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11 October 2016

Savannah Resources Plc
Rio Tinto and Savannah Mutamba/Jangamo Project Consortium

Savannah Resources Plc (AIM: SAV) ('Savannah' or 'the Company'), is pleased to announce a new Consortium arrangement with Rio Tinto covering Savannah's Jangamo Project and Rio Tinto's Chilubane and Mutamba Projects, including the Jangamo, Dongane and Ravene heavy mineral sands deposits, all of which are located in a world class, heavy minerals sands province in Mozambique (collectively 'Mutamba/Jangamo' or the 'Projects'), that will enable Savannah to commence work immediately (the 'Consortium', or the 'Consortium Agreement').

HIGHLIGHTS:

- Rio Tinto and Savannah have entered into a new Consortium Agreement following consultation with the Ministry of Mineral Resources and Energy of Mozambique ('MIREM')
- Commencement of operations is expected to bring immediate new jobs and investment to Mozambique and Inhambane Province
- To expedite commencement of Savannah's operatorship, the Company and Rio Tinto have agreed to transfer legal ownership of their projects to a Consortium company only at a future date (which is expected to be subsequent to grant of a mining lease), subject to receiving the prior written approval of the MIREME to transfer of legal ownership in accordance with Mozambique's mining law and regulations
- The Projects include an Exploration Target over zones of mineralisation of between 7.0 and 12.0Bt at a grade ranging from 3 to 4.5% total heavy minerals²) ('THM')
- The Projects are located close to existing road, grid power, water and port infrastructure and will have access to Rio Tinto's existing camp and equipment
- Savannah will operate Mutamba/Jangamo and will have an initial 10% beneficial interest in the combined mineral sands projects, with the potential to increase to 51% beneficial interest on the achievement of milestones as previously announced
- The Consortium Agreement includes an offtake agreement on commercial terms for the sale of 100% of production to Rio Tinto (or an affiliate)
- Scoping study to commence immediately, with an expected completion before the end of Q1 2017
- The Mutamba/Jangamo Consortium will focus on defining a potential dry mining operation for staged, early development.

David Archer, Savannah's Chief Executive Officer said today "Following consultation with the Ministry of Mineral Resources and Energy of Mozambique we're delighted to have agreed to

a new Consortium arrangement with Rio Tinto, a leading global mining and metals company, that will enable operations to start immediately in a combination on materially the same commercial terms as previously agreed and announced. Agreeing an arrangement that enables exploration activities to be conducted on a unified basis across the Mutamba, Dongane and Jangamo projects makes significant commercial sense, effectively combining three areas which are part of the same, continuous mineralisation trend. Mutamba/Jangamo includes an established 65Mt at 4.2% THM resource and significant expansion potential and an exploration target of between seven and 12 billion tonnes at a grade ranging from 3% to 4.5% THM.

“Savannah will operate the combined projects and can earn up to a 51% beneficial interest in the combined Mutamba/Jangamo Project in stages by undertaking scoping, pre-feasibility and feasibility studies. Our focus is now on commencing activity on the ground, with a scoping study due to commence immediately and targeted for completion in Q1 2017. Importantly, the Projects are located close to existing road, grid power, water, and port infrastructure and Rio Tinto will be providing access to its existing camp, facilities and equipment.”

Key Features of the Consortium Agreement

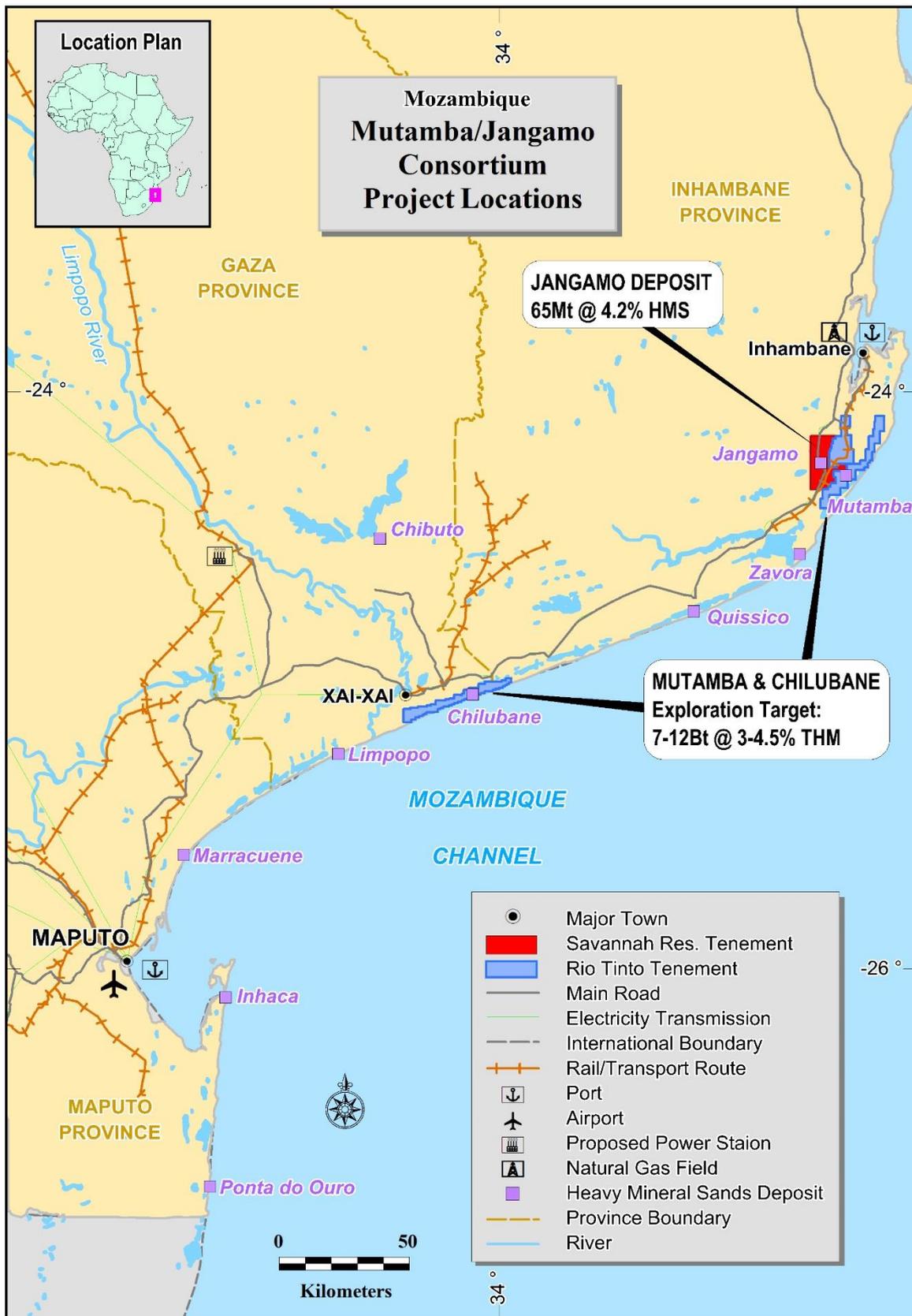
Commercial:

- Rio Tinto Mining and Exploration Limited (a member of the Rio Tinto Group) ("Rio Tinto") and AME East Africa Limited (a wholly owned subsidiary of Savannah Resources Plc) ("Savannah") are to contractually combine their adjacent Jangamo deposit and Rio Tinto's Mutamba and Chilubane heavy mineral sand deposits under the operatorship of Savannah in this world-class heavy minerals sands area in Mozambique (Figure 1)
- Savannah may earn up to a 51% beneficial interest in the Consortium
- The Company and Rio Tinto have agreed to transfer legal ownership of the Projects to a Consortium company only at a future date (which is expected to be subsequent to grant of a mining lease), subject to receiving the prior written approval of the MIREME to transfer of legal ownership in accordance with Mozambique's mining law and regulations
- Rio Tinto agrees to enter into, or procure that an affiliate enters into, offtake sales contracts on commercial terms for the purchase of 100% of the production of heavy mineral concentrate ("HMC") products from any mine that may be developed in the Mutamba/Jangamo Project area
- Rio Tinto has a right to acquire the Projects. If this right is exercised prior to the delivery of the pre-feasibility study the clawback price will be an agreed multiple of audited costs incurred by Savannah (including investment costs on Jangamo prior to entering into the arrangements) and following that it will be based on an independent valuation of Savannah's participating interest
- Rio Tinto will grant Savannah a licence to use its camp and equipment in connection with the Consortium Agreement

Technical:

- The projects combine Savannah's Inferred Mineral Resource of 65Mt at 4.2% total heavy minerals¹ ("THM") and Rio Tinto's previously declared Exploration Target of between 7.0 and 12.0Bt at a grade ranging from 3% to 4.5% total heavy minerals²
- The deposits contain thick zones of ilmenite dominant heavy mineral sands from surface
- The deposits are well-suited to conventional dry mining to produce feed for a conventional heavy mineral separation circuit that would allow extraction of ilmenite, rutile and zircon products
- The Mutamba, Dongane and Jangamo deposits are located approximately 450km northeast of the capital city of Maputo and approximately 40km from the ports of Inhambane and Maxixe
- Savannah and Rio Tinto will each be represented on a technical review group and a Consortium Committee which shall be responsible for approving the work programme and budget
- The parties will focus on defining a dry mining operation for staged, early development

Figure 1. Mutamba/Jangamo Project Location Map



Additional Information

In connection with the Consortium Agreement, Savannah entered into a conditional agreement to acquire the remaining 20% of Matilda Minerals Limited that it does not own for AUD\$100,000, payable in Savannah’s ordinary shares or cash. The transfer of which is

pending approval from MIREME and a further announcement will be made in due course. The exploration assets of Matilda Minerals are part of the Projects.

Competent Person

The information in this announcement that relates to exploration results is based upon information compiled by Mr Dale Ferguson, Technical Director of Savannah Resources Limited. Mr Ferguson is a Member of the Australian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Ferguson consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

****ENDS****

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Notes

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks below is incorporated into, or forms part of, this announcement.

1 <http://www.londonstockexchange.com/exchange/news/market-news/market-news-detail/12200821.html>

2 http://www.riotinto.com/documents/ReportsPublications/Titanium_mineral_sands_exploration_target_in_Mozambique.pdf

Savannah Resources Plc (AIM: SAV) is a growth oriented, multi-commodity, development company.

Mozambique

Savannah operates combined projects with Rio Tinto, and can earn a 51% interest in heavy mineral sands projects in Mozambique, which have a combined exploration target of 7-12Bn tonnes at 3-4.5% THM (published in 2008). Under the terms of the agreement with Rio Tinto Savannah must deliver the following to earn corresponding interest in the combined projects:

Scoping Study - 20%; pre-feasibility study - 35%; feasibility study – 51%. Additionally there is an offtake agreement for Rio Tinto to take 100% of production.

Oman

Savannah has interests in two copper blocks in the highly prospective Semail Ophiolite Belt in Oman. The projects, which have an Indicated and Inferred Mineral Resource of 1.7Mt @ 2.2% copper and high grade intercepts of up to 56.35m at 6.21% Cu, with additional gold upside potential, provide Savannah with an excellent opportunity to potentially evolve into a mid-tier copper and gold producer in a relatively short time frame. Together with its Omani partners, Savannah aims to outline further mineral resources to provide the critical mass for a central operating plant to develop the deposits, and in December 2015 outlined exploration targets of between 10,700,000 and 29,250,000 tonnes grading between 1.4% and 2.4% copper.

Finland

Savannah has Reservation Permits over two new lithium projects, Somero and Erajarvi, covering an area of 159km² in Finland. Savannah holds a 100% interest in these projects through its Finnish subsidiary Finkallio Oy. Geological mapping by the Finnish Government within the project areas has highlighted the presence of lithium minerals spodumene, lepidolite and petalite with the Government also identifying Somero and Erajarvi as one of the most prospective areas to discover lithium deposits in Finland. Savannah plans to initiate an exploration programme including data compilation, geological mapping and surface sampling with the aim of generating drill ready targets during 2016.