timely and cost-effective delivery of services and supplies • To aid planning for future supply requirements and to identify suitable suppliers For Suppliers: • To maintain a working relationship with its customer and provide product information • To identify future business opportunities with an existing client	The Company's engagement with current and potential service suppliers has been widespread during the year. For example, considerable time has been spent working with existing suppliers of goods and services to the Mina do Barroso project, and identifying and evaluating other groups which may provide key contract services during the construction and/or production phases of the operation.

Stakeholder Group	Importance of engagement	How did the Board and/or management engage
Customers As a pre-production business, Savannah is yet to start generating revenue from sales of product to customers. However, the Group expects to supply products to a number of industrial customers over time, beginning with customers buying its lithium and co-product concentrate products from the Mina do Barroso project.	For Savannah: • To identify and build relationships with future customers to ensure our projects become viable commercial businesses • To access capital for project development either directly from customers, or from other investors which view the establishment of customer relationships as a key de-risking factor in an investment decision For Customers: • To build a working relationship with a well-managed, long term raw material supplier • To secure a long-term supply of product from a responsible producer in markets where the outlook is for increasing global competition for supply, such as lithium and mineral sands	Management maintained its efforts to build relationships with potential customers for its lithium and co-product concentrates from Mina do Barroso as discussed in the Chairman's and CEO statements. Significant advances in some negotiations have been made and the Group believes that formalised sales agreements can be reached ahead of the project going into production. Under the consortium agreement on the Mutamba mineral sands project. Savannah's partner, Rio Tinto has the option to buy 100% of the project's future production on commercial terms.
Lenders Savannah currently has no corporate bonds or project finance loans but expects project finance to be a key part of the financing mix for the development of its projects, such as Mina do Barroso.	For Savannah: • To identify and build relationships with future lenders to ensure sufficient finance can be secured to support project development For Lenders: • To secure a lending agreement with a listed mining company which expects to be financing its first mine build during 2020/2021	Management maintained a dialogue with potential project lenders in relation to Mina do Barroso during the year. Discussions with these groups is expected to increase as the project's DFS moves towards a conclusion as that study will be a key part of a lending bank's evaluation of the project.

Stakeholder Group	Importance of engagement	How did the Board and/or management engage
Regulators/Government Depending on the jurisdiction, multiple departments and agencies of national, regional and/or local government can be involved in the licencing and monitoring of mining activities.	For Savannah: • To build strong and supportive, working relationships with all relevant government departments and to ensure that the Group receives and complies with the required licences and authorities to operate its projects For governments: • To ensure that the Group is meeting its responsibilities as per its licences • To understand the needs of Savannah as an operating entity with respect to relevant legislation	As outlined in the Chairman's and CEO's statements, management have had regular interaction with the relevant departments and personnel in the various levels of government in all three countries where it is has operations. Savannah views the establishment of active, two-way, relationships with government stakeholders as critical in the successful development of its projects and in its decision-making regarding the Group's long-term commitment to each jurisdiction.
Environment Savannah is committed to minimising the environmental impact of its operations through design, monitoring, mitigation and remediation.	For Savannah: • Savannah places great emphasis on minimising the environmental impact of its operations and also realises the importance placed on good environmental management by all project stakeholders including governments, communities, customers, investors and lenders.	In parallel with all our project stakeholders, minimising Savannah's environmental impact is one of management's highest priorities, and work undertaken across all its project sites to date has been completed in accordance with the relevant environmental regulations. Since 2018 the Group has been gathering data and preparing the Environmental Impact Assessment study for the Mina do Barroso project. As part of this process, the group has engaged with relevant stakeholders including the Portuguese Government's environmental agency (APA), local administrators, local communities and wildlife and environmental groups so that the project is designed to minimise its environmental impact during operation and following its closure. The Environmental Impact Assessment study will be submitted for consideration by the authorities in the coming months.

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

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

Principal decision 1: £5.0m equity placing, September 2019
Early in the second half of 2019, the Group's management informed the board that the Mina do Barroso Definitive Feasibility Study was not likely to be concluded by the end of the year as previously forecast, and that more working capital would be required to complete the study and maintain normal operations across the Group. This was due in part to the discovery of additional orebodies at the project during the preceding 12 months that needed to be included in the study, and the decision to undertake additional metallurgical test work to reduce future plant operating risk in light of the challenges experienced by new spodumene concentrate producers in Australia.

In consultation with management and the Group's capital market advisers, the Board decided that a £5.0m equity fundraise should be undertaken to provide the additional working capital required. This was duly completed and announced to the market last September with investment from new and existing shareholdings, including a £1.2m cash investment from the Company's largest shareholder, Al Marjan Limited.

In making the decision the board considered:

- All stakeholders: Maintaining the Group as a going concern in the interest of all its stakeholders.
- Shareholders: The impact on existing shareholders of raising additional equity was considered with the board weighing up the need to maintain the Group as a going concern against the resulting equity dilution. Equity market conditions were also factored into the decision-making process to strike the optimum balance between the short term capital requirements of the Group and the price at which funds could be raised, compared to the uncertainty around quantum and price that might have prevailed at a later time given the uncertainty around Brexit and US-China trade talks. The fundraising was also seen as an opportunity to attract new institutional equity investors into the Group which was considered a benefit to the Group's long-term financial stability.
- Shareholders: The long-term value potential of Mina do Barroso: Mina do Barroso is the Group's flagship asset, and provides Savannah with its best opportunity to become cash flow positive in the near term. Completing the DFS and moving the project through the licencing, financing and construction phases and into production should accrete significant value for the Group. The fundraise was deemed to be critical in helping the Group achieve this long-term goal.
- Employees and Suppliers: The Board also concluded that securing more working capital would help the Group to retain key staff and suppliers who can help the Group achieve its business objectives.

Principal decision 2: Acquiring the minority 25% stake in the Mina do Barroso project to become sole owner of the project
In acquiring the outstanding 25% stake in the Mina do Barroso project not already owned in an US$11.9m all share deal with the project's minority shareholders, the board considered the following matters:

- Shareholders: Acquisition of the 25% stake in an all share deal at this price meant that the proportion of project value (e.g. as measured by net present value) per share increased, despite the increased number of share in issue, and cash was preserved.

- Employees and Suppliers: Along with shareholders, the Board considered employees and suppliers to Savannah by executing an all share deal, and therefore avoiding a reduction in working capital which may have led to the need for further equity financing, cost cutting measures and/or cessation of supplier relationships.

- Project stakeholders: The acquisition was determined to be beneficial to other existing and future project stakeholders such as the Portuguese authorities, local communities, and financiers by simplifying the ownership structure and identifying a single owner of the project with which these groups could engage with going forward. However, owning 100% offers flexibility for the Group to allow major customers or suppliers to invest in the project to ensure closer alignment of the parties' interests.

Principal decision 3: Acquisition of the Aldeia mining lease application ground

In June 2019, the Group exercised its option to acquire the 3 block mining lease application ground, located next to the C-100 Mining Licence from the private Portuguese company Aldeia & Irmão, S.A. ('Aldeia'). The acquisition, which followed a period of technical and legal due diligence, increased the footprint of the Mina do Barroso lithium project by approximately 50%, and an initial resource has already been established on Aldeia Block A (3.5Mt at 1.3% Li_2O, representing 16% of the total contained Li_2O resource). In exercising the option, originally acquired in September 2018, the board considered the following matters:

- Shareholders: The acquisition represented a low cost means of increasing shareholders' exposure to ground prospective for lithium mineralisation adjacent to the C-100 licence of the Mina do Barroso project. All but €55,000 of the €3.25m purchase price is payable in 71 monthly instalments only due after the mining lease has been awarded and transferred to Savannah's subsidiary. This will likely occur once the project is in production and generating cash flow.

- Lithium and co-product customers: By potentially increasing the lithium resources and mineralisation (and co-product mineralisation) under the Group's control, Savannah's future customers should benefit as the Group will be able to provide a larger/longer term source of supply.

- Employees: By having a larger, longer life operation Savannah will be able to maintain its project workforce for longer.

- Project stakeholders: By having a larger, longer life operation Savannah's tax and royalty revenue generation period will be extended and it will be able to run its community Benefits Sharing Plan for longer.

Principal decision 4: Strategic Review of Oman

The Board took the decision to initiate a Strategic Review of Savannah's business activities in Oman in the Spring of 2019. At the time of the decision, the Group had spent almost 3 years awaiting the award of Mining Licences from PAM following receipt of the last of eight 'no objection' letters from the various government ministries involved in the licencing process. In initiating the review, the board considered the following matters:

- Shareholders: Combining the wait on the licence awards in Oman with the fact that both the Group's other projects had both overtaken these projects in priority, led the board to begin assessing the opportunity cost of continuing to commit its resources in Oman against the opportunities presented by the other projects.

- Employees: The board is mindful that any changes to Savannah's business in Oman, including any potential change in ownership or cessation of work, would have a direct impact on the small number of employees in the country.

- Project stakeholders: Over the years in which Savannah has been involved in its two joint venture projects in Oman, it has built relationships with a wide range of stakeholders ranging from government ministries and agencies, to members of the public living near to the projects. Whilst the strategic review has been ongoing, Savannah has maintained communications with these groups, and will consider the needs of these groups when it concludes the review.

The Strategic Review is ongoing and is expected to be concluded and its recommendations implemented during the current year.

Principal decision 5: Settlement of deferred consideration element of 2014 Agreement with Gentor Resources
In June 2019, the board decided to settle the USD $3m deferred consideration element of the original 2014 acquisition Agreement with Gentor Resources Inc ('Gentor') on the Block 5 licence in Oman. The deferred consideration was settled via the issue of USD $200,000 (~£158,000) of stock, subject to a six month orderly market agreement; along with a cash payment of USD $100,000 (~£79,000). In taking this course of action the Board made the following considerations:

- Shareholders: The board considered the impact on existing shareholders of issuing USD $200,000 of new stock, and the use of USD $100,000 of cash, and concluded it represented a reasonable undertaking in the light of a potential USD $3m liability which could become a significant hurdle in any transactions undertaken following the strategic review of our Oman projects.
- Project stakeholders: The board also considered the group's financial position and alternative uses for the cash sum, and concluded that this transaction represented an effective use of cash as a means of removing a significantly larger, long term, financial liability and a notable risk factor to any potential transaction relating to our Oman assets.

Finally, although the Board has not made any Principal decisions in the year about the EIA which we has been compiling for the Mina do Barroso project in Portugal, we have been involved in extensive engagement with the community, the Portuguese Government/Regulators, potential suppliers, and potential customers in respect of it. Further information is included in the Corporate Social Responsibility section.

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 Archer
Chief Executive Officer

Date: 17 March 2020

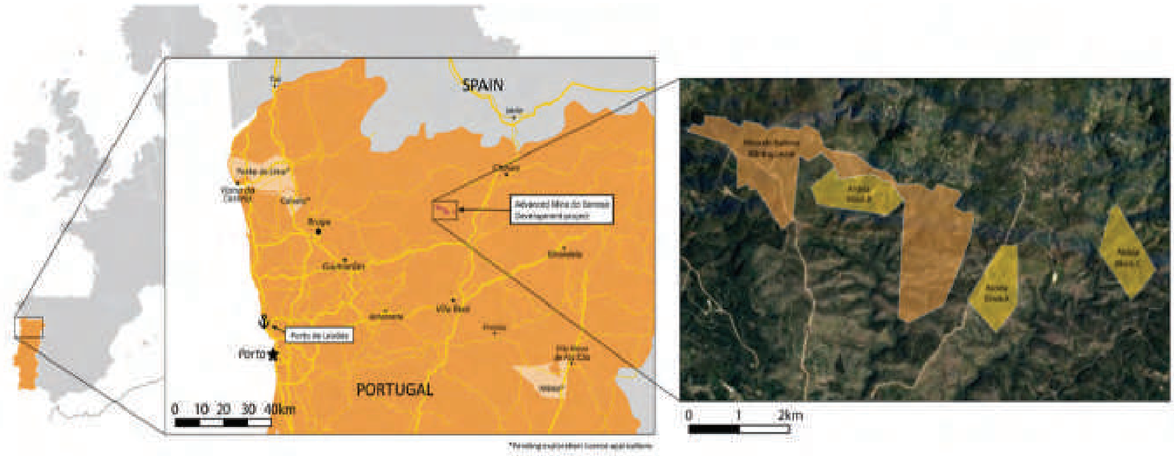
PROJECT OVERVIEWS

The Mina do Barroso Lithium project, Portugal

Located less than 2 hours' drive northeast of the city of Porto, the Mina do Barroso project covers an area of 8.36km^2 in the Barroso hills of northeast Portugal and consists of the C-100 Mining Lease[3] (5.42km^2) and an adjacent, 3 block, Mining Lease Application area (2.94km^2). Through Savannah's successful exploration programme, Mina do Barroso has been defined as the most significant source of spodumene lithium in western Europe. In recent years, spodumene lithium deposits have surpassed brine deposits as the major source of lithium raw material production globally, and Savannah believes that Mina do Barroso can become an important source of this 'conventional' lithium mineral for Europe's burgeoning domestic lithium battery industry.

Savannah Resources has been managing the project since May 2017 when an initial 75% stake was acquired (with all the milestones relating to purchase completed by October 2018). Savannah became the sole owner of the project in June 2019 following the acquisition of the residual 25% stake from the project's minority shareholders in an all share transaction. June 2019 also saw the Group exercise the option it had taken in September 2018 to acquire the adjacent Mining Lease Application area from the Portuguese company Aldeia & Irmão, S.A. ("Aldeia") following a period of technical and legal due diligence. This increased the project's footprint by over 50% to its current size of 8.36km^2.

Mina do Barroso location:



Source: Savannah corporate presentation, September 2019

Western Europe's largest spodumene lithium resource

To date Savannah's extensive exploration programme, which includes over 31,000m of drilling, has identified 8 deposits bearing spodumene lithium mineralisation on the project. From being a 'pre-resource' project when acquired, JORC compliant Mineral Resources have now been estimated on five of these deposits (4 on the C-100 licence and 1 on Aldeia Block A) which, as of May 2019, totalled 27.0Mt at 1.06% Li_2O (containing 285.9kt of Li_2O or 707kt of lithium carbonate equivalent), representing the largest spodumene lithium resource in Western Europe.

Many of the lithium deposits on the project remain open to possible extensions through further exploration and an Exploration Target[4] ranging from 11-19Mt at 1.0-1.2% Li_2O has been estimated on three of the orebodies as of May 2019. The project currently has a combined resource and exploration target of 38-48Mt at 1.0 to 1.2% Li_2O hence, Savannah believes significant exploration upside remains.

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

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

PROJECT OVERVIEWS

Mina do Barroso Lithium JORC Mineral Resource Estimate & Exploration Target:

JORC Mineral Resource Estimate (May 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	65,300
	Inferred	4.8	1.0	0.7	48,900
	Sub-total	**17.7**	**1.04**	**0.7**	**181,800**
Reservatorio	Measured	–	–	–	–
	Indicated	–	–	–	–
	Inferred	3.2	1.0	1.4	32,000
	Sub-total	**3.2**	**1.0**	**1.4**	**32,000**
Pinheiro	Measured	–	–	–	–
	Indicated	–	–	–	–
	Inferred	2.0	1.0	0.7	20,000
	Sub-total	**2.0**	**1.0**	**0.7**	**20,000**
NOA	Measured	–	–	–	–
	Indicated	0.4	1.2	0.8	4,200
	Inferred	0.3	1.0	0.9	2,900
	Sub-total	**0.6**	**1.1**	**0.9**	**7,100**
Aldeia	Measured	–	–	–	–
	Indicated	1.6	1.3	0.5	21,300
	Inferred	1.8	1.3	0.4	23,700
	Sub-total	**3.5**	**1.3**	**0.4**	**45,000**
All Deposits	Measured	6.6	1.1	0.7	71,600
	Indicated	8.4	1.0	0.7	86,700
	Inferred	12.0	1.1	0.9	127,600
	Grand Total	**27.0**	**1.06**	**0.8**	**285,900**

Exploration Target[5] Summary (May 2019)			
Deposit	Tonnage Range (Mt)		Li_2O grade (%)
	Low	High	
Reservatorio	5.0	7.0	1.0-1.2
Grandao	4.0	8.0	1.0-1.2
Aldeia	2.0	4.0	1.0-1.3
Total	**11.0**	**19.0**	**1.0-1.2**

Rounding discrepancies may occur

Source: May 2019 JORC Resource update RNS

Not just a lithium project

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

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

Mina do Barroso Co-product JORC Mineral Resource Estimate:

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

Rounding discrepancies may occur

Source: September 2019 JORC Resource update RNS

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

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

Positive Scoping Study completed in 2018

Based on the rapid delineation of an initial JORC Resource estimate and Exploration Target during late 2017 and early 2018, Savannah commissioned a Scoping Study on the project. This was completed in June 2018 and reported very positive project economics based on a 1.3Mtpa operation producing an average of 175ktpa of spodumene concentrate and associated co-products over an 11-year life.

Definitive Feasibility Study and Environmental Impact Assessment

As a result of the positive Scoping study, Savannah commissioned a Definitive Feasibility study (DFS) and associated Environmental Impact Assessment (EIA)[6] study on the project in the second half of 2018.

The EIA study, which identifies all the potential environmental and social impacts the project may have, and details how Savannah would monitor and minimise these, will shortly be submitted for review and approval by the Portuguese Environmental Authority, APA. Approval of the EIA is a key part of the overall project licencing process.

Savannah expects the DFS to be completed this year, and to draw upon the latest JORC resource estimate available as a basis for the project's maiden JORC reserve estimate and final mine plan. To maximise the reserve tonnage, which can only be drawn from the Measured and Indicated categories (currently 15Mt) of the JORC resource, a programme of infill drilling is planned to upgrade sections of the existing 12Mt Inferred resource. As a result of the c.90% increase in overall resources defined since the 2018 scoping study, the DFS is considering the possibility of increasing the annual throughput rate to 1.5Mtpa resulting in an average annual output of c.200ktpa lithium concentrate.

[6] An EIA on the project was submitted and approved alongside the 2006 Mining Lease award, but a new study is required in-line with Savannah's proposed mine and concentrator development.

PROJECT OVERVIEWS

Mina do Barroso Project 2018 Scoping Study Key Facts:

Operating Parameters and assumptions	
Mineable resource (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/Lithium Hydroxide Equivalent (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, included 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
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

PROJECT OVERVIEWS

Developing and commercialising the project

A final investment decision on the project's development will be taken once the DFS has been completed. Alongside receiving the necessary government approvals and social acceptance of the project, Savannah will also need to secure the capital required to fund the project's construction. In support of this financing, and given the project's growing significance to the European battery chain Savannah expects to conclude offtake agreements for its lithium concentrate plus its co-product output which will further confirm the project's future revenue sources. In addition, Savannah expects to identify key project contractors during the course of the DFS and secure their services when a final investment decision has been taken.

Drilling on the Pinheiro deposit at the Mina do Barroso project:

Source: Company photo

PROJECT OVERVIEWS

Mina do Barroso – a first for Portugal in the new lithium battery industry
Portugal is already established as Europe's 'largest' lithium producer with approximately 800t produced in 2018. However, all of the country's current lithium production is used in the domestic ceramics and glassware industries, and not in lithium battery production. Significant lithium mineralisation exists in Portugal, including at Mina do Barroso, and in 2018 the Portuguese Government announced its 'lithium strategy' to support the development of a new national manufacturing industry to service the growing lithium battery market in Europe.

Mining is the foundation for this new industry, but Portugal has stated that it wants to develop a domestic lithium industry featuring downstream capacity too, with lithium chemical production stated as a target. Hence, Mina do Barroso must be seen as part of the first phase in the development of a much larger national concern. If this can be achieved, Portugal would be placed at the centre of the new European lithium battery supply chain which the European Commission is so keen to establish in support of its efforts to combat climate change while maintaining the region's large automotive industry. The transport sector is the second largest generator of emissions (CO2 equivalent) in the EU behind energy supply.

As a result of these objectives, the Mina do Barroso project benefits from sustained national government support and is part of the supply chain infrastructure required to fulfil national and European Commission policies. To maximise the benefits which can flow from the project, Savannah is committed to developing Mina do Barroso in a sustainable and responsible way that attaches the maximum environmental benefit to the lithium produced and the best outcomes for the project's stakeholders in terms of social and economic benefits.

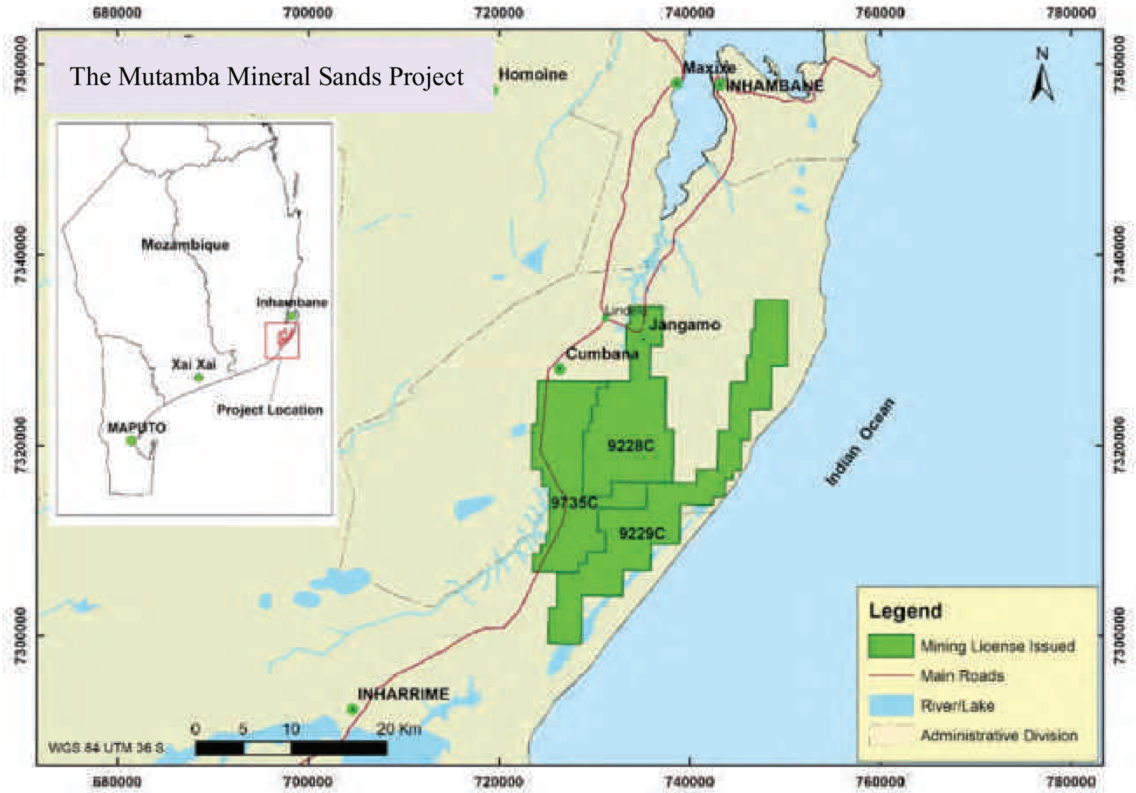
Mutamba Mineral Sands Project, Mozambique
Savannah has been active in the Mineral Sands sector (titanium minerals and zircon) in southern Mozambique since 2013 and in October 2016 completed a Consortium Agreement with Rio Tinto which combined Savannah's Jangamo Project with Rio Tinto's adjacent Mutamba 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 Maxixe approximately 40km away.

Having submitted Mining Licence applications for the project in 2018, the Consortium was pleased to be awarded the Licences for the three concessions (9228C, 9229C and 9735C) which cover the key resource-bearing deposits on the project during December 2019 and January 2020. The Licences are all valid for an initial 25-year period with the potential to be extended by a further 25 years if required. The application for the Chilubane concession (9230C), to the south of the main project area, remains under consideration by the authorities.

Mining Concession No.	Mining Concession Name	Area (km^2)	Expiry Date	Status
9228C	Jangamo Rio	118.1	3 Sep 2044	Licence issued
9229C	Dongane	161.3	6 May 2044	Licence issued
9735C	Jangamo Matilda	119.5	9 Apr 2044	Licence issued
9230C	Chilubane	138.0	–	Under Consideration

Source: Mutamba Licencing RNS, Jan 2020

The Mutamba project location:



Source: Mutamba Licencing RNS, Jan 2020

Partnered with Rio Tinto, but Savannah taking the lead

Savannah is the operator and currently holds a 20% share in the project. The Group may increase its stake in the Consortium up to 51% by funding and completing Pre-Feasibility (for an interim 35% stake) 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 4.4Bt at 3.9% total heavy minerals ("THM") comprising both Indicated and Inferred category material and containing ilmenite, rutile and zircon. This 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.

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 (1336L)	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 dry mining and dredge mining in parts, with ilmenite being the dominant heavy mineral present. Savannah's overall objective, together with Rio Tinto, is to build a commercial mineral sands presence in Mozambique delivering a stable supply of titanium feedstock to global markets, via Rio Tinto's offtake.

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.

PROJECT OVERVIEWS

Mutamba Mineral Sands: Scoping Study key data

	Mutamba TZMI Base Case Prices	Management Case One +10% Product Price	Management Case Two +20% Product Price
Operating Parameters and assumptions			
Mineable resource	451Mt at 6.0% THM (based on a 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)	US$185/t	US$204/t	US$222/t
Nonmagnetic Concentrate (FOB)	US$250/t	US$275/t	US$300/t
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

Current work

Following the award of the key Mining Licence Concessions in December 2019 and January 2020, Savannah is in the process of accelerating its work on the Pre-Feasibility Study having slowed its work programme in light of the thorough Mining Licence review exercise undertaken by the Mozambican authorities during 2018 and 2019.

The mineral sands pilot plant at Mutamba:

Source: Company photo

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 2019.

Dividends
The Directors do not recommend the payment of a dividend (2018: £nil).

Events Since the Reporting Date
This information is contained in Note 25 to the Financial Statements.

Directors
The Directors who have held office during the period from 1 January 2019 to the date of this report (unless otherwise stated) are as follows:

David Stuart Archer
Dale John Ferguson
Matthew James Wyatt King
Maqbool Ali Sultan
Imad Kamal Abdul Redha Sultan
James Gerald Leahy
Manohar Pundalik Shenoy[1]
Murtadha Ahmed Sultan[1]

[1] Alternate Director

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

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

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

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

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 2019	No. of shares held at 31 December 2018
David Stuart Archer	**41,756,649**	41,756,649
Matthew James Wyatt King	**1,104,028**	1,104,028
Dale John Ferguson	**49,581,604**[2]	15,962,854[2]
Maqbool Ali Sultan[1]	**–**	–
Imad Kamal Abdul Redha Sultan[1]	**–**	–
James Gerald Leahy	**1,150,000**	–
Manohar Pundalik Shenoy[1]	**5,809,524**	3,809,524
Murtadha Ahmed A Sultan[1]	**–**	–

[1] The Directors indicated are representatives of Al Marjan Ltd which held 268,262,589 shares at the reporting date (2018: 208,262,589 shares).
[2] 45,993,750 shares (2018: 12,375,000 shares) held indirectly through Slipstream Resources Investments Pty Ltd.

Details of Directors' remuneration are disclosed in Note 3.

Details of Directors' interests in Share Options and Investor Warrants are disclosed in Note 23.

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[1]:

Name of Shareholder	**No. of shares**	**%**
Al Marjan Ltd (Directors[2])	**268,262,589**	**20.68%**
Slipstream Resources Investments Pty Ltd	**167,250,000**	**12.89%**
Husain Salman Ghulam Al-Lawati	**42,019,792**	**3.24%**
David Stuart Archer (Director)	**41,756,649**	**3.22%**
Effective Investments Pty Ltd	**39,100,000**	**3.01%**

[1] Except those exempts under DTR 5.1.5 regulation.
[2] Two Directors are representatives of Al Marjan.

On behalf of the Board:

David Archer
Chief Executive Officer

Date: 17 March 2020

Business Review
Governance
Financial Statements

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

The Board of Directors

The Board comprises of two executive Directors, 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's responsibilities were expanded to include a risk function in 2018 when it became 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 one non-executive Director and one alternate Director – James Leahy (who chairs the Committee), and Manohar Shenoy. The Committee's key responsibilities with respect to audit are for ensuring that the financial performance of the Group is properly reported on and monitored, and for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal controls. It also reviews the Group's annual and interim Financial Statements before submission to the Board for approval. The Committee's key responsibilities with respect to risk are providing 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.

The Group has developed 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 one non-executive Director and one alternate Director – James Leahy (who chairs the Committee) 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 is responsible for the Company's Corporate Governance Code management. The Committee is also responsible for ensuring that the executive Directors are communicating effectively with the Company's Nominated Adviser.

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

Nominations Committee
The Company does not currently have a Nominations Committee as the Board regards nominations matters as 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 2019 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 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 2019 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 related to going concern

We draw attention to note 1 in the financial statements which explains that the group and parent company will require additional funding in the second half of 2020 and that there is no certainty that the funding required by the group and the parent company will be secured within the necessary timescale. As stated in note 1, these events or conditions, along with the other matters 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 challenged the directors' assessment that the group and parent company would be able to continue as a going concern and their 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. Our challenge of the key underlying assumptions included:

- Assessing the reasonableness of forecast expenditure by reference to Management's planned activity and actual expenditure in 2019.
- Agreeing the current cash resources to supporting documentation.
- We considered Management's assessment of possible adverse funding consequences arising from the Coronavirus outbreak, whether there are any other matters that may adversely impact upon their assessment of going concern and discussed these matters with Management.
- We reviewed information demonstrating ongoing activity in respect of management's engagement with potential providers of additional financing.

We evaluated the adequacy of the disclosures in the financial statements including management's assessment that funding would be required in the second half of 2020.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) 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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the going concern key audit matter in the Material uncertainty related to going concern section above, the following matter was identified:

KEY AUDIT MATTER

Impairment of Exploration and Evaluation assets

As detailed in note 8 to the financial statements, the group holds three groups of exploration and evaluation assets: a lithium project in Portugal; mineral sands in Mozambique and copper projects in Oman.

As set out in the accounting policy on Exploration and Evaluation Assets in note 1 to the financial statements, accounting standards require Management to carry out an assessment at least annually for any indicators of impairment as set out in the accounting policy. Reviewing indicators of impairment often require significant judgements, which are explained in the section on key judgements relating to exploration and evaluation assets in note 1 to the financial statements and given the subjectivity of the judgements we identified this impairment assessment as a significant risk area and a key audit matter.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We reviewed and challenged Management's assessment of the indicators of impairment, which was prepared in accordance with the requirements of IFRS 6, Exploration for and Evaluation of Mineral Resources, by performing the following procedures:

We agreed their assessment to supporting documentation, including:

- Technical data relating to mineral resources
- Scoping studies where available
- Exploration and mining licence permits
- For the Oman Block 4 and 5 exploration licences, which have not been renewed, we considered Management's assessment that they expect the licences to be granted by reference to their documented status of the renewal process, correspondence with the licencing authorities and their legal advice on the licence renewal.

Evaluated the appropriateness of the disclosures provided in note 8 to the financial statements in relation to Management's assessment of impairment indicators, information relating to the status of the mining and exploration licences for the projects and the requirements of relevant accounting standards.

KEY OBSERVATION

We found the impairment assessment of E&E assets prepared by management to be acceptable and appropriately disclosed.

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

Our application of materiality

Group materiality	£407,000 (2018: £420,000)
Basis for materiality	1.5% of total assets (2018: 1.5%)
Group performance materiality	£305,000 (2018: £315,000)
Basis for performance materiality	75% of group materiality (2018: 75% of group materiality)
Parent company materiality	£300,000 (2018: £310,000)
Basis for materiality	74% of group materiality (2018: 74% of group materiality)
Parent company performance materiality	£225,000 (2018: £232,500)
Basis for performance materiality	75% of parent company materiality (2018: 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 for users of the financial statements as the group continues to bring its mining assets through to production.

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.

Each significant component of the group was audited to a lower level of materiality ranging from £27,300 to £300,000.

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 £8,100 (2018: £8,400). 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. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement due to fraud.

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 were all subject to a full scope audit. Together with the parent company, which was also subject to a full scope audit, these represent the significant components of the group 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 LLP 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 auditor along with the consideration of findings and determination of conclusions drawn. As part of our audit strategy, we issued group audit engagement instructions and discussed the instructions with the component auditor. A senior member of the group audit team performed a review of the component audit file and we discussed the audit findings with the component auditor. For this component we also performed audit procedures in respect of the significant risk area that is reported as 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 and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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

REPORT OF THE INDEPENDENT AUDITORS

to the members of Savannah Resources Plc

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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stuart Barnsdall (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

17 March 2020

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 2019

	Notes	2019 £	2018 £
CONTINUING OPERATIONS			
Revenue		**–**	–
Other Income		**35,325**	–
Administrative Expenses		**(3,861,344)**	(3,258,458)
Impairment of Intangible Assets	8	**–**	(140,024)
OPERATING LOSS		**(3,826,019)**	(3,398,482)
Finance Income		**25,621**	17,321
Finance Costs		**(1,528)**	–
LOSS BEFORE AND AFTER TAX ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT	4	**(3,801,926)**	(3,381,161)
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		**2,496**	(73,345)
Items that will or may be reclassified to profit or loss:			
Exchange Gains/(Losses) arising on translation of foreign operations		**(609,228)**	384,248
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**(606,732)**	310,903
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT		**(4,408,658)**	(3,070,258)
Loss per share attributable to equity owners of the parent expressed in pence per share:			
Basic and diluted			
From Operations	7	**(0.36)**	(0.44)

The notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

ASSETS	Notes	2019 £	2018 £
NON-CURRENT ASSETS			
Intangible Assets	8	**21,068,376**	17,413,168
Right-of-Use Assets	21	**37,785**	–
Other Intangible Assets	9	**10,804**	342,881
Property, Plant and Equipment	10	**1,337,229**	1,437,068
Other Non-Current Assets	15	**248,275**	253,188
Bank Deposits	15	**742,363**	–
TOTAL NON-CURRENT ASSETS		**23,444,832**	19,446,305
CURRENT ASSETS			
Investments	11	**36,762**	18,007
Trade and Other Receivables	13	**285,699**	330,774
Other Current Assets	15	**19,171**	223,733
Cash and Cash Equivalents	14	**3,484,781**	7,715,435
TOTAL CURRENT ASSETS		**3,826,413**	8,287,949
TOTAL ASSETS		**27,271,245**	27,734,254
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share Capital	16	**12,974,598**	8,814,518
Share Premium	16	**33,511,787**	31,060,554
Merger Reserve	16	**6,683,000**	–
Foreign Currency Reserve		**(30,257)**	579,126
Warrant Reserve	23	**975,679**	1,000,221
Share Based Payment Reserve	23	**410,121**	508,051
FVTOCI Reserve		**(43,439)**	(58,737)
Retained Earnings		**(28,163,712)**	(16,485,626)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**26,317,777**	25,418,107
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and Borrowings	24	**–**	25,813
Lease Liabilities	21	**12,059**	–
TOTAL NON-CURRENT LIABILITIES		**12,059**	25,813
CURRENT LIABILITIES			
Loans and Borrowings	24	**–**	16,895
Lease Liabilities	21	**18,990**	–
Trade and Other Payables	17	**922,419**	2,273,439
TOTAL CURRENT LIABILITIES		**941,409**	2,290,334
TOTAL LIABILITIES		**953,468**	2,316,147
TOTAL EQUITY AND LIABILITIES		**27,271,245**	27,734,254

The Financial Statements were approved by the Board of Directors on 17 March 2020 and were signed on its behalf by:

David Archer
Chief Executive Officer
Company number: 07307107

The notes form part of these Financial Statements.

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

ASSETS	Notes	2019 £	2018 £
NON-CURRENT ASSETS			
Investments in Subsidiaries	11	**894,993**	458,667
Other Intangible Asset	9	**5,948**	333,353
Other Receivables	13	**33,265,297**	20,844,330
Other Non-Current Assets	15	**41,068**	36,800
TOTAL NON-CURRENT ASSETS		**34,207,306**	21,673,150
CURRENT ASSETS			
Investments	11	**33,935**	17,225
Trade and Other Receivables	13	**70,338**	130,438
Other Current Assets	15	**–**	202,180
Cash and Cash Equivalents	14	**3,277,943**	7,368,469
TOTAL CURRENT ASSETS		**3,382,216**	7,718,312
TOTAL ASSETS		**37,589,522**	29,391,462
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share Capital	16	**12,974,598**	8,814,518
Share Premium	16	**33,511,787**	31,060,554
Merger Reserve	16	**6,683,000**	–
Warrant Reserve	23	**975,679**	1,000,221
Share Based Payment Reserve	23	**410,121**	508,051
FVTOCI Reserve		**(43,439)**	(58,737)
Retained Earnings		**(17,341,234)**	(12,883,510)
TOTAL EQUITY		**37,170,512**	28,441,097
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	17	**419,010**	950,365
TOTAL LIABILITIES		**419,010**	950,365
TOTAL EQUITY AND LIABILITIES		**37,589,522**	29,391,462

The Company total comprehensive loss for the financial year was £4,598,068 (2018: £2,523,008) (Note 6).

The Financial Statements were approved by the Board of Directors on 17 March 2020 and were signed on its behalf by:

David 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 2019

	Share Capital £	Share Premium £	Merger Reserve £	Foreign Currency Reserve £	Warrant Reserve £	Share Based Payment Reserve £	FVTOCI Reserve £	Retained Earnings £	Total Equity £
At 1 January 2018	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
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,801,926)**	**(3,801,926)**
Other Comprehensive Income	**–**	**–**	**–**	**(609,383)**	**–**	**–**	**15,298**	**(12,802)**	**(606,887)**
Total Comprehensive Income for the year	**–**	**–**	**–**	**(609,383)**	**–**	**–**	**15,298**	**(3,814,728)**	**(4,408,813)**
Issue of share capital (net of expenses) (Note 16)	**2,500,000**	**2,326,400**	**–**	**–**	**–**	**–**	**–**	**–**	**4,826,400**
Consideration for acquisition of non-controlling interest (Note 8, 16)	**1,630,000**	**–**	**6,683,000**	**–**	**–**	**–**	**–**	**(8,019,000)**	**294,000**
Consideration for settlement deferred consideration (Note 11)	**30,080**	**124,833**	**–**	**–**	**–**	**–**	**–**	**–**	**154,913**
Share based payment charges	**–**	**–**	**–**	**–**	**–**	**33,170**	**–**	**–**	**33,170**
Lapse of options	**–**	**–**	**–**	**–**	**–**	**(131,100)**	**–**	**131,100**	**–**
Lapse of warrants	**–**	**–**	**–**	**–**	**(24,542)**	**–**	**–**	**24,542**	**–**
At 31 December 2019	**12,974,598**	**33,511,787**	**6,683,000**	**(30,257)**	**975,679**	**410,121**	**(43,439)**	**(28,163,712)**	**26,317,777**

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

Reserve	**Description and purpose**
Share Capital	Amounts subscribed for share capital at nominal value.
Share Premium	Amounts subscribed for share capital in excess of nominal value less costs of fundraising.
Merger Reserve	Amounts subscribed for share capital in excess of nominal value in respect of the consideration paid in an acquisition arrangement, when the issuing company takes its interest in another company from below 90% to 90% or above equity holding.
Foreign Currency Reserve	Gains/losses arising on retranslating the net assets of group operations into Pound Sterling.
Warrant Reserve	Fair value of the warrants issued.
Share Based Payment Reserve	Represents the accumulated balance of share based payment charges recognised in respect of asset acquired and share options granted by Savannah Resources Plc, less transfers to retained losses in respect of options exercised, lapsed and forfeited.
FVTOCI Reserve	Cumulative changes in fair value of equity investments classified at fair value through other comprehensive income (FVTOCI).
Retained Earnings	Cumulative net gains and losses recognised in the Consolidated Statement of Comprehensive Income and other transactions recognised directly in Retained Earnings.

The notes form part of these Financial Statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Share Capital £	Share Premium £	Merger Reserve £	Warrant Reserve £	Share Based Payment Reserve £	FVTOCI Reserve £	Retained Earnings £	Total Equity £
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
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(4,600,564)**	**(4,600,564)**
Other Comprehensive Income	**–**	**–**	**–**	**–**	**–**	**15,298**	**(12,802)**	**2,496**
Total Comprehensive Income for the year	**–**	**–**	**–**	**–**	**–**	**15,298**	**(4,613,366)**	**(4,598,068)**
Issue of share capital (net of expenses) (Note 16)	**2,500,000**	**2,326,400**	**–**	**–**	**–**	**–**	**–**	**4,826,400**
Consideration for acquisition of non-controlling interest (Note 8, 16)	**1,630,000**	**–**	**6,683,000**	**–**	**–**	**–**	**–**	**8,313,000**
Consideration for settlement deferred consideration (Note 11)	**30,080**	**124,833**	**–**	**–**	**–**	**–**	**–**	**154,913**
Share based payment charges	**–**	**–**	**–**	**–**	**33,170**	**–**	**–**	**33,170**
Lapse of options	**–**	**–**	**–**	**–**	**(131,100)**	**–**	**131,100**	**–**
Lapse of warrants	**–**	**–**	**–**	**(24,542)**	**–**	**–**	**24,542**	**–**
At 31 December 2019	**12,974,598**	**33,511,787**	**6,683,000**	**975,679**	**410,121**	**(43,439)**	**(17,341,234)**	**37,170,512**

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

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

The notes form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

	Notes	2019 £	2018 £
Cash flows used in operating activities			
Loss for the year		**(3,801,926)**	(3,381,162)
Depreciation and amortisation charges	10,21	**40,872**	31,194
Impairment of assets	8	**–**	140,024
Share based payment charge	3, 23	**33,170**	38,580
Finance income		**(25,621)**	(17,321)
Finance expense		**1,528**	–
Exchange losses/(gains)	4	**196,229**	(54,076)
Cash flow from operating activities before changes in working capital		**(3,555,748)**	(3,242,761)
Decrease/(Increase) in trade and other receivables		**254,550**	(179,376)
(Decrease)/Increase in trade and other payables		**(589,705)**	562,925
Net cash used in operating activities		**(3,890,903)**	(2,859,212)
Cash flow used in investing activities			
Purchase of intangible exploration assets	8	**(4,169,238)**	(6,317,118)
Purchase of other intangible assets	9	**(1,278)**	(131,173)
Purchase of tangible fixed assets	10	**(21,296)**	(328,768)
Purchase of investments	11	**(28,371)**	(695)
Proceeds from sale of investments	11	**12,112**	104,461
Bank deposits for mining licences	15	**(742,363)**	–
Guarantees for acquisition of intangible exploration assets	15	**–**	(202,180)
Interest received		**25,621**	17,321
Net cash used in investing activities		**(4,924,813)**	(6,858,152)
Cash flow from financing activities			
Proceeds from issues of ordinary shares (net of expenses)		**4,826,400**	14,986,546
Principal paid on lease liabilities	21	**(20,488)**	–
Interest paid on lease liabilities	21	**(1,528)**	–
Net cash from financing activities		**4,804,384**	14,986,546
(Decrease)/Increase in cash and cash equivalents		**(4,011,332)**	5,269,182
Cash and cash equivalents at beginning of year		**7,715,435**	2,455,968
Exchange losses on cash and cash equivalents		**(219,322)**	(9,715)
Cash and cash equivalents at end of year		**3,484,781**	7,715,435

The notes form part of these Financial Statements.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

	Notes	2019 £	2018 £
Cash flows used in operating activities			
Loss for the year		**(4,600,564)**	(2,449,736)
Impairment of financial assets	13	**1,035,627**	1,325,790
Share based payment reserve charge	3, 23	**33,170**	38,580
Finance income		**(25,514)**	(17,321)
Exchange losses/(gains)		**1,718,168**	(628,473)
Cash flow from operating activities before changes in working capital		**(1,839,113)**	(1,731,160)
Decrease/(Increase) in trade and other receivables		**182,233**	(103,289)
(Decrease)/Increase in trade and other payables		**(512,038)**	477,736
Net cash used in operating activities		**(2,168,918)**	(1,356,713)
Cash flow used in investing activities			
Investment in subsidiaries	11	**(27,195)**	(115,784)
Loans to subsidiaries	13	**(6,512,623)**	(8,049,798)
Purchase of other intangible assets	9	**–**	(131,173)
Guarantees for acquisition of intangible exploration assets	15	**–**	(202,180)
Purchase of investments	11	**(26,326)**	–
Proceeds from sale of investments	11	**12,112**	104,461
Interest received		**25,514**	17,321
Net cash used in investing activities		**(6,528,518)**	(8,377,153)
Cash flow from financing activities			
Proceeds from issues of ordinary shares (net of expenses)		**4,826,400**	14,986,546
Net cash from financing activities		**4,826,400**	14,986,546
(Decrease)/Increase in cash and cash equivalents		**(3,871,036)**	5,252,680
Cash and cash equivalents at beginning of year		**7,368,469**	2,125,504
Exchange losses on cash and cash equivalents		**(219,490)**	(9,715)
Cash and cash equivalents at end of year		**3,277,943**	7,368,469

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 raised equity funds for its activities. The Directors believe that the Group's project portfolio is attractive and are confident that funding will continue to be secured and that it is appropriate to prepare the Financial Statements on a going concern basis. The Company currently has a number of options in respect of future financing and has engaged with potential financiers and sources of capital.

The Directors have prepared cash flow forecasts for the twelve month period from the date of approval of the financial statements which indicates that additional funding will be required in the second half of 2020. 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 will be secured within the necessary timescale although the Company has the ability to take actions to reduce its financial commitments in response to possible delays in funding due to the impact of the Coronavirus with a corresponding slowing of the tempo of activities. 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 and the Group has received interest for alternative sources of finance in particular for its flagship project in Portugal. 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

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

All equity investments, excluding subsidiaries, held are quoted and traded in an active market. The 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.

1. **ACCOUNTING POLICIES** continued

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.

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.

1. **ACCOUNTING POLICIES** continued

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

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

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

Cash and Cash Equivalents

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

1. ACCOUNTING POLICIES continued

Guarantees

Guarantees represents deposits held as security required by the local mining/environmental authorities in relation to exploration/mining licences and applications thereof. They are not expected to be converted into cash within less than 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 Statement of Comprehensive Income.

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

Taxation

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

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

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

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

IFRS 16 was adopted 1 January 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 January 2019, see Note 24. The following policies apply subsequent to the date of initial application, 1 January 2019.

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

On initial recognition, the carrying value of the lease liability also includes:

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

1. ACCOUNTING POLICIES continued

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

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

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

Amounts payable for leases covered by the short-term exemption are charged to the income statement on a straight-line basis over the term of the relevant lease.

Share-Based Payments

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

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

Where equity instruments are granted to persons other than employees for goods and services received, the fair value of goods and services received is recognised in either the Statement of Comprehensive Income or the Statement of Financial Position in accordance with the Group's relevant accounting policies. Where it is not possible to reliably value the goods or services received, the fair value is measured by valuing the equity instruments granted using an option 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 Investor Warrants. The fair value of the Investor 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.

1. ACCOUNTING POLICIES continued

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.

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

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

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) 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 23.

(b) 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 the timing of granting licences by the relevant ministers and governments, and the information provided by the Group's local teams based on communications with these bodies.

1. ACCOUNTING POLICIES continued

(b) 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.

(c) Impairment of Amounts due from Subsidiaries

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

(d) 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 2018 and 2019 management concluded that there were no relevant changes affecting the relationship between the Group and the other parties and therefore there are no changes to the initial accounting treatment of these agreements.

Accounting Developments During 2019

The accounting policies adopted are consistent with those of the previous financial year except for those relating to leases and the new accounting policy stated above. Management has reviewed the new standards and amendments to IFRS effective as of 1 January 2019. The most significant of these is IFRS 16 Leases. Details of the effect that this had on the Financial Statements of the Group or Company are given in Note 24.

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 Group is currently assessing the impact of these new accounting standards and amendments.

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.

2. SEGMENTAL REPORTING continued

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 and Portugal 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**	**HQ and corporate**	**Investments**	**Elimination**	**Total**
	£	**£**	**£**	**£**	**£**	**£**	**£**
2019							
Revenue	**–**	**67,985**	**1,468,644**[1]	**1,011,800**	**–**	**(2,513,104)**	**35,325**
Finance Costs	**–**	**–**	**(1,528)**	**–**	**–**	**–**	**(1,528)**
Interest Income	**–**	**107**	**–**	**25,514**	**–**	**–**	**25,621**
Share based payments	**–**	**–**	**–**	**33,170**	**–**	**–**	**33,170**
Loss for the year	**(227,672)**	**(514,312)**	**(1,050,912)**	**(3,033,141)**	**(11,516)**	**1,035,627**	**(3,801,926)**
Loss on disposal of Investments	**–**	**–**	**–**	**–**	**(11,516)**	**–**	**(11,516)**
Total Assets	**5,507,375**	**5,957,598**	**12,261,328**	**3,508,182**	**36,762**	**–**	**27,271,245**
Total Non-Current Assets	**5,409,757**	**5,859,794**	**12,128,265**	**47,016**	**–**	**–**	**23,444,832**
Additions to Non-Current Assets	**553,010**	**1,039,529**	**3,353,402**	**(323,137)**	**–**	**–**	**4,622,804**
Total Current Assets	**97,618**	**97,804**	**133,063**	**3,461,166**	**36,762**	**–**	**3,826,413**
Total Liabilities	**(115,095)**	**(40,770)**	**(317,634)**	**(479,969)**	**–**	**–**	**(953,468)**

	Oman Copper	Mozambique Mineral Sands	Portugal Lithium	Finland Lithium	HQ and corporate	Investments	Elimination	Total
	£	£	£	£	£	£	£	£
2018								
Revenue	–	–	386,694[1]	–	1,011,614	–	(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)	(3,012,883)	–	1,325,790	(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)

[1] Revenues included in the Portugal Lithium segment include £1,433,319 (2018: £386,694) relate to intercompany recharges within this segment and therefore eliminated in column Elimination.

3. EMPLOYEES AND DIRECTORS

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

	Group		Company	
	2019	2018	**2019**	2018
	No	No	**No**	No
Operational	**42**	39	**1**	1
Non-operational	**22**	17	**7**	5
	64	56	**8**	6

	Group		Company	
	2019	2018	**2019**	2018
Staff Costs (excluding Directors)	**£**	£	**£**	£
Salaries	**1,790,408**	1,527,761	**550,421**	395,134
Bonus	**–**	131,752	**–**	88,805
Social security and other employee expenses	**184,706**	106,112	**65,861**	51,922
Pension	**57,404**	24,241	**57,404**	24,241
Share based payment expense (see Note 23)	**25,835**	38,580	**25,835**	38,580
	2,058,353	1,828,446	**699,521**	598,682

The Group numbers in the above table includes £779,233 (2018: £666,922) which was capitalised as an intangible asset.

Directors' Remuneration	**2019**	2018
	£	£
Salaries	**564,652**	435,786
Bonus	**–**	170,191
Social security and taxes	**73,315**	57,656
Pension	**30,902**	19,704
Share based payment expense (see Note 23)	**7,335**	–
Other	**4,472**	–
	680,676	683,337

The numbers in the above table include £131,101 (2018: £125,541) of Directors' Remuneration which was capitalised as an intangible asset in relation to the provision of specific technical services.

In 2018 a gross gain (before taxes) of £337,933 on the exercise of share options was attributable to the Directors. The costs related to these exercised share options were charged in the Consolidated Statement of Comprehensive Income when the options were vested in prior years. No share options were exercised during 2019.

The Directors' remuneration is paid by the Company.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. EMPLOYEES AND DIRECTORS continued

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

	Directors' emoluments 2019						Directors' emoluments 2018				
	Salary	**Bonus**	**Pension**	**Non-cash share options**	**Other**	**Total**	Salary	Bonus	Pension	Non-cash share options	Total
	£	**£**	**£**	**£**	**£**	**£**	£	£	£	£	£
Executive Directors											
Dale Ferguson	**149,652**	**–**	**–**	**7,335**		**156,987**	144,484	71,311[1]	–	–	215,795
David Archer	**310,000**	**–**	**30,902**	**–**	**4,472**	**345,374**	247,200	98,880[1]	19,704	–	365,784
Non-Executive Directors											
Matthew King	**65,000**	**–**	**–**	**–**	**–**	**65,000**	40,000	–	–	–	40,000
James Leahy	**40,000**	**–**	**–**	**–**	**–**	**40,000**	4,103	–	–	–	4,103
Maqbool Ali Sultan	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Imad Kamal Abdul Redha Sultan	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Manohar Shenoy	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Murtadha Ahmed A Sultan	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
	564,652	**–**	**30,902**	**7,335**	**4,472**	**607,361**	435,787	170,191	19,704	–	625,682

[1] Bonuses unpaid as at 31 December 2018

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 2018 Plan and all awards under it were terminated with no rewards 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 (Note 23). The exercise price of 10p represented an 87% premium to the closing share price on the preceding business day.

At the recommendation of the Remuneration Committee, KPMG was appointed to undertake a benchmarking exercise on senior roles within the organisation. As a result of this exercise, which involved benchmarking to both sector peer groups and listed companies by market capitalisation, it was recommended that the CEO's (David Archer's) salary should be increased to £310,000. This was based upon the upper quartile range of benchmarked groups and reflected the excellent way in which Mr Archer has led the Company, in particular with reference to the significant milestones achieved at the Mina do Barroso lithium project in 2018. The previous time a benchmarking exercise was undertaken was in 2016, and in respect of this salary increase in 2019 the Company consulted with institutional investors once it had received and reviewed the benchmarking information provided by KPMG.

4. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:

	2019	2018
	£	£
Depreciation and amortisation	**40,872**	31,194
Auditors' remuneration:		
– Statutory audit of the Group Financial Statements	**43,500**	46,700
– Non-audit services	**33,960**	21,358
Fees payable to associated firms of the auditor for audit of subsidiaries	**25,305**	25,415
Fees payable to associated firms of the auditor for non-audit services	**8,068**	9,527
Professional fees	**1,076,638**	747,459
Foreign exchange loss/(gain)	**196,229**	(54,076)
Operating lease payments (Note 21)	**196,387**	94,920
Share based payments	**33,170**	38,580

5. INCOME TAX

Analysis of the Tax Charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2019 nor for the year ended 31 December 2018.

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:

	2019	2018
	£	£
Loss on ordinary activities before tax	**(3,801,926)**	(3,381,161)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018 – 19%)	**(722,366)**	(642,421)
Effects of:		
Expenses not deductible for tax purposes	**50,059**	116,593
Different tax rates applied in overseas jurisdictions	**87,926**	31,777
Tax losses carried forward	**584,381**	494,051
Total income tax	**–**	–

Deferred Tax

The Group has carried forward losses amounting to £10,282,984 as at 31 December 2019 (2018: £8,732,530). 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. Tax losses related to the subsidiaries in Mozambique and Portugal can be carried forward for a 5 years and 12 years period respectively.

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 £4,598,068 (2018: £2,523,008).

7. EARNINGS PER SHARE

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

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

In accordance with IAS 33 as the Group is reporting a loss for both this and the preceding year the Share Options and Investor Warrant are not considered dilutive because the exercise of these would have the effect of reducing the loss per share.

Reconciliations are set out below.

	2019	2018
	£	£
Basic Loss Per Share		
Losses attributable to ordinary shareholders:		
Total loss for the year	**(3,801,926)**	(3,381,161)
Weighted average number of shares	**1,042,871,447**	766,442,525
Loss per share – total loss for the year from continuing operations	**0.0036**	0.0044

8. INTANGIBLE ASSETS

	Exploration and Evaluation
	£
Cost	
At 1 January 2018	9,809,994
Additions	7,248,950
Transfer from Assets classified as held for sale	137,128
Foreign exchange movements	357,120
At 31 December 2018	17,553,192
Additions	**3,894,826**
Transfer from Other Intangible Assets	**333,353**
Foreign exchange movements	**(572,971)**
At 31 December 2019	**21,208,400**
Amortisation and impairment	
At 1 January 2018	–
Impairment charged in the year	140,024
At 31 December 2018	140,024
Impairment charged in the year	–
At 31 December 2019	**140,024**
Net Book Value	
At 1 January 2018	9,809,994
At 31 December 2018	17,413,168
At 31 December 2019	**21,068,376**

8. INTANGIBLE ASSETS continued

In June 2019 the Group acquired the remaining 25% of Savannah Lithium Lda ("SL") (Note 11), with consideration satisfied by the issue of 163,000,000 ordinary shares in the Company (~GBP £8,313,000) (Note 16), and therefore this is a share based payment transaction. In 2019 the Exploration and Evaluation Asset has been increased by £294,000, being the fair value of the Non-Controlling Interest ("NCI") at the date of initial acquisition. No NCI amounts have been recognised in equity as they are not considered material and they do not continue after the acquisition of the remaining 25% in SL. The acquisition of the NCI is a transaction within equity and the remaining value (GBP £8,019,000) has been recorded in the Group's Retained Earnings.

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

	2019	2018
	£	£
Mozambique Minerals Sands	**3,874,935**	3,645,207
Oman Copper	**5,258,775**	4,868,220
Portugal Lithium	**11,934,666**	8,899,741
	21,068,376	17,413,168

The Directors have reviewed the carrying value of the CGUs and have not identified any indicators of impairment, except the impairment of the assets in Finland in 2018. Therefore, there is no impairment charge in 2019 or 2018 for Oman, Mozambique and Portugal. There were no disposals in 2019 or 2018.

The Block 4 exploration licence renewal has been pending for around 18 months due to a party claiming to have rights to certain areas within Block 4 which resulted in those areas, which require further exploration, being excluded from the ongoing renewal process. 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. This opinion is further supported by previous correspondence from the competent authority in relation to this matter, and by the series of renewals of the Block 4 exploration licence which contained no exclusions. At the reporting date, the value of the Block 4 intangible exploration asset is £2.2m (2018: £2.1m). The Company is engaged with the Public Authority of Mining and the government in respect of resolving this matter and the Board expects this to be resolved with the Block 4 licence renewed with no exclusions in due course.

During the first quarter of 2019, the Group received all required 'no objection' or approvals letters for the issuance of the mining licences on Mahab 4 and Maqail South mining areas in Block 5. In mid- 2019, Savannah received a notice from PAM indicating its intention to grant mining licences over the Mahab 4 and Maqail South high grade copper deposits. Accordingly, mining licenses are expected to be granted once new licensing fees have been set under the new Mining Law. The Directors expect the mining licences to be granted in the coming months.

Block 5 exploration licence renewal was submitted in 2019. During the third quarter of 2019, Public Authority for Mining has initiated the official procedures to renew the exploration license on Block 5 which haven't been completed yet. The Directors are confident that the renewal will be received relatively soon.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INTANGIBLE ASSETS continued

In December 2019 Matilda Minerals Lda was granted with a Mining Concession for the Jangamo deposit – 9735C for a period of 25 years. In December 2019 and January 2020 respectively Rio Tinto through its subsidiary Mutamba Mineral Sands, S.A was granted with Mining Concessions for the Dongane/Ravene deposit – 9229C for a period of 25 years and with a Mining Concession for the Jangamo deposit – 9229C for a period of 25 years. The only outstanding mining concession application is the one related to Chilubane. The application was submitted at the same time as the other applications and feedback received from the Ministry indicates that no objections exists to the application. Some administrative matters need to be attended to in advance of the award but there is no reason for the management to believe that these will be in any way insurmountable.

9. OTHER INTANGIBLE ASSETS

Group:	**Other Intangible Assets £**
Cost	
At 1 January 2018	–
Additions	346,349
At 31 December 2018	346,349
Additions	**5,948**
Foreign exchange movements	**(510)**
Transfers to Exploration and Evaluation Assets	**(333,353)**
At 31 December 2019	**18,434**
Amortisation	
At 1 January 2018	–
Amortisation charged in the year	3,468
At 31 December 2018	3,468
Amortisation charged in the year	**4,162**
At 31 December 2019	**7,630**
Net Book Value	
At 1 January 2018	–
At 31 December 2018	342,881
At 31 December 2019	**10,804**

9. OTHER INTANGIBLE ASSETS continued

Company:	**Other Intangible Assets £**
Cost	
At 1 January 2018	–
Additions	333,353
At 31 December 2018	333,353
Additions	**5,948**
Transfers to Investments in Subsidiaries	**(333,353)**
At 31 December 2019	**5,948**
Net Book Value	
At 1 January 2018	–
At 31 December 2018	333,353
At 31 December 2019	**5,948**

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"). In June 2019 the Aldeia Option was exercised and the Company is required to commit to the purchase of the Proposed Licence Area once granted by the relevant Portuguese government bodies (Note 19). The total consideration of the exclusive due diligence and the Aldeia Option was Eur 373,000 (GBP £333,353), and after exercise of the Aldeia Option this has been transferred to Evaluation and Exploration Assets in the Group accounts and to Investments in Subsidiaries in the Company accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles £	Office Equipment £	Plant and Machinery £	Land £	Total £
Cost					
At 1 January 2018	75,363	23,912	1,094,465	46,275	1,240,015
Additions	72,419	5,176	164,179	9,361	251,135
Foreign exchange movements	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
Reclassification due to adoption of IFRS 16 (note 24)	**(56,096)**	**–**	**–**	**–**	**(56,096)**
At 1 January 2019	**95,317**	**31,198**	**1,277,514**	**56,345**	**1,460,374**
Additions	**–**	**13,413**	**7,883**	**–**	**21,296**
Foreign exchange movements	**(7,415)**	**(1,585)**	**(43,641)**	**(3,013)**	**(55,654)**
At 31 December 2019	**87,902**	**43,026**	**1,241,756**	**53,332**	**1,426,016**
Depreciation					
At 1 January 2018	31,644	12,287	–	–	43,931
Charge for year	21,352	9,842	–	–	31,194
Foreign exchange movements	2,219	2,058	–	–	4,277
At 31 December 2018	55,215	24,187	–	–	79,402
Reclassification due to adoption of IFRS 16 (note 24)	**(11,778)**	**–**	**–**	**–**	**(11,778)**
At 1 January 2019	**43,437**	**24,187**	**–**	**–**	**67,624**
Charge for year	**14,224**	**11,286**	**–**	**–**	**25,510**
Foreign exchange movements	**(3,113)**	**(1,234)**	**–**	**–**	**(4,347)**
At 31 December 2019	**54,548**	**34,239**	**–**	**–**	**88,787**
Net Book Value					
At 1 January 2018	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
At 1 January 2019	51,880	7,011	1,277,514	56,345	1,392,750
At 31 December 2019	**33,354**	**8,787**	**1,241,756**	**53,332**	**1,337,229**

The pilot plant located in Mozambique has not been depreciated during the year because it 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"):

	2019 £	2018 £
Mozambique Minerals Sands	**1,246,659**	1,282,458
Oman Copper	**–**	–
Portugal Lithium	**90,570**	154,610
	1,337,229	1,437,068

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 2019 or 2018.

11. INVESTMENTS

Group

	Shares in Investments at FVTOCI £
At 1 January 2018	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
Additions at cost	**28,371**
Disposals	**(12,112)**
Change in market value of investment	**2,496**
At 31 December 2019	**36,762**

Equity investments are designated as Fair value through other comprehensive income (FVTOCI).

In 2019 the Company acquired 25 million shares in a listed company. The fair value of these shares is the quoted value at the reporting date, being the fair value hierarchy level 1.

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). In 2019 the Company disposed these 312,500 shares in the listed company, with a loss on disposal of £11,516. At 31 December 2019 the Company does not hold any other shares in this company.

In 2018 the Company disposed of 6.9 million shares in a listed company. At 31 December 2018 and 2019 the Company does not hold any other shares in this company.

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 2019 and 2018 for these shares is level 1 as the valuation is based wholly on quoted prices.

Company

	Shares in Subsidiaries £
Non-Current	
At 1 January 2018	342,883
Additions	115,784
At 31 December 2018	458,667
Additions	**102,973**
Transfer from Other Intangible Assets	**333,353**
At 31 December 2019	**894,993**

11. INVESTMENTS continued

Company

	Shares in Investments at FVTOCI £
Current	
At 1 January 2018	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
Additions at cost	**26,326**
Disposals	**(12,112)**
Change in market value of investment	**2,496**
At 31 December 2019	**33,935**

In June 2019 the Group acquired the 25% minority interest of Savannah Lithium Lda (“SL”) (formerly Slipstream Resources Portugal Lda), increasing its interest in the entity to 100%. The Group issued 163,000,000 ordinary shares in the Company (~GBP £8,313,000) as consideration for the additional 25% in SL. 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 2018 the milestone payments related to the acquisition of the 75% interest in SL were fully satisfied.

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”).

In October 2016 SAV, 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. Further information about the CA is included in Note 12.

In 2018 the Group started the process of divesting its investment in Finkallio Oy, and at 31 December 2018 the Exploration and Evaluation Assets held on the Company were fully impaired. In 2019 the Group started the process to liquidate Finkallio Oy, which is expected to be completed in 2020.

In June 2019 the Company entered into an agreement with Gentor Resources Inc to settle the deferred consideration related to the original acquisition of the Block 5 licence in April 2014 as part of the strategic review of the Oman portfolio. The deferred consideration of UDS $3,000,000 (payable 50% in cash/50% in shares) relating to the share purchase agreement between the parties was cancelled in full return for the issue of USD $200,000 (~GBP £155,000) worth of Ordinary Shares in the Company (3,008,025 ordinary shares) (Note 16), which were subject to a six month orderly market agreement; and cash payment totalling USD $100,000 (~GBP £79,000). In accordance with IFRS guidance on the settlement of liabilities by the issue of equity (IFRIC19) the ordinary shares have been measured at their fair value with the premium recorded in the Share Premium account. The value of this settlement consideration of USD$300,000 has been capitalised in Exploration and Evaluation Assets (Note 8).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INVESTMENTS continued

In November 2014 the Group entered into an earn-in agreement ("Earn-in") to acquire up to a 65% interest in Al Thuraya LLC ("Al Thuraya") which wholly owns the highly prospective Block 4 Copper Project in Oman. In 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. A further USD $2,600,000 (~GBP £1,972,000) cash investment within four years (subsequently extended by eighteen months) is required to receive a further 14% shareholding in Al Thuraya. These funds will be used for geological development activities. During the 2019 financial year the Group made capital contributions of USD $237,046 (GBP £180,000) (2018: USD $441,769), being the total contribution, as at 31 December 2019, of USD $3,749,295 (GBP £2,840,000) (2018: USD $3,512,249).

The Company had the following subsidiary undertakings, either directly or indirectly, at 31 December 2019, which have been included in the Consolidated Financial Statements.

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[3,18]	Finland[14]	Mining & exploration[18]	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[15]	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	100%
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] This entity has 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 operation.

[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

[18] Under liquidation (expected to be concluded during H1 2020)

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 11 Joint Arrangements.

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 £2,658,984 (2018: £2,366,186) in Exploration and Evaluation Assets and £1,133,567 (2018: £1,122,092) 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 £2,896,545 (2018: £2,718,627).

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 11 Joint Arrangements.

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 £2,215,146 (2018: £2,149,594).

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	**2019**	2018
	£	£	**£**	£
Non-Current:				
Amounts due from Subsidiaries	**–**	–	**33,265,297**	20,844,330
Total Non-Current Trade and Other Receivables	**–**	–	**33,265,297**	20,844,330
Current:				
VAT Recoverable	**165,120**	133,728	**–**	–
Other Receivables	**120,579**	197,046	**70,338**	130,438
Total Current Trade and Other Receivables	**285,699**	330,774	**70,338**	130,438

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

The Amounts due from Subsidiaries include non-cash transactions amounting to £6,943,971. This includes £8,313,000 receivable from Savannah Resources Portugal BV related to the acquisition of the 25% of Savannah Lithium Lda with consideration paid in new ordinary shares in the Company, £154,913 receivable from Savannah Resources BV related to the cancelation of the deferred consideration commitment with Gentor Resources Inc with consideration paid in new ordinary shares in the Company, and a decrease in the value of the Amounts due from subsidiaries of £1,523,942 due to revaluation of loans in foreign currencies.

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.

13. TRADE AND OTHER RECEIVABLES continued

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. 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 its subsidiaries. When determining the expected credit losses Management has taken into account that the intercompany loans are related to projects that are in the exploration stage. Management has concluded that the success of the project is the most important factor that will drive credit losses. This will be affected by the results in mineral resources, the commodity prices, the capability of the Parent Company to obtain funds to develop the projects and the success in obtaining or renewing exploration and mining licences. Several scenarios and their likelihood have been considered to calculate the expected cash flows for the loans associated to each project and the expected credit losses as at the reporting date. In the current period the Company estimates that an expected credit loss calculated of £1m (2018: £1.3m) arises on the receivables from the subsidiaries, and £1.9m relating to prior periods.

Movements in the impairment allowance for amounts due from subsidiaries for the year ended 31 December 2019 is as follows:

Company

	Impairment from Subsidiaries £
At 1 January 2018	556,454
Charged during the year	1,325,790
At 1 January 2019	1,882,244
Charged during the year	**1,035,627**
At 31 December 2019	**2,917,871**

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

	Company	
	2019	2018
	£	£
Amounts due from Subsidiaries:		
Outstanding amount	**36,183,168**	22,726,574
Impairment	**(2,917,871)**	(1,882,244)
	33,265,297	20,844,330

14. CASH AND CASH EQUIVALENTS

	Group		**Company**	
	2019	2018	**2019**	2018
	£	£	**£**	£
Cash at Bank and in Hand	**3,484,781**	7,715,435	**3,277,943**	7,368,469

15. OTHER CURRENT AND NON-CURRENT ASSETS

	Group		Company	
	2019	2018	**2019**	20187
	£	£	**£**	£
Non-Current:				
Guarantees	**205,052**	213,645	**–**	–
Cash Deposits	**742,363**	–	**–**	–
Other	**43,223**	39,543	**41,068**	36,800
Total Other Non-Current Assets	**990,638**	253,188	**41,068**	36,800
Current:				
Guarantees	**–**	202,180	**–**	202,180
Other	**19,171**	21,553	**–**	–
Total Other Current Assets	**19,171**	223,733	**–**	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.

Non-Current Assets – Cash Deposits for £742,363 is a bank deposit with maturity lower than 3 months as of the signing date but with the obligation to be renewed on the termination date and therefore has been classified as Non-Current Assets. This cash is associated to the bank guarantee necessary for the grant of mining licences in Mozambique and is restricted cash until the end of the bank guarantee in 2023 (Note 22).

The Current Assets – Guarantees were guarantees required as part of the Aldeia Option (Note 9) executed as part of the Portuguese project during September 2018. The remaining payments related to the options were executed during 2019 and the guarantee was terminated.

16. SHARE CAPITAL

	2019		2018	
Allotted, issued and fully paid	**£0.01 ordinary shares number**	**£**	£0.01 ordinary shares number	£
At beginning of year	**881,451,795**	**8,814,518**	635,850,386	6,358,504
Issued during year:				
Share placements	**250,000,000**[1]	**2,500,000**	177,640,185	1,776,402
Exercise of share options	**–**	**–**	12,980,112	129,801
Exercise of warrants	**–**	**–**	13,981,112	139,811
In lieu of cash for acquisition of assets	**–**	**–**	40,000,000	400,000
Issued as condition of Joint arrangement	**–**	**–**	1,000,000	10,000
In lieu of cash for acquisition of minority interest	**163,000,000**[2]	**1,630,000**	–	–
Settlement of deferred consideration Oman	**3,008,025**[3]	**30,080**	–	–
At end of year	**1,297,459,820**	**12,974,598**	881,451,795	8,814,518

[1] In respect of the Share placements in 2019 the net proceeds were £4,826,400 (2018: £14,010,819) of which £2,326,400 (2018: £12,234,417) has been recorded in Share Premium. The gross proceeds were £5,000,000 (2018: £14,651,253).

[2] Refer to Note 8 and Note 11 for details of shares issued in lieu of cash for the acquisition of a minority interest. £6,683,000 has been recorded in Merger Reserve.

[3] Refer to Note 11 for details of shares issued in relation to the settlement of deferred consideration. £124,833 has been recorded in Share Premium.

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

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	**2019**	2018
	£	£	**£**	£
Current:				
Trade Payables	**436,459**	1,027,100	**199,815**	183,914
Other Payables	**96,493**	82,571	**60,205**	69,711
Accruals	**389,465**	1,163,768	**124,690**	692,380
Amounts owing to Subsidiaries	**–**	–	**34,300**	4,360
Total Current Trade and Other Payables	**922,417**	2,273,439	**419,010**	950,365

In 2019 accruals represent mainly professional fees in the Group for which invoices have not been received at the reporting date. In 2018 accruals included mainly work done in 2018 in the projects in Portugal (feasibility study and drilling programme), professional fees in the Group for which invoices had not been received at the reporting date, bonuses payable to employees 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 work performed in the projects which balances 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:

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

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

18. FINANCIAL INSTRUMENTS continued

Liquidity Risk

At the reporting date the Group's cash balance was £3.5m (2018: £7.7m). This, in conjunction with the raising of future cash through different options, which the Directors believe can be secured, will allow the Group to continue working on its development/exploration activities and to meet its financial commitments for at least 12 months. In common with many non-revenue generating companies, the Company routinely raises funds for its development activities. The Group's policy continues to be to ensure that it has adequate liquidity by careful management of its working capital.

Foreign Exchange Risk

The Group is exposed through its operations to foreign exchange risk which 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 whose functional currency is Euro.

Foreign exchange risk also arises when individual group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency (Euro, 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.

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 £3,393 (2018: increase in other comprehensive income and net assets of £1,723). 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. 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.

18. FINANCIAL INSTRUMENTS continued

Financial instruments by category (Group)

Financial Assets

	Amortised Cost £	**Fair Value Through Other Comprehensive Income £**	**Total £**
As at 31 December 2019			
Investments	**–**	**36,762**	**36,762**
Other Non-Current Assets	**248,275**	**–**	**248,275**
Cash Deposits	**742,363**	**–**	**742,363**
Other Current Assets	**19,171**	**–**	**19,171**
Cash and Cash Equivalents	**3,484,781**	**–**	**3,484,781**
Total Financial Assets	**4,494,590**	**36,762**	**4,531,352**
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

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

Financial Liabilities

	Financial Liabilities at Amortised Cost £	**Total £**
As at 31 December 2019		
Trade and Other Payables	**922,417**	**922,417**
Lease Liabilities	**31,049**	**31,049**
Total Financial Liabilities	**953,466**	**953,466**
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

18. FINANCIAL INSTRUMENTS continued

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

	Functional Currency of Entity							
	GBP 2019 £	**MZN 2019 £**	**EUR 2019 £**	**Total 2019 £**	GBP 2018 £	MZN 2018 £	EUR 2018 £	Total 2018 £
Foreign currency financial assets								
USD	**481,830**	**31,466**	**14,440**	**527,736**	2,468,014	76,259	56,688	2,600,961
EUR	**1,702,214**	**–**	**–**	**1,702,214**	2,381,502	–	–	2,381,502
AUD	**585,224**	**–**	**5,202**	**590,426**	797,215	–	5,419	802,634
GBP	**–**	**–**	**668**	**668**	–	–	–	–
Total	**2,769,268**	**31,466**	**20,310**	**2,821,044**	5,646,731	76,259	62,107	5,785,097

	Functional Currency of Entity						
	GBP 2019 £	**Total 2019 £**	GBP 2018 £	MZN 2018 £	OMR 2018 £	EUR 2018 £	Total 2018 £
Foreign currency financial liabilities							
USD	**58,144**	**58,144**	47,525	9,366	5,595	–	62,486
AUD	**114,124**	**114,124**	407,826	–	–	–	407,826
EUR	**34,118**	**34,118**	224,050	–	–	–	224,050
OMR	**10,270**	**10,270**	9,249	–	–	–	9,249
GBP	**–**	**–**	–		–	3,430	3,430
Total	**216,656**	**216,656**	688,650	9,366	5,595	3,430	707,041

The effect of a 10% strengthening of the USD against GBP at the reporting date on the USD denominated Cash and Cash 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 £58,637 (2018: £236,689). A 10% weakening in the exchange rate would, on the same basis, have increased pre-tax loss and decreased net assets by GBP £47,976 (2018: £288,705).

The effect of a 10% strengthening of the EUR against GBP at the reporting date on the EUR denominated Cash and Cash 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 £189,135 (2018: £216,917). A 10% weakening in the exchange rate would, on the same basis, have increased pre-tax loss and decreased net assets by GBP £154,747 (2018: £264,102).

The effect of a 10% strengthening of the AUD against GBP at the reporting date on the AUD denominated Cash and Cash 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 £65,603 (2018: £73,178). A 10% weakening in the exchange rate would, on the same basis, have increased pre-tax loss and decreased net assets by GBP £53,675 (2018: £88,924).

18. FINANCIAL INSTRUMENTS continued

Financial instruments by category (Company)

Financial Assets

	Amortised Cost £	Fair Value Through Other Comprehensive Income £	Total £
As at 31 December 2019			
Other Receivables	**33,265,297**	**–**	**33,265,297**
Other Non-Current Assets	**41,068**	**–**	**41,068**
Investments	**–**	**33,935**	**33,935**
Trade and Other Receivables	**70,338**	**–**	**70,338**
Cash and Cash Equivalents	**3,277,943**	**–**	**3,277,943**
Total Financial Assets	**36,654,646**	**33,935**	**36,688,581**
As at 31 December 2018			
Other Receivables	20,844,330	–	20,844,330
Other Non-Current Assets	36,800	–	36,800
Investments	–	17,225	17,225
Trade and Other Receivables	130,438	–	130,438
Other Current Assets	202,180	–	202,180
Cash and Cash Equivalents	7,368,469	–	7,368,469
Total Financial Assets	28,582,217	17,225	28,599,442

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

Financial liabilities

	Financial Liabilities at Amortised Cost £	Total £
As at 31 December 2019		
Trade and Other Payables	**419,010**	**419,010**
Total Financial Liabilities	**419,010**	**419,010**
At 31 December 2018		
Trade and Other Payables	950,365	950,365
Total Financial Liabilities	950,365	950,365

18. FINANCIAL INSTRUMENTS continued

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

	Functional Currency of Entity	
	GBP	**Total**
	2019	**2019**
	£	**£**
Foreign currency financial liabilities		
USD	**39,432**	**39,432**
AUD	**18,061**	**18,061**
EUR	**30,516**	**30,516**
OMR	**10,270**	**10,270**
Total	**98,279**	**98,279**

	Functional Currency of Entity	
	GBP	**Total**
	2019	**2019**
	£	**£**
Foreign currency financial assets		
USD	**6,732,424**	**6,732,424**
EUR	**22,432,437**	**22,432,437**
AUD	**585,224**	**585,224**
OMR	**16,738**	**16,738**
Total	**29,766,823**	**29,766,823**

Capital Disclosures

The Group's objectives when maintaining capital are:

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

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

19. GROUP CONTINGENT LIABILITIES

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

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

In June 2019 the Company exercised its option to acquire a Mining Lease Application for lithium, feldspar and quartz from private Portuguese company, Aldeia & Irmão, S.A.. The total purchase price for the acquisition is EUR €3,250,000 (~ GBP £2,778,000), which will only become due once the Mining Lease Application has been granted and the Mining Rights transferred to an entity within the Group, at which point the agreed payment schedule will consist of an initial EUR €55,000 (~ GBP £47,000) payment with the balance due in 71 equal monthly instalments. Upon delivery of the request for transfer of the Mining Rights to an entity within the Group, the Group shall provide with a bank guarantee of EUR €3,195,000 (~ GBP £2,730,000) that will be reduced in accordance with the 71 monthly instalments.

20. RELATED PARTY DISCLOSURES

Details of Directors' remuneration are disclosed in Note 3. During the year £131,693 (2018: £198,287) was payable to Blue Bone Consulting Pty Ltd (a company controlled by Dale Ferguson) for consultancy fees of which £10,727 (2018: £83,193 including bonus) remained unpaid. The amounts payable to Blue Bone Consulting Pty Ltd have been included in the Directors' remuneration in Note 3.

Dale Ferguson is also a Director and minority shareholder of Slipstream Resources Investments Pty Ltd (one of the Vendors of Savannah Lithium Lda). As such, he was excluded from any of the Group's commercial negotiations with the Vendors and was precluded from voting on Board matters related to the acquisition of the 25% in Savannah Lithium Lda. Dale Ferguson indirectly received 33,618,750 ordinary shares in Savannah Resources plc as consideration for the Transaction.

During the year £1,000 was payable to a related party from Matthew King for marketing services. There is no unpaid balance relating to this at year end.

21. LEASES

Right-of-Use Assets

	Vehicles £
Cost	
At 1 January 2019 (Note 24)	56,096
Additions	**8,829**
At 31 December 2019	**64,925**
Depreciation	
At 1 January 2019 (Note 24)	11,778
Charge for year	**15,362**
At 31 December 2019	**27,140**
Net Book Value	
At 1 January 2019 (Note 24)	44,318
At 31 December 2019	**37,785**

Lease Liabilities

	Vehicles £
At 1 January 2019	42,708
Additions	**8,829**
Lease payments	**(18,204)**
Foreign exchange movements	**(2,284)**
At 31 December 2019	**31,049**

21. LEASES continued

2019	**Minimum lease payments £**	**Interest £**	**Present value £**
No later than 1 year	**19,643**	**653**	**18,990**
Later than 1 year and no later than 5 years	**12,197**	**138**	**12,059**
Later than 5 years	**–**	**–**	**–**
Total Lease Liabilities			**31,049**
Current Liabilities			**18,990**
Non-Current Liabilities			**12,059**

The right-of-use assets and related lease liabilities are for the lease of motor vehicles. Total 2019 cash flow outflow amount is £19,732.

Other Leases

The Group has registered £192,219 in the Statement of Comprehensive Income related to short-term leases. Short-term leases meet the requirements to not be accounted for by recognising a right-of-use asset and a lease liability, having a duration of 12 months or less and without reasonable certainty about their renewal.

At 31 December 2019 the Other Lease commitments for the next 12 months is £90,449.

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

22. GROUP 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 2019 are USD $3,749,294 (2018: $3,512,249), and therefore a further USD $850,705 (2018: $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.

As a condition of being granted with mining licence 9735C in Mozambique the Group, through Matilda Minerals Lda, signed a bank guarantee of MZN 60,143,680 (~GBP £742,363) to be assigned to the Ministério Dos Recursos Minerais e Energia (Ministry of Natural Resources and Energy). The guarantee is valid until the 28 November 2023 and Matilda Minerals Lda is obligated to maintain funds for the same amount as the guarantee in a bank account. These funds can be transferred to bank deposits, and currently are held in a 3 months bank deposit (Note 14).

23. SHARE OPTIONS AND INVESTOR WARRANTS

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

	2019 Number	**2019 Weighted average exercise price**	**2019 Weighted remaining life**	2018 Number	2018 Weighted average exercise price	2018 Weighted remaining life
Share Options						
Opening Balance	**18,800,000**	**7.2p**	**1.78**	31,923,443	5.7p	–
Granted	**8,950,000**	**10.0p**	**4.20**	1,000,000	8.0p	3.07
Lapsed	**(3,000,000)**	**8.8p**	**–**	(1,143,334)	5.1p	–
Exercised	**–**	**–**	**–**	(12,980,109)[1]	3.6p	–
Closing Balance	**24,750,000**	**8.0p**	**2.21**	18,800,000	7.2p	1.78
Investor Warrants						
Opening Balance	**50,124,428**	**6.1p**	**1.71**	66,562,109	5.7p	–
Granted	**–**	**–**	**–**	343,432	11.3p	2.62
Lapsed	**(1,410,449)**	**5.0p**	**–**	(2,800,000)	11.0p	–
Exercised	**–**	**–**	**–**	(13,981,113)[2]	3.6p	–
Closing Balance	**48,713,979**	**6.1p**	**0.74**	50,124,428	6.1p	1.71

[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 2019 are as follows:

	Outstanding 31 December 2019	**Exercisable 31 December 2019**	Outstanding 31 December 2018	Exercisable 31 December 2018	**Exercise Price**	**Expiry Date**
Share Options						
February 2014	**–**	**–**	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	1,500,000	**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**	500,000	–	**6.2p**	**17/08/21**
January 2018	**1,000,000**	**500,000**	1,000,000	500,000	**8.0p**	**25/01/22**
March 2019	**8,950,000**	**–**	–	–	**10.0p**	**11/03/24**
	24,750,000	**15,300,000**	18,800,000	17,800,000		
Investor Warrants						
September 2016	**–**	**–**	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**	11,165,477	11,165,477	**6.0p**	**14/07/20**
October 2017	**35,724,118**	**35,724,118**	35,724,118	35,724,118	**6.0p**	**25/10/20**
August 2018	**343,432**	**343,432**	343,432	343,432	**11.3p**	**13/08/21**
	48,713,979	**48,713,979**	50,124,428	50,124,428		

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

23. SHARE OPTIONS AND INVESTOR WARRANTS continued

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

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

At 31 December 2019

	Options/ Warrants at 1 Jan 2019	Quantity granted during the year	Exercised during the year	Options/ Warrants at 31 Dec 2019	Exercise price	Date of the grant	First date of exercise	Final date of exercise
Share Options								
Matthew King	**1,500,000**	**–**	**–**	**1,500,000**	**2.76p**	**16/03/16**	**16/03/16**	**15/03/20**
Dale Ferguson	**2,000,000**	**–**	**–**	**2,000,000**	**7.59p**	**01/03/17**	**01/03/17**	**28/02/21**
David Archer	**7,000,000**	**–**	**–**	**7,000,000**	**7.59p**	**01/03/17**	**01/03/17**	**28/02/21**
Dale Ferguson	**–**	**3,000,000**	**–**	**3,000,000**	**10.0p**	**11/03/19**	**11/03/22**	**11/03/24**
Investor Warrants								
David Archer	**2,857,143**	**–**	**–**	**2,857,143**	**6.0p**	**14/07/17**	**14/07/17**	**14/07/20**
Al Marjan Ltd[1]	**4,952,381**	**–**	**–**	**4,952,381**	**6.0p**	**14/07/17**	**14/07/17**	**14/07/20**
Manohar Shenoy[2]	**1,904,762**	**–**	**–**	**1,904,762**	**6.0p**	**14/07/17**	**14/07/17**	**14/07/20**

[1] Two Directors are representatives of Al Marjan Ltd

[2] Alternate Director

At 31 December 2018

	Options/ Warrants 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	2.76p	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
Investor 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
Al Marjan Ltd[1]	4,952,381	–	–	4,952,381	6.0p	14/07/17	14/07/17	14/07/20
Manohar Shenoy[2]	1,904,762	–	–	1,904,762	6.0p	14/07/17	14/07/17	14/07/20

[1] Two Directors are representatives of Al Marjan Ltd

[2] Alternate Director

23. SHARE OPTIONS AND INVESTOR WARRANTS continued

The range of inputs of the Share Options granted in the financial year were as follows:

Share Options	**March 2019**
Stock price	5.3p
Fair value of option	1.6p
Exercise Price	10.0p
Expected volatility	55%
Expected life	5 years
Risk free rate	0.6%

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 Investor Warrants issued relate to a share issue expense, the charge is to the Share Premium account.

Share Options granted

During the 2019 financial year 8,950,000 (2018: 1,000,000) Share Options were issued to employees to assist with the recruitment, reward and retention of key employees. These Share Options vest upon the employee meeting service and/or performance conditions.

Investor Warrants issued

During the 2018 financial year 343,432 Investor Warrants were issued in relation to placements in 2018. The Investor Warrants vested immediately on issue. No Investor Warrants were issued in 2019.

24. EFFECTS OF CHANGES IN ACCOUNTING POLICIES

The Group and the Company adopted IFRS 16 Leases with a transaction date of 1 January 2019. The Group and the Company have chosen not to restate comparatives on adoption of IFRS 16 and, therefore, the changes due to the application of IFRS 16 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 16 has not had an impact on the Company leases and therefore no changes were required. Other new and amended standards and Interpretations issued by the IASB did not impact the Group and Company as they are either not relevant to the Group and Company's activities or require accounting which is consistent with the Group and Company's current accounting policies.

The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is or contains a lease at the date of initial application.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

24. EFFECTS OF CHANGES IN ACCOUNTING POLICIES continued

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 January 2019:

	Adjustment	31/12/2018	IFRS 16	01/01/2019
		£	£	£
ASSETS				
Property, Plant and Equipment	(a)	1,437,068	(44,318)	1,392,750
Right-of-Use Assets	(b)	–	44,318	44,318
TOTAL ASSETS		**1,437,068**	**–**	**1,437,068**
LIABILITIES				
Non-Current Liabilities:				
Loans and Borrowings	(c)	25,813	(25,813)	–
Current Liabilities:				
Loans and Borrowings	(c)	16,895	(16,895)	–
Non-Current Liabilities:				
Lease Liabilities	(c)	–	25,813	25,813
Current Liabilities:				
Lease Liabilities	(c)	–	16,895	16,895
TOTAL EQUITY AND LIABILITIES		**42,708**	**–**	**42,708**

(a) Property, Plant and Equipment was adjusted to reclassify leases previously classified as finance type to Right-of-Use Assets. The adjustment reduced the cost of Property, Plant and Equipment by £56,096 and accumulated amortisation by £11,778 for a net adjustment of £44,318.

(b) The adjustment to Right-of-Use assets is as follows:

	£
Adjustment noted in (a) – finance type leases	44,318
Operating type leases	–
Right-of-Use Assets	44,318

(c) Loans and Borrowings were adjusted to reclassify leases previously classified as finance type to Lease Liabilities.

25. EVENTS SINCE THE REPORTING DATE

In January 2020 the Company issued 1,500,000 new ordinary shares to Matthew King in respect of 2016 Share Options at an exercise price of 2.76 pence per share following an exercise of share options. Following the exercise of these options Matthew King held 2,604,028 ordinary shares in the Company, representing 0.2% of the issued share capital.

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 Gerald Leahy	Non-Executive Director
	Manohar Pundalik Shenoy	Alternate Director
	Murtadha Ahmed Sultan	Alternate Director
SECRETARY:	Christopher Michael McGarty c/a Salisbury House London Wall London EC2M 5PS	Dominic Traynor Salisbury House London Wall London EC2M 5PS
REGISTERED OFFICE:	Salisbury House London Wall London EC2M 5PS	
REGISTERED NUMBER:	07307107 (England and Wales)	
AUDITORS:	BDO LLP Chartered Accountants & Statutory Auditors 55 Baker Street London W1U 7EU	
BANKERS:	NatWest Bank Plc St James' & Piccadilly Branch PO Box 2DG, 208 Piccadilly London W1A 2DG	
NOMINATED ADVISOR:	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP	
JOINT BROKERS:	finnCap Ltd 60 New Broad Street London EC2M 1JJ 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	
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