6 April 2022

Savannah Resources plc

(“Savannah” or the “Company”)

Financial Results for the Year Ended 31 December 2021

Savannah Resources plc, the European lithium development company, is pleased to announce its audited financial results for the year ended 31 December 2021.

2021 Summary

<u>Corporate</u>

- Portfolio streamlined: Savannah has a singular focus as a European lithium “pure play” following the amicable exit from the Consortium Agreement with Rio Tinto on the Mutamba Mineral Sands Project in Mozambique
- Cash balance: Stood at £13.0m as at 31 December (31 December 2020: £2.0m), driven by the significantly oversubscribed £10.3m (gross) equity financing and the Consortium Agreement Cash Termination Compensation (US$9.5m)
- ESG: Corporate Environmental and Social Management System (“ESMS”) designed to aid implementation of Savannah’s ESG goals
- Decarbonisation commitment: Committed to moving towards Scope 1 and 2 net zero emissions goals during the operating phase of the Barroso Lithium Project, and additionally targeting the reduction of Scope 3 emissions
- COVID-19: Mitigation measures continued with staff and stakeholder wellbeing a priority
- Net loss from continuing operations: Reported at £3.5m (2020: £2.5m). The total attributable loss reduced to £3.3m (2020: £8.2m) as there was no repeat of the non-cash write-down (£5.5m) associated with the Oman project divestment
- Recruitment: To support the Company's continued growth, key new staff with a range of skills have been added to our project and corporate teams in Portugal and the UK respectively

Barroso Lithium Project (the "Project"), Portugal

Technical

- Environmental Impact Assessment ("EIA"): During the year the conformity of the content of the EIA was declared by the environmental regulator ("APA") and the Public Consultation exercise on the EIA was completed. Savannah believes the calling of a snap general election in Portugal in early November 2021 for 30 January 2022 impacted the decision-making processes in government agencies such as APA during that period. The Board remains hopeful that the Environmental Impact Declaration ("DIA") for the Project will be made in coming months
- Definitive Feasibility Study ("DFS"): Metallurgical process design work continued in Australia throughout the period leading to finalisation of the Project's process flowsheet in February 2022. Field work in Portugal was limited as a result of COVID-related restrictions and the ongoing EIA review process. The DFS is now expected to be completed within twelve months of approval of the EIA

Commercial

- Offtake and Investment: Received increasing investment and offtake interest in parallel with the major improvement in lithium pricing and growing expectations of future lithium raw material supply shortages
- Partnerships: Savannah was pleased to become a member of the International Lithium Association, the Portuguese Association for the Battery Cluster; and the Business Council for Sustainable Development Portugal
- EV sales: European car sales saw strong annual growth again to 2.33m units (+66%) as part of global sales of 6.75m (+108%, source EV-volumes.com)
- Lithium prices: In 2021 lithium chemical prices rose on average by 410% vs. year-end 2020 and spodumene spot prices rose by over 500% and are currently reported to be trading at $5,000/t (source: S&P Global Platts)

Public and Government Relations:

- Local stakeholder engagement: Savannah continued to engage and inform the local community about the Project through multiple channels; support was also maintained for local ventures and services
- Wider stakeholder engagement: As travel restrictions eased, interaction with civil society, business and academic leaders, and journalists was stepped up
- Future community engagement and environment planning: Savannah continued to develop its planned programmes including the Benefit Sharing Programme, Good Neighbour Plan, Community Owned Service Providers, and Land Stewardship Programme

Mutamba Mineral Sands Project, Mozambique

- Strategic review: Following completion of its strategic review the Company amicably exited the Consortium Agreement with Rio Tinto in December 2021 in return for US$9.5m Cash Termination Compensation

2022 Year to Date Summary

- Decarbonisation: To support its commitments made in 2021, a decarbonisation strategy has been initiated, led by consultants ECOPROGRESSO and in association with leading global technology company ABB
- Definitive Feasibility Study: Finalisation of environmentally enhanced process flowsheet to produce high quality spodumene concentrate
- ESMS: Expanding the overarching Corporate Environmental and Social Management System to specifically cover Barroso Lithium Project
- Broker appointment: RBC Capital Markets appointed as Joint Corporate Broker
- Rebrand: Rebrand of the Company and the launch of its new website

Availability of Annual Report and Financial Statements
Copies of the Company's full Annual Report and Financial Statements are expected to be posted to shareholders shortly and will also be made available to download today from the Company's website www.savannahresources.com.

Regulatory Information
This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

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CHAIRMAN'S STATEMENT

The global events of 2021, while difficult and often tragic for many, have conversely served to reinforce my view that your Company owns a vital strategic asset via its Barroso Lithium Project, (the 'Project'). Furthermore, the geopolitical consequences of the invasion of Ukraine in February seem likely to increase its importance. Following the sale of our interest in the Mutamba project in Mozambique to the Rio Tinto Group ('Rio'), Savannah is now a "pure lithium" company and is well-placed to benefit from the drive to identify alternatives to fossil fuels and increase in electrification. Moreover, the US$9.5m termination compensation from Rio along with the £10.3m gross proceeds from the over-subscribed April placing helped take Savannah's year-end cash position to £13m, putting us in a good financial position for the year ahead. It is therefore particularly frustrating that these matters are not reflected in our share price.

In terms of market forces, 2021 saw a continuation of the same market drivers which first triggered the lithium sector's strong recovery in the second half of 2020. Supply again failed to keep up with the demand created by increasing battery manufacturing and electric vehicle sales around the world. As a result, lithium raw material prices moved to new record highs.

However, as in 2020, the positive news our sector enjoyed was overshadowed by the spectre of the COVID pandemic. Though COVID's impact ebbed and flowed during the period, the rise of the Omicron variant late in the year acted as a stark reminder that Europe and the rest of the world still has some way to go to be fully free of the impacts of this virus. Savannah must continue to play its part in protecting our staff and those with whom we work and associate by mitigating risk accordingly. Hence, we will continue to manage COVID-related risk as actively as possible and adhere to relevant laws and guidance for as long as is necessary.

Responsibility is embedded in our corporate strategy

The Board is determined that your Company should develop the Project in a responsible and innovative way. We are pursuing a number of initiatives to reduce the Project's carbon footprint, as described more fully in the CEO's Report, and these will all contribute to our goal of achieving Scope 1 and 2 net zero emissions during the life of the Project. We are also targeting a reduction in Scope 3 emissions. These objectives do not take account of the estimated 100 million tonnes of greenhouse gas emissions Savannah's lithium can help avoid in Europe's transport sector. These initiatives will also be tracked as part of your Company's Environment, Social and Governance ('ESG') programme. An ESG statement was adopted by the Board during the course of the year and a comprehensive Environmental and Social Management System (ESMS) which is in the process of being rolled out at corporate level will be extended to our Portuguese operations during 2022.

Our key focus in Portugal is on the approval of our EIA

We at Savannah share our shareholders' frustration at the slow rate of progress in obtaining the necessary approvals required for the Project to progress. Foremost among these is the approval of the EIA report we first submitted in 2020 to the Portuguese regulator, Agência Portuguesa do Ambiente ('APA'). Our report was declared in conformity with APA's requirements in April 2021 and this was followed by a public consultation phase, completed in July 2021, when all interested parties had the opportunity to lodge their comments with APA.

We had expectations that APA's decision would be forthcoming in the final quarter of 2021, but in October 2021 an impromptu General Election was called for 30 January 2022, which has evidently impacted on decision-making processes in the relevant Government departments. Appointments to the relevant cabinet positions were made in March 2022 and we are hopeful that the APA decision could be made in coming months. If APA does approve our EIA, we will re-initiate the fieldwork required for completion of the Definitive Feasibility Study ('DFS') and accelerate the build-out of our in-country team.

Given the uncertainty on when a decision from APA will be received, it would be imprudent of me to give precise guidance on timing for completion of the DFS. Furthermore, as our shareholders will understand, given the second phase of the environmental licencing process also relates to the Project's final design, it will have an important bearing on the DFS. However, I can guide to the time we estimate for the outstanding work required for the DFS' completion as being approximately no more than 12 months following APA's approval of the EIA.

Figure 1: Savannah hopes to receive approval for the Barroso Lithium Project EIA in the coming months:

Source: Company photo

The energy transition endorses our strategic move into lithium

Despite the delays, I still firmly believe that Savannah's move into the lithium sector in 2017 remains a good, long term, strategic decision for our Company. This can be backed-up by reference to growing electric vehicles sales, the record prices now seen in key lithium raw materials, and the increased corporate activity in the lithium market itself, particularly in Europe. We therefore remain hopeful that the Barroso Lithium Project will receive environmental regulatory approval, and have backed our confidence by continuing the land acquisition programme at the Project throughout the period.

In late 2021 we were delighted to see not one, but two in-country lithium chemical refinery projects announced by significant companies in the battery, energy and chemicals sectors. We also saw the Portuguese Government move closer to initiating the long-awaited tender process for six exploration areas prospective for lithium across the country. Hence, the lithium industry in Portugal is really starting to take shape and Savannah is part of a growing industrial, academic and governmental community which is focused on providing materials and products key to the energy transition in Europe and has the potential to bring very significant economic, environmental and social benefits for a large number of people, while at all times following a responsible approach to the production of this critical raw material.

Commercial interest in the Project has increased

On a commercial front, 2021 started on a positive note with announcement of the Heads of Agreement ('HoA') with Galp Energia, SGPS, S.A ('Galp'), around a 100,000tpa offtake agreement and project level investment. This provided proof of concept that the Barroso Lithium Project could attract commercial partners for its spodumene concentrate but, as the first and second quarters progressed and sentiment and prices within the lithium sector improved, Savannah received further commercial inquiries. The expiry of the HoA at the end of May not only allowed us to continue negotiations with Galp but also to speak freely with a host of other parties who have approached us during the year. This includes European and non-European groups either looking for a new source of spodumene for existing or new conversion plants, or potential strategic partners looking for exposure to the lithium battery value chain.

While we had targeted conclusion of a first offtake agreement by the end of 2021, it is not a concern to the Board that this self-imposed deadline was not met. The developments we have seen in the past eighteen months in the European and global lithium markets, and the growing concern around future supply among consumers of lithium feedstock, lead us to believe that the delay is working out to our benefit and that securing suitable offtakes and/or partnerships remains eminently achievable, and particularly as and when a positive decision on the EIA is received. In addition to these 'direct' commercial relationships and associated financings, Savannah continues to assess its options on other sources of development finance such as government or European Union grants.

Divesting non-core mineral sands asset supports our core growth

As our shareholders will know, December 2021 marked the end of Savannah's active involvement in the Mozambiquan mineral sands sector after eight years including the last five years spent focused on our role as operator in the unincorporated joint venture with Rio on the Mutamba Project ('Mutamba'). As time working in Mozambique went on it became clear to our team that to progress both the Mutamba and Barroso Lithium Projects under Savannah's leadership simultaneously would likely overstretch our human and financial resources. A thorough technical assessment of Mutamba and a review of the various restructuring and market opportunities available to us was made assisted by Farview Solutions and its principal, Bruce Griffin, and it was amicably agreed that cancelling our unincorporated joint venture was the best option for both parties and the project.

Rio has assumed full responsibility for the Mutamba project (Mining Concessions 9228C and 9229C and Mining Concession application 9230C) and Savannah's in-country staff have transferred across to Rio to remain with the project. In return Savannah received a US$9.5m termination compensation from Rio and is now in the process of divesting its residual Mozambiquan assets (Matilda Minerals Lda and Mining Concession 9735C). As stated, the cash received helped to lift Savannah's year end cash position to £13m. During our tenure we and Rio were able to make some notable progress on the project, publishing a first economic study in 2017, and being awarded the three, 25-year, Mining Concessions in 2019 and 2020 which covered the vast majority of the project's 4.4 billion tonne resource.

Savannah leaves the Mutamba Mining Concessions in good order for Rio Tinto with work on securing land use and utilisation agreements and EIAs progressed during 2021. We wish Rio well with their ongoing development of the project. Given Rio's long involvement with Mutamba, I have no doubt they are the most appropriate group to take the project forward. I would also like to thank our former team members for all their hard work over the years and wish them well with their new careers at Rio.

Savannah can also be proud of its legacy in Mozambique which it has left through its extensive community engagement programmes, more details of which can be found in the ESG section.

Using our market position to promote a responsible future

During 2021 we have been consciously attempting to consolidate Savannah's position in Portugal's business environment and the European and global lithium industry. To that end, we became a founder member of Portugal's new Association for the Battery Cluster, as we announced last June, and joined the country's 130-member strong Business Council for Sustainable Development. Within the lithium sector, we became one of the first 12 Associate Members of the newly formed International Lithium Association, a not-for-profit industry association created by major industry participants as a voice for the lithium industry and to promote ESG and sustainability practices within the sector.

We also continued to add to our own team across a range of disciplines such as geology and finance, and we look forward to growing our team further during 2022.

Figure 2: European and Global sales of electric vehicles reached new record highs in 2021:

Source: Adobe stock images

Financial Overview

During the year the Board lifted some of the COVID-related cost control measures it had put in place in early 2020. The accompanying uptick in corporate activity resulted in a 27% increase in the Group's administrative expenses to £3.3m (2020: £2.6m). Combining this with a £0.2m loss on foreign exchange, resulted in losses from continuing operations increasing by 39% to £3.5m (2020: loss £2.5m). However, without a repeat of the £5.8m non-cash adjustments recorded last year in association with the divestment of our copper projects in Oman, losses before tax of £3.5m (2020: loss £8.3m) and the total comprehensive loss for the year of £3.3m (2020: loss £8.2m) were approximately 60% lower than 2020.

The Group's net assets increased by 33% during the year to £27.2m with the 18% reduction in intangible assets to £14.1m (2020: £17.3m) associated with the termination of the unconsolidated joint venture with Rio on the Mutamba project, more than offset by the 550% increase in the Group's year-end cash position to £13.0m (2020: £2.0m). This greatly improved cash position reflected the income received from the combination of the oversubscribed £10.3m (gross) placing, the US$9.5m termination compensation from Rio as part of our exit from the Mutamba project and the £0.7m received from the sale of shares in Force Commodities which Savannah had received as part of the divestment of its assets in Oman.

Outlook

2022 is shaping up to be another key year for Savannah. I am sure I speak for all in saying that our current thoughts are with the people of Ukraine at this terrible time and that our sincerest hopes are for the conflict in their country to be brought to an end as soon as possible.

Savannah has no direct exposure to Ukraine or Russian markets but given the European location of this conflict and the significance of Russia in global geopolitics and the world's energy, commodity and financial markets, ongoing impact of the invasion on international markets must be expected. As a result, Savannah will continue to monitor the situation closely and be ready to put plans in place if required. At present it is hard to accurately predict what the long-term outcomes may be, but this rapidly deteriorating situation has again shown the risk inherent in many global supply chains which are based on commodity and energy production in high sovereign risk jurisdictions. In the lithium sector at least, Savannah would like to offer Europe a low-risk alternative.

The Company is now solely focused on lithium and has the capital at hand to make meaningful progress towards development and production at the Barroso Lithium Project. Despite the current uncertainty, the market backdrop remains highly supportive with high lithium prices, global EV sales forecast to grow year-on-year, and ever greater emphasis being placed on responsible, low carbon, manufacturing techniques and products. All these factors mean that Savannah has real optionality available to it in regard to future commercial arrangements for the Project.

We remain hopeful that APA will approve our EIA in the coming months, and this will then allow us to finalise the Project's design and undertake the remaining work required for the DFS. APA's decision will also dispel much of the uncertainty which has bedevilled our share price and bring clarity for all the Project's stakeholders as to its future status in that it will provide assurance to our potential commercial customers that Savannah is a responsible operator and that the Project can be a future source of low carbon, lithium raw material for their operations and the wider battery value chain.

As ever, my thanks go to all our staff who continue to make their very best efforts to move Savannah towards its long-held goals of responsible production, cash flow generation, benefit sharing with stakeholders, and creating greater shareholder value.

I would also like to thank all our shareholders for their continued interest and support for Savannah and wish them well as we all try to navigate our way back towards 'normality' through the residual challenges of the pandemic and the fresh uncertainty and alarm caused by the conflict in Ukraine.

Matthew King
Chairman

Date: 5 April 2022

CHIEF EXECUTIVE'S REPORT

We have started 2022 in great shape with a strong cash balance, 100% ownership of one of Europe's most strategic lithium projects, no overriding royalties, no offtakes written at low prices and a clear and defined path to production as the pre-eminent, pure lithium play in one of the world's largest lithium consuming regions.

For the lithium sector as a whole, it was an exceptional year with the industry's three major raw materials, lithium hydroxide, lithium carbonate, and spodumene concentrate, seeing spot price rises of over 370%, 450% and 530% respectively. These large and rapid price rises show that raw material supply is a major problem in this market which, in turn, has major implications for the energy transition and the e-mobility revolution required to effectively tackle greenhouse gas emissions from the energy and transport sectors. Simply put, lithium is in great demand and the companies that supply or will supply lithium are in great demand. This is a very supportive backdrop for Savannah and its goal of becoming a major European-based lithium supplier. What Europe needs now is for the same legislators who rightly seek to affect the energy transition and cut emissions, to also facilitate the responsible supply of all the raw materials with the removal of unnecessary red tape, siloed bureaucracies and the application of project management tools to make this target achievable.

By this time, I would have liked to have been discussing the exciting phase of project development that Savannah has underway following receipt of the Project's environmental approval and completion of the DFS. However, with market conditions as they now are and with climate change being front and centre of government policy, I believe the context for the Project has never been more promising. In fact, it can be argued that the opportunity presented by the Barroso Lithium Project is greater now than at any time in during our ownership, particularly bearing in mind current spot spodumene lithium prices at US$5,000/t versus the US$685/t assumed in our 2018 Scoping Study.

The development of the Barroso Lithium Project is designed to benefit all stakeholders
We are determined that all the relevant stakeholders benefit from the Project as it progresses. Within Portugal that means from the National Government, which will benefit from the economic growth created by a new pan-European industry, through to customers and suppliers, and individuals in the towns and villages near the Project. This latter group will see new job opportunities created, greater demand for local goods and services, improvements to local infrastructure, and meaningful and long-term financial support given to community projects and groups. Above all, this brings to light the necessity to support regional energy autonomy.

I note that the average share price performance during 2021 amongst a large group of lithium development and production companies principally listed outside of the UK was +218% compared to the flat performance recorded by Savannah. Our shareholders should certainly benefit too as we move through value adding gateways in coming months.

Importantly, our team was agile in the face of the EIA delay and maintained and adapted plans wherever possible to ensure that not only was progress made, but that we are prepared to accelerate quickly as and when a decision from the regulator is received. The excellent progress we have seen with our metallurgical test work and our decarbonisation initiatives are key cases in point.

Preparation work on key DFS inputs underway

On a technical front, our team prepared as much as possible for the next phase of the environmental licencing process ('Relatório de Conformidade Ambiental do Projeto de Execução', 'RECAPE'). During this phase, our team and our panel of consultants will work on the final detailed design for the Project which adhere to any conditions set by the regulator.

Preparation work was also undertaken for the drilling campaigns and fieldwork which is required for input into the Definitive Feasibility Study. We plan to get back into the field with an in-fill resource drilling programme once a positive EIA decision has been received.

While we were not able to create as many of the 'fixed points' for the DFS as we may have liked during 2021 because of the need for fieldwork and input from the environmental regulator, the key elements of the processing route to produce the spodumene concentrate and associated by-products from Barroso ore have now been fixed following a successful metallurgical test work programme in Australia during the year. As announced recently, our expert consultants and in-house team have been able to design a circuit which will produce a high quality, commercial spodumene concentrate based on the use of processes and reagents which meet or exceed all relevant legislation. We have been able to achieve excellent lithium recoveries in the high 70s per cent range with coarser grind sizes which will help reduce energy requirements and operating costs. Alongside the upcoming pilot testing on the main processing route, we are also investigating opportunities to recover additional lithium from some of the waste streams.

Our test work has also involved trade-off studies where we have examined the trade-off between grade of the product and recovery. While we can produce a nominal 6% product which is the industry standard reference, the trade-off studies show that overall revenues are maximised with a product grade of 5.5%. A 5.5% graded product is well within acceptable marketing tolerances although with an arithmetic adjustment for price from the reference price for 6% material. Rejection limits are for material less than 5.0%. And we should remember that the Barroso lithium product benefits from having one of the lowest levels of iron.

The on-going de-carbonisation programme is also a key work-stream for the DFS and we have already made a great start by commissioning ECOPROGRESSO, part of the Quadrante Group, to develop our strategy and with the announcement of a collaboration with the major global group, ABB, around automation and electrification aspects.

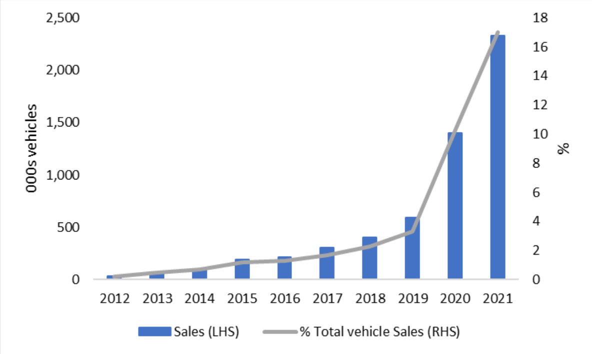
With the metallurgical work-stream for the DFS largely done and the de-carbonisation work underway we are well placed to move into the design phase of the DFS upon receiving EIA approval.

I should hasten to add that the metallurgical work outcomes are an important de-risking achievement as this area has been problematic for many of the earlier spodumene developments in Australia. This will be important from a project financing and commissioning perspective.

European EV demand is strong and growing even stronger

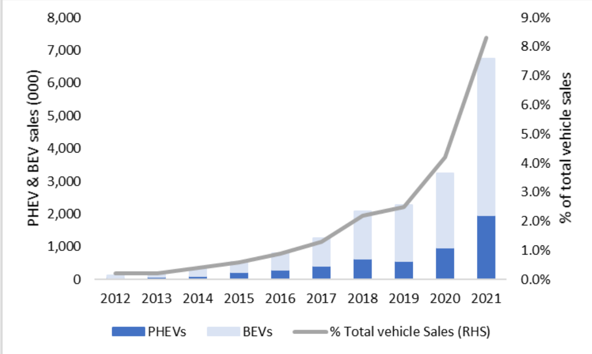
There is no doubt as to the level of regional demand for the product Savannah hopes to make. European car sales saw strong annual growth again to 2.33m units (+66%) as part of global sales of 6.75m (+108%, source EV-volumes.com), and the latest tally on capacity of existing or planned European battery plants is approximately 800GW. This capacity equates to over 600kt of lithium carbonate equivalent ('LCE'). At present, we estimate total future supply from European based lithium projects to be approximately 130kt of LCE, including the c.25kt provided by the Barroso Lithium Project in the form of spodumene concentrate. Hence, all future supply from Europe, including Savannah's, could easily be consumed domestically in the future. As further proof of this assumption, several of Savannah's European peers have announced offtake agreements in the past year for lithium chemical supply.

Figure 3: European Electric Vehicle Sales



Source: EV-volumes.com

Figure 4: Global Electric Vehicle Sales

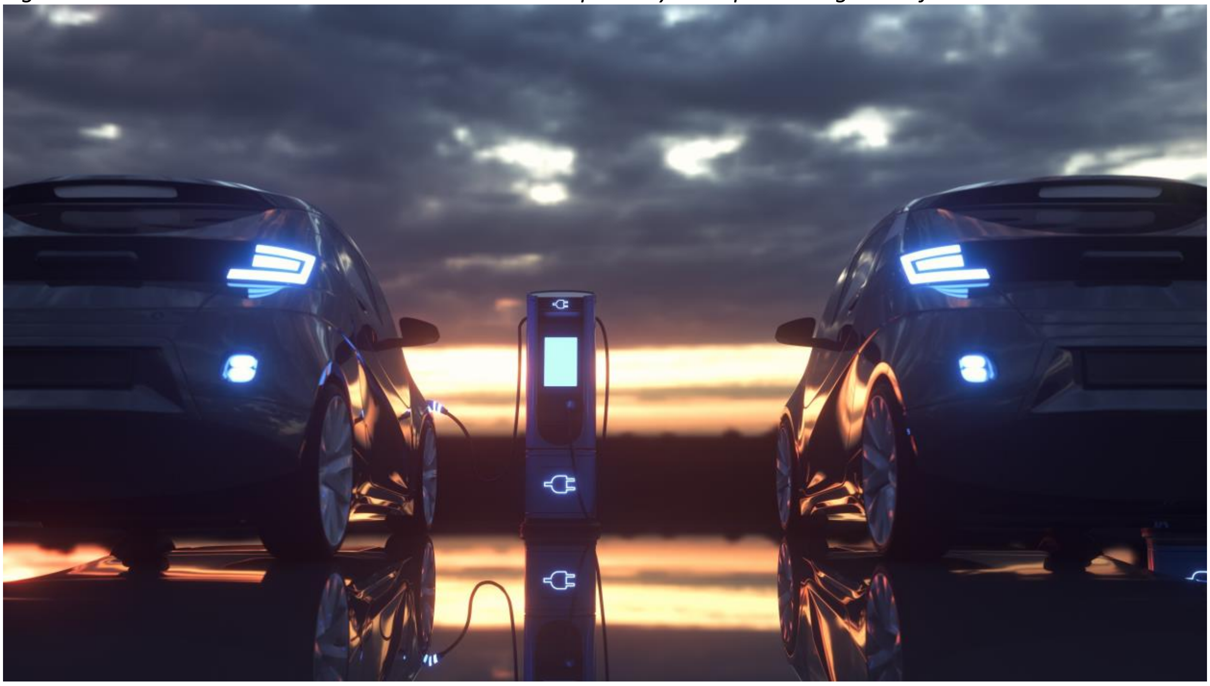


Source: EV-volumes.com

European industrial development to drive demand for spodumene concentrate

Amongst our European peer group, we believe Savannah will be the most significant future supplier of spodumene concentrate, the same material which has made Australia the world's largest supplier of lithium raw material. 2021 was the year that the concept of European 'merchant' lithium conversion plants really gathered pace. These are plants which are not integrated with a specific mine but purchase feedstock, such as spodumene concentrate, under long term offtake agreements or in the spot market from mining companies, such as Savannah. When we originally secured the Project the major source of demand for our product was China. Europe is now looking to build out its processing capacity to help optimise its strategic autonomy, eliminate potential international bottlenecks and build a decarbonised lithium value chain in Europe. This is a major shift which has only benefited Savannah and means our low carbon spodumene lithium is highly sought after.

Figure 5: Over 2.3m electric vehicles were sold in Europe last year representing 17% of all new cars sold:



Source: Adobe stock images

Looking just at Portugal alone, Galp has already stated its intention of moving into lithium chemical production earlier in 2021 with such a plant, but we welcomed the news in December that it was partnering with Northvolt, the major Swedish battery manufacturer, to create Aurora, a new 50:50 joint venture, which will develop a facility in Portugal targeting 35,000tpa of lithium hydroxide production from 2026. Meanwhile, Portuguese chemical company Bondalti and Australia's Reed Advanced Materials (70% Neometals/30% Mineral Resources) are trialling Reed's Eli® processing technology at Bondalti's chemical plant in Estarreja. This technology can process brine or hard rock concentrate feeds, and the groups are targeting a plant capacity of 25,000tpa of lithium hydroxide or carbonate if the initial pilot plant test work goes well. Barroso's concentrate would represent a natural feedstock for these proposed plants with the added benefit that its proximity to the likely site locations would help to minimise the carbon footprint associated with the lithium chemicals produced. Having both raw material and chemical production in country would also maximise the overall economic benefit available to Portugal from its lithium natural resources. As shareholders will be aware, our discussions with Galp around possible spodumene supply continued in the second half of the year, after the expiry of the previous Heads of Agreement between the companies at the end of May.

Outside of Portugal, groups in Europe planning to build merchant plants have reached out to Savannah and a number of high quality discussions are ongoing. While transport distances would be longer to these plants than to potential sites in Portugal, any sales partnerships with these groups would still represent a wholly European endeavour, and compared to alternative sources of feed from Africa, the Americas or Australia, these plants would be producing 'low carbon' lithium chemicals if they took Barroso concentrate.

Based on our current schedule, we expect to be in production ahead of any of the conversion plants planned in Europe. If this proves to be the case, then we may need to make short-term selling arrangements for our concentrate until the conversion plants are commissioned. Metal and commodity traders may be the best placed groups to assist us with this, being able to both market the Project's concentrate on our behalf and provide financing support and assistance with logistics. Again, Savannah has already attracted significant interest from groups in this sector of the market, many of whom are looking to grow their businesses into the battery metal space.

Finally, such is the concern about raw material supply among consumers further downstream in the battery chain that we have also been contacted in recent months by some of these groups, both European and non-European. They are seeking to secure raw material supply which they can then direct through their existing supply chains. Discussions are continuing.

In summary, regarding offtake agreements, Savannah has multiple options with national, regional or international avenues remaining open to us whether it be trading directly with a conversion group, or a company from downstream in the value chain. With our strong cash balance, we are in a good position to work patiently at striking the right agreements and not to just accept the deals that are available right now.

Responsible Production is core to what we do
While continuing to push on the commercial front, we have also been preparing to further enhance the Barroso Lithium Project's environmental credentials as part of our wider formalisation of our ESG framework. Our EIA speaks for itself in terms of the commitments Savannah will put into action around either eliminating or minimising the Project's individual impacts. However, we will be happy to refine our plans as required based on feedback we receive from the environmental regulator.

We have an evolving range of programmes to support the community and the environment including:

- The Benefit Sharing Programme – provides €500,000 per annum to worthy community programmes
- Good Neighbour Plan – those things that we bring with us and can have dual use by the community e.g., water from our storages for firefighting
- Community Owned Service Providers – community owned companies to provide services to the Project e.g., progressive rehabilitation
- Land Stewardship Programme – reforestation of unused areas of Project with appropriate native species

Equally we look to all opportunities for continuous improvement of the Barroso Lithium Project.

A prime example is our major de-carbonisation initiative with our commitment made in November to move towards net zero Scope 1 and 2 emissions once the Project is in operation, and to also reduce the Scope 3 (indirect emissions, i.e., road haulage transport) as much as possible. Following these commitments, we were pleased to announce the initiation of a Decarbonisation Strategy in March 2022, led by the Portuguese environmental consultant, ECOPROGRESSO, part of the Quadrante Group.

This initiative is only the start of the build out of a strong coalition of European industrial partnerships around the Project.

On 30 March 2022 we further strengthened our 'decarbonisation' team with the signature of a MoU with ABB, the global industrial technology business with revenues of US$28.9b, which is providing its expertise in automation and electrification in the mineral production sector to Savannah under MoU. This will help us build out integrated digital applications for operations, maintenance, and other processes such as environmental performance optimisation. The Project will very much be a showcase of European innovation.

We have also been holding discussions with a number of major mining equipment manufacturers which are all planning on developing and commercialising zero or low emission vehicles during the period the Project will be in operation. In regard to the electrical power the Project will use, we continue to evaluate the options available to increase the provision of renewable power above the already impressive c.60% available through the Portuguese grid. Once our suppliers and offtake partners are confirmed, we will work with them to plan reductions of scope 3 emissions associated with offsite haulage to our customers. Finalisation of the Decarbonisation Strategy is expected in Q2 2022 and we look forward to providing more follow-on news later in the year.

Following on from our commissioning of a Corporate ESMS in Spring 2021, we have now also commissioned the creation of a project specific system tailored to the Barroso Lithium Project. A tendering process was initiated in Q1 2022, and the selected consultants will work with our team to enhance and extend our existing stakeholder engagement and environmental programmes and policies to cover the current phase of project development and also the construction and operating phases of the Project.

Figure 6: Savannah's lithium can play an important role in reducing emissions from the European transport sector:

Source: Adobe stock images

On the ground in the Barroso

While the more formalised ESMS system for the Project is being created, we have continued wholeheartedly with a range of ESG initiatives.

While the pandemic and the associated vulnerability of the aging local populations tempered our ability to engage directly with many stakeholders in 2020 and 2021 we did maintain regular contact with the communities throughout 2021 via advertising in the local press, radio features and monthly newsletters distributed in local villages. Regular virtual and physical meetings were held with community leaders and stakeholders. We maintained a staffed information centre in the village of Covas do Barroso, supported local firefighters and helped with repairs to deteriorated local housing of villagers. We appointed a village ambassador who has been instrumental in supporting our local activities.

An online presentation of the Project was made to stakeholders on 12 May 2021 and major community consultation presentation was held in the Boticas Municipality auditorium on 19 May 2021 to present and review the Environmental Impact Assessment. This was supplemented with a site visit the following day.

So far this year we will shortly open a new office and information centre in the main street of Boticas and we have launched the "Litio do Barroso" magazine which will provide local news and information about the Project to local villages in the area of the Project. A comprehensive community mapping and opinion gathering programme was completed in the villages of Covas do Barroso and Dornelas in recent months and the results of the survey are being compiled.

We have incorporated the Barroso Lithium Foundation which will be responsible for the investment of up to €500,000 per annum, once construction has begun, in worthy community programmes and initiatives chosen by local people on the Foundation board. The Foundation will also build a corpus of capital that will be deployed following the conclusion of the Project and so provide a long-term legacy for the region.

We continue to receive excellent support from many members of the community who are excited about the opportunity that the Project will bring to their families, their livelihoods and their businesses. Local, regional and interest in the Project is underscored by the hundreds of unsolicited job applications that we are receiving.

Unfortunately, much of this has been obscured with push-back from a small group of local activists who have tucked in beneath the umbrella of a number of anti-mining groups, much of which is led from outside Portugal. This in turn has been picked up in some press articles. Despite his early support for the Project, the mayor of Boticas has aligned himself with these groups.

Nevertheless, members of the community appreciate what our Project offers. Like many parts of the Iberian Peninsula, the region is suffering from a demographic collapse. The 2011 government census shows that the population of Boticas declined by 13.0% to 5,002 people in the ten years to 2011 while the population of the village of Covas do Barroso declined by 26.7% to a total of 192 people, the vast majority of whom are elderly. The Boticas region is one of the poorest in Portugal and has suffered from the long-term flight of young people to Porto, Lisbon and points beyond. The Project will help to reverse these trends bringing prosperity and opportunity to the region, drawing young people to return or to take up residency and to build quality lives for their families.

We see strong support from people in the region whose inevitable question is ''When are you going to start?''. Their eagerness is matched by the hundreds of job applications we have received and the broad support and interest of the Boticas business community in seeing the Project develop.

Perhaps our most significant progress 'on the ground' was represented by our land acquisition programme across the C-100 Mining Lease area. This has required significant investigation by our team and consultants into existing land ownership and has needed to be handled and transacted with great sensitivity within the local community setting. To date we have signed 24 purchase and sale contracts and executed 15 deeds involving 67 individual blocks of land.

We were joined in litigation filed by the Parish of Covas do Barroso in the Mirandela Fiscal and Administrative Court in Portugal against the Republic of Portugal and the Ministry of Economy as defendants. The litigation seeks to nullify certain administrative actions by the defendants in June 2016 including the addition of lithium to and the expansion in the area of the C-100 Mining Lease. The C-100 Mining Lease which contains the Barroso Lithium Project is fully granted, has a term of 30 years to 2036 and remains in good standing.

Savannah's lawyers have confirmed their initial advice that the claim by the Parish is without foundation. The claim has been challenged by Savannah as the counter-interested party alongside and we will be exploring all potential options, including making a claim for damages against the plaintiff and its officers. Both the Republic of Portugal and the Ministry of Economy as defendants have now filed their defences.

The litigation neither impacts the Project's activities nor the current Environmental Impact Assessment process which we believe is moving to a conclusion.

The Environment – we care

Foremost in our plans is the responsible and innovative development of the Barroso Lithium Project while eliminating or mitigating individual impacts. Integral to this is our policy of using best available techniques (BAT) to be a global example of economy in the management of water, materials, energy and resources.

The impact assessment carried out in the EIA study, establishes the control and evolution of the more sensitive environmental aspects, such as water resources quality and potential vulnerability (surface and underground), air and sound environment, vibrations, soils (quality and geochemistry), ecological systems, landscape, social component, and local heritage.

Operations will be controlled, managed and reported to via a comprehensive Environmental and Social Management System (ESMS) to help implement and maintain Savannah's Environmental, Social and Governance (ESG) commitments for the Project. The ESMS will be aligned with internationally recognised ESG criteria, namely the requirements of the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability, as well as the World Bank Group's Environmental, Mining and General Health and Safety Standards.

Some 238 individual mitigation measures will be implemented and an estimated investment of €5-6million in road/transport infrastructure investment ensuring that the Project's traffic by-passes local villages. Water trucks will suppress dust in dryer periods while forestation and landscaping will help contain sound and visual impacts.

A programme of progressive rehabilitation will be implemented from day one and throughout the life of the Barroso Lithium Project. We will be evaluating the potential for the use of the site for pumped storage of renewable energy generated by wind and/or solar at the end of the mineral lifecycle.

Our operating times are tailored to minimise discomfort for local communities and impact on flora and fauna. Detailed computer simulations show that the operation will meet the more demanding legal night-time noise limit of 43db at all times of the day. The only exception to this is blasting, each blast will last between 5-10 seconds and not exceed the legal limit of 55dB. Blasts will only occur between Monday and Friday, between 12pm and 3pm on 3 to 4 days per week. There will be no blasting at weekends.

The Barroso Lithium Project is specifically designed to be self-sufficient in and to minimise the amount of water that it would require to support its operations while at the same time having no impact on water available for local communities, villages or towns. Neither will it have any impact on agriculture. In Savannah's preferred model, water will not need to be abstracted from any local rivers. Water for the project will be sourced from surface water collected from part of the project's site footprint. Savannah is obliged by the Portuguese environmental regulator to capture surface water from the site footprint (contact water) in sediment control structures so as to ensure that untreated contact water does not flow into creeks, streams or rivers. Contact water collected in the sediment control structures are of the type commonly seen beside expressways which are designed to capture run off from road surfaces. There will be no impacts on the ecological flow of the Covas River in summer months.

The area of the contact water catchments to be developed to collect surface water for the Project represent only 1.7% of the area of the local Covas River watershed, 0.3% of the area of the larger Beça River watershed and an insignificant 0.2% of the main Tâmega watershed. In overall terms these numbers are not material to water volumes in the region and, in any case, potentially overstate the water volumes that will be captured in any year by the Project.

85% of the water supporting operations will be recycled. In our preferred model, contact water will be supplemented by water sourced from the de-watering of the open cuts. Again, this is not expected to impact community water supplies or local agriculture.

Questions have been raised concerning the continued status of the Barroso region as a Globally Important Agricultural Heritage Systems (GIAHS) area. This status was awarded in 2018 and was not intended to impact the integrity of existing economic activities in the area such as mineral production. It is also important to understand that the total Barroso Lithium Project concession area occupies just 0.53% GIAHS area in the region and, depending on the development alternative chosen by APA, the area of actual disturbance on the concession area will be less than 0.25% of the GIAHS area. The Project has no impact on the GIAHS classification. Agricultural areas represent 10% of the Mining Lease land area. Of the projected area for mining use and associated activities, agricultural land represents just 3.1% (18.3ha) of the Mining Lease area. This area is not material to agriculture in the areas around the Barroso Lithium Project development. Today, one of the main threats to this territorial dynamic is the depopulation and abandonment of land, factors that pose a major risk of degradation of the existing natural, cultural and built heritage, and which are decisive for the classification of this region as a GIAHS Site. As part of our plan we will look to implement measures with local partners to recover agrarian system areas that have deteriorated as a result of demographic changes in the area.

Preservation of fauna and flora will be a priority for Savannah. Studies we have supported have shown that the Project area does not intercept the known territory of any Iberian Wolf packs although there are packs in surrounding areas. In the case of local water mole and mussel populations particular care will be taken to eliminate or at least minimise disturbances to riverbanks.

The quality of the soil will be monitored, managed, and preserved, since the operation will not use chemical products that might alter it. Topsoil will be removed, stored, safeguarded, and cared for appropriately so that it can be re-laid during rehabilitation as a basis for revegetation of native species.

The Barroso Lithium Project will employ local farmers for progressive land rehabilitation during the life cycle of operations and we are evaluating expanding this into a community owned company to provide rehabilitation services to the Project and so build an enduring new benefit for the community.

As part of our developing Land Stewardship Programme, land we are acquiring which will not form an immediate part of the Project's developed footprint will be reforested with guidance from local authorities using native species appropriate to the area. We will also work to the recovery of the site at the conclusion of the Project's life with the requalification of these areas for traditional agro-silvan-use e.g., honey, chestnuts, meat, sausages, aromatic herbs, amongst others.

Intensive management of land is a major cause of biodiversity loss in Portugal. Creating clear initiatives for removing invasive non-native species and creating new native woodland will demonstrate to stakeholders that we have a responsible stewardship approach and our overall commitment. As part of this programme we are also developing a Stewardship Policies Handbook so it can be used in perpetuity.

Finally, as another example of both our commitment and our transparency we will be implementing a sophisticated, sensor network that will measure key environmental operating parameters that will be made available in real time to stakeholders including regulators via a mobile phone app.

EIA Progressing
The original 6,000-page EIA and Mine Plan documents were lodged with the regulator in May of 2020. A community consultation process was undertaken in May of 2021. The completion of APA's evaluation has however has not been possible while it awaits the result of a treaty mandated, cross-border consultation process with Spain and the formation of a new government in Portugal following the calling of a snap General Election held on 30 January 2022.

As our chairman has said, we are hopeful that the environmental regulator in Portugal will approve our Project in coming months. Savannah's team and its large team of subject matter specialists have put in an amazing effort to design a project to international standards and best practices, and we hope that the Barroso Lithium Project will be held up as a positive case study for a new generation of mining projects in Europe which are sourcing minerals critical for European society in a responsible, low carbon, way which brings economic and social benefits for all stakeholders.

While we await the outcome of the regulator's review, there is much for us to do. In addition to remaining open to dialogue with APA, we will continue to engage with all stakeholders and elevate our position in Portuguese civil society and be as prepared as we can for when a decision is made, and the next exciting phase can begin.

Divesting Mozambique allows us to focus on our core business

We achieved our target in 2021 of bringing resolution on the future of our investment in Mozambique with the sale of our interest in the Mutamba Project to Rio Tinto. The long term and sizeable financial and resourcing commitment we would have needed to make to bring Mutamba to a final investment decision would have made it challenging to achieve alongside the imperatives of the Barroso Project's development. Our review looked at various styles of development as well as introducing alternative corporate structures around the project. After deliberation, the option to transfer the project back to Rio, and for Savannah to exit Mozambique with US$9.5m cash termination compensation represented the best outcome.

I would like to add my sincere thanks to all our former staff members for their hard work on what has been, at times, a challenging project, and to wish them and Rio Tinto well for the exciting journey towards production.

Outlook

Now with a singular focus on lithium in Europe, a strong cash balance, strong lithium prices and a myriad of inbound investment and offtake interest makes for an excellent starting position from which we can push hard on all fronts to make the Barroso Lithium Project Europe's first major lithium raw material production centre.

It has not been an easy undertaking in the last two years, a pandemic and now deeper tension at the heart of our region, and I thank our staff for their efforts and our shareholders for their support. There remains much to do but I'm sure we are all in agreement that the prize is very much worth pursuing.

David Archer
Chief Executive Officer

Date: 5 April 2022

The financial statements below should be read in conjunction with the notes contained within the full financial report which will be available online at the Company's website at:
https://www.savannahresources.com/investors/corporate-documents/

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020* £
CONTINUING OPERATIONS		
Revenue	**-**	-
Other Income	**-**	26,099
Administrative Expenses	**(3,305,649)**	(2,595,738)
Foreign exchange (loss)/gain	**(213,088)**	37,580
OPERATING LOSS	**(3,518,737)**	(2,532,059)
Finance Income	**671**	4,819
Finance Costs	**(139)**	(765)
LOSS FROM CONTINUING OPERATIONS BEFORE AND AFTER TAX	**(3,518,205)**	(2,528,005)
GAIN/(LOSS) ON DISCONTINUED OPERATIONS BEFORE AND AFTER TAX	**2,371**	(5,797,753)
LOSS BEFORE AND AFTER TAX ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT	**(3,515,834)**	(8,325,758)
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	**82,006**	320,151
Items that will or may be reclassified to profit or loss:		
Exchange Losses arising on translation of foreign operations	**154,815**	(163,284)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**236,821**	156,867
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT	**(3,279,013)**	(8,168,891)
Loss per share attributable to equity owners of the parent expressed in pence per share:		
Basic and diluted		
From Operations	**(0.22)**	(0.62)
From Continued Operations	**(0.22)**	(0.19)
From Discontinued Operations	**0.00**	(0.43)

* The disclosures as at 31 December 2020 have been re-presented so that the operations that are discontinued at the end of the 2021 financial year are classified as discontinued.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	2021 £	2020 £
ASSETS		
NON-CURRENT ASSETS		
Intangible Assets	**14,137,817**	17,246,222
Right-of-Use Assets	**5,390**	21,709
Other Intangible Assets	**-**	6,682
Property, Plant and Equipment	**676,536**	973,528
Other Non-Current Assets	**69,542**	73,530
Bank Deposits	**-**	590,175
TOTAL NON-CURRENT ASSETS	**14,889,285**	18,911,846
CURRENT ASSETS		
Equity instruments at FVTOCI	**31,575**	606,245
Trade and Other Receivables	**962,058**	194,301
Other Current Assets	**19,300**	13,670
Cash and Cash Equivalents	**13,002,084**	2,000,209
TOTAL CURRENT ASSETS	**14,015,017**	2,814,425
TOTAL ASSETS	**28,904,302**	21,726,271
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share Capital	**16,889,598**	14,309,910
Share Premium	**41,693,178**	34,474,884
Merger Reserve	**6,683,000**	6,683,000
Foreign Currency Reserve	**(38,726)**	(193,541)
Warrant Reserve	**-**	12,157
Share Based Payment Reserve	**305,095**	393,865
FVTOCI Reserve	**(21,437)**	276,712
Retained Earnings	**(38,284,665)**	(35,450,713)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**27,226,043**	20,506,274
LIABILITIES		
NON-CURRENT LIABILITIES		
Lease Liabilities	**-**	1,130
TOTAL NON-CURRENT LIABILITIES	**-**	1,130
CURRENT LIABILITIES		
Lease Liabilities	**1,132**	11,608
Trade and Other Payables	**1,677,127**	1,207,259
TOTAL CURRENT LIABILITIES	**1,678,259**	1,218,867
TOTAL LIABILITIES	**1,678,259**	1,219,997
TOTAL EQUITY AND LIABILITIES	**28,904,302**	21,726,271

The Financial Statements were approved and authorised for issue by the Board of Directors on 5 April 2022 and were signed on its behalf by:

David Archer
Chief Executive Officer

Company number: 07307107

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	2021	2020
	£	£
ASSETS		
NON-CURRENT ASSETS		
Investments in Subsidiaries	**333,831**	621,582
Other Intangible Asset	**-**	5,948
Other Receivables	**26,184,402**	32,995,016
Other Non-Current Assets	**6,776**	6,776
TOTAL NON-CURRENT ASSETS	**26,525,009**	33,629,322
CURRENT ASSETS		
Equity instruments at FVTOCI	**31,575**	604,136
Trade and Other Receivables	**207,129**	47,908
Cash and Cash Equivalents	**11,085,944**	1,237,876
TOTAL CURRENT ASSETS	**11,324,648**	1,889,920
TOTAL ASSETS	**37,849,657**	35,519,242
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share Capital	**16,889,598**	14,309,910
Share Premium	**41,693,178**	34,474,884
Merger Reserve	**6,683,000**	6,683,000
Warrant Reserve	**-**	12,157
Share Based Payment Reserve	**305,095**	393,865
FVTOCI Reserve	**(21,437)**	276,712
Retained Earnings	**(28,707,640)**	(21,455,793)
TOTAL EQUITY	**36,841,794**	34,694,735
LIABILITIES		
CURRENT LIABILITIES		
Trade and Other Payables	**1,007,863**	824,507
TOTAL LIABILITIES	**1,007,863**	824,507
TOTAL EQUITY AND LIABILITIES	**37,849,657**	35,519,242

The Company total comprehensive loss for the financial year was £7,851,723 (2020: £4,833,165).

The Financial Statements were approved and authorised for issue by the Board of Directors on 5 April 2022 and were signed on its behalf by:

David Archer
Chief Executive Officer
Company number: 07307107

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share Capital £	Share Premium £	Merger Reserve £	Foreign Currency Reserve £	Warrant Reserve £	Share Based Payment Reserve £	FVTOCI Reserve £	Retained Earnings £	Total Equity £
At 1 January 2020	12,974,598	33,511,787	6,683,000	(30,257)	975,679	410,121	(43,439)	(28,163,712)	26,317,777
Loss for the year	-	-	-	-	-	-	-	(8,325,758)	(8,325,758)
Other Comprehensive Income	-	-	-	(163,284)	-	-	320,151	-	156,867
Total Comprehensive Income for the year	-	-	-	(163,284)	-	-	320,151	(8,325,758)	(8,168,891)
Issue of share capital (net of expenses)	1,300,113	920,537	-	-	-	-	-	-	2,220,650
Shares issued in lieu	20,199	16,160	-	-	-	-	-	-	36,359
Share based payment charges	-	-	-	-	-	58,979	-	-	58,979
Exercise of options	15,000	26,400	-	-	-	(16,650)	-	16,650	41,400
Lapse of options	-	-	-	-	-	(58,585)	-	58,585	-
Lapse of warrants	-	-	-	-	(963,522)	-	-	963,522	-
At 31 December 2020	14,309,910	34,474,884	6,683,000	(193,541)	12,157	393,865	276,712	(35,450,713)	20,506,274
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,515,834)**	**(3,515,834)**
Other Comprehensive Income	**-**	**-**	**-**	**154,815**	**-**	**-**	**82,006**	**-**	**236,821**
Total Comprehensive Income for the year	**-**	**-**	**-**	**154,815**	**-**	**-**	**82,006**	**(3,515,834)**	**(3,279,013)**
Issue of share capital (net of expenses)	**2,579,688**	**7,218,294**	**-**	**-**	**-**	**-**	**-**	**-**	**9,797,982**
Share based payment charges	**-**	**-**	**-**	**-**	**-**	**200,800**	**-**	**-**	**200,800**
Lapse of options	**-**	**-**	**-**	**-**	**-**	**(289,570)**	**-**	**289,570**	**-**
Lapse of warrants					**(12,157)**	**-**	**-**	**12,157**	**-**
Disposal of FVTOCI investments	**-**	**-**	**-**	**-**	**-**	**-**	**(380,155)**	**380,155**	**-**
At 31 December 2021	**16,889,598**	**41,693,178**	**6,683,000**	**(38,726)**	**-**	**305,095**	**(21,437)**	**(38,284,665)**	**27,226,043**

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.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share Capital	Share Premium	Merger Reserve	Warrant Reserve	Share Based Payment Reserve	FVTOCI Reserve	Retained Earnings	Total Equity
	£	£	£	£	£	£	£	£
At 1 January 2020	12,974,598	33,511,787	6,683,000	975,679	410,121	(43,439)	(17,341,234)	37,170,512
Loss for the year	-	-	-	-	-	-	(5,153,316)	(5,153,316)
Other Comprehensive Income	-	-	-	-	-	320,151	-	320,151
Total Comprehensive Income for the year	-	-	-	-	-	320,151	(5,153,316)	(4,833,165)
Issue of share capital (net of expenses)	1,300,113	920,537	-	-	-	-	-	2,220,650
Shares issued in lieu	20,199	16,160		-	-	-	-	36,359
Share based payment charges	-	-	-	-	58,979	-	-	58,979
Exercise of options	15,000	26,400	-	-	(16,650)	-	16,650	41,400
Lapse of options	-	-	-	-	(58,585)	-	58,585	-
Lapse of warrants	-	-	-	(963,522)	-	-	963,522	-
At 31 December 2020	14,309,910	34,474,884	6,683,000	12,157	393,865	276,712	(21,455,793)	34,694,735
Loss for the year	-	-	-	-	-	-	**(7,933,729)**	**(7,933,729)**
Other Comprehensive Income	-	-	-	-	-	**82,006**	-	**82,006**
Total Comprehensive Income for the year	-	-	-	-	-	**82,006**	**(7,933,729)**	**(7,851,723)**
Issue of share capital (net of expenses)	**2,579,688**	**7,218,294**	-	-	-	-	-	**9,797,982**
Share based payment charges	-	-	-	-	**200,800**	-	-	**200,800**
Lapse of options	-	-	-	-	**(289,570)**	-	**289,570**	-
Lapse of warrants	-	-	-	**(12,157)**	-	-	**12,157**	-
Disposal of FVTOCI investments	-	-	-	-	-	**(380,155)**	**380,155**	-
At 31 December 2021	**16,889,598**	**41,693,178**	**6,683,000**	-	**305,095**	**(21,437)**	**(28,707,640)**	**36,841,794**

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.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	£	£
Cash flows used in operating activities		
Loss for the year	**(3,515,834)**	(8,325,758)
Depreciation and amortisation charges	**35,369**	44,663
Impairment of other assets	**5,948**	-
Share based payment charge	**200,800**	58,979
Shares issued in lieu of payments to suppliers	**-**	36,359
Finance income	**(671)**	(38,747)
Finance expense	**139**	765
Exchange losses / (gains)	**213,088**	(37,580)
Loss on sale of discontinued operations	**-**	5,373,633
Gain on relinquishment of the rights and obligations of discontinued operations	**(627,078)**	-
Cash flow used in operating activities before changes in working capital	**(3,688,239)**	(2,887,686)
(Increase) /Decrease in trade and other receivables	**(267,267)**	176,312
Increase in trade and other payables	**451,801**	443,541
Net cash used in operating activities	**(3,503,705)**	(2,267,833)
Cash flow used in investing activities		
Purchase of intangible exploration assets	**(1,603,208)**	(1,577,532)
Purchase of right-to-use assets	**(798)**	-
Purchase of tangible fixed assets	**(633,090)**	(2,721)
Proceeds from sale of investments	**654,347**	3,272
Bank deposits for mining licences	**-**	57,319
Interest received	**671**	38,747
Proceeds from sale of discontinued operations	**-**	27,543
Proceeds from relinquishment of the rights and obligations of discontinued operations	**6,506,852**	-
Net cash from/(used in) investing activities	**4,924,774**	(1,453,372)
Cash flow from financing activities		
Proceeds from issues of ordinary shares (net of expenses)	**9,797,982**	2,220,650
Proceeds from exercise of share options	**-**	41,400
Principal paid on lease liabilities	**(11,607)**	(18,310)
Interest paid on lease liabilities	**(139)**	(765)
Net cash from financing activities	**9,786,236**	2,242,975
Increase/(Decrease) in Cash and Cash Equivalents	**11,207,305**	(1,478,230)
Cash and Cash Equivalents at beginning of year	**2,000,209**	3,484,781
Exchange losses on cash and cash equivalents	**(205,430)**	(6,342)
Cash and Cash Equivalents at end of year	**13,002,084**	2,000,209

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash flows used in operating activities		
Loss for the year	**(7,933,729)**	(5,153,316)
Impairment of financial assets	**39,215**	(404,684)
Impairment of other assets	**5,948**	-
Share based payment reserve charge	**200,800**	58,979
Shares issued in lieu of payments to suppliers	**-**	36,359
Finance income	**(671)**	(4,819)
Exchange losses / (gains)	**1,756,702**	(1,289,781)
Loss on sale of subsidiaries	**-**	5,438,172
Loss on relinquishment of the rights and obligations of discontinued operations	**4,439,229**	-
Cash flow used in operating activities before changes in working capital	**(1,492,506)**	(1,319,090)
(Increase)/Decrease in trade and other receivables	**(181,160)**	258,071
Increase in trade and other payables	**34,184**	439,527
Net cash used in operating activities	**(1,639,482)**	(621,492)
Cash flow used in investing activities		
Investment in subsidiaries	**-**	(36,180)
Loans to subsidiaries	**(4,784,700)**	(3,658,442)
Proceeds from repayment of loans to subsidiaries	**6,014,021**	-
Proceeds from sale of investments	**654,347**	-
Proceeds from sale of subsidiaries	**-**	27,543
Interest received	**671**	4,819
Net cash from/(used in) investing activities	**1,884,339**	(3,662,260)
Cash flow from financing activities		
Proceeds from issues of ordinary shares (net of expenses)	**9,797,982**	2,220,650
Proceeds from exercise of share options	**-**	41,400
Net cash from financing activities	**9,797,982**	2,262,050
Increase/(Decrease) in Cash and Cash Equivalents	**10,042,839**	(2,021,702)
Cash and Cash Equivalents at beginning of year	**1,237,876**	3,277,943
Exchange losses on cash and cash equivalents	**(194,771)**	(18,365)
Cash and Cash Equivalents at end of year	**11,085,944**	1,237,876

**** ENDS ****