

SAVANNAH

Savannah Exercises Option to Acquire the Aldeia Mining Lease Application Adding to its Flagship Mina do Barroso Lithium Project

26th JUNE 2019

Highlights:

- Savannah adds to its 100% owned Mina do Barroso Lithium Project portfolio in northern Portugal with the exercise of the Aldeia Option to Acquire the Aldeia Mining Lease Application areas
- Acquisition Option exercised over the 2.94km² Aldeia Mining Lease application areas following excellent drilling results to date and declaration of Maiden JORC Resource
- The Aldeia Mining Lease application consists of three blocks (A, B and C) located adjacent to Mina do Barroso
- A maiden JORC Mineral Resource Estimate of 3.5Mt at 1.3% Li₂O was published for one deposit on Block A in May 2019 confirming that;
 - A significant, well mineralised pegmatite body is present
 - The deposit remains open to further resource extension
 - There is potential for further mineralised pegmatites within the vicinity of the main Aldeia pegmatite
- Further evaluation work planned on remaining blocks, all of which are prospective for pegmatite-hosted lithium mineralisation
- Acquisition to be made using a long-term, staged payment structure, commencing once the Mining Lease Application has been granted and the transfer of the mining rights to a Savannah nominee approved

Savannah Resources plc (AIM: SAV, FWB: SAV and SWB: SAV) ('Savannah' or the 'Company'), the AIM quoted resource development company, confirms that, further to the announcement of 25 September 2018, it has now exercised its option (the 'Option') with private Portuguese company Aldeia & Irmão S.A. ('Aldeia') to purchase a Mining Lease application ('Mining Lease Application') which, once granted, will cover areas of land bordering the Company's Mina do Barroso Lithium Project ('Mina do Barroso' or the 'Project') in northern Portugal.

Savannah's CEO, David Archer said: "Our decision to exercise the Option granted by Aldeia over the three blocks which make up the Mining Lease Application follows the excellent exploration results recorded to date and the maiden JORC Mineral Resource Estimate made on one pegmatite deposit situated in Block A. As previously reported, the drilling on Block A has returned the highest grade lithium intercept associated with the Mina do Barroso Project to date of 45m at 1.67% Li₂O, including 22m at 2.00% Li₂O, and the initial 3.5Mt Indicated and Inferred Mineral Resource Estimate averages 1.3% Li₂O or c.25% higher than the current average for the Mina do Barroso deposits. The Aldeia deposit also remains open to further resource expansion and bears many similar characteristics to the Grandao orebody, located just 2km away.

“Following the recent acquisition of the minority 25% shareholding in Mina do Barroso, our decision to now acquire the adjacent Aldeia blocks further demonstrates Savannah’s intention to secure and develop a strategically significant, long life, spodumene lithium operation in northern Portugal.

“We believe the addition of the Aldeia blocks to our portfolio of lithium assets will both benefit and complement the Mina do Barroso Lithium Project by providing an increased Li₂O resource inventory, as well offering more flexibility in locating the Project’s surface infrastructure.

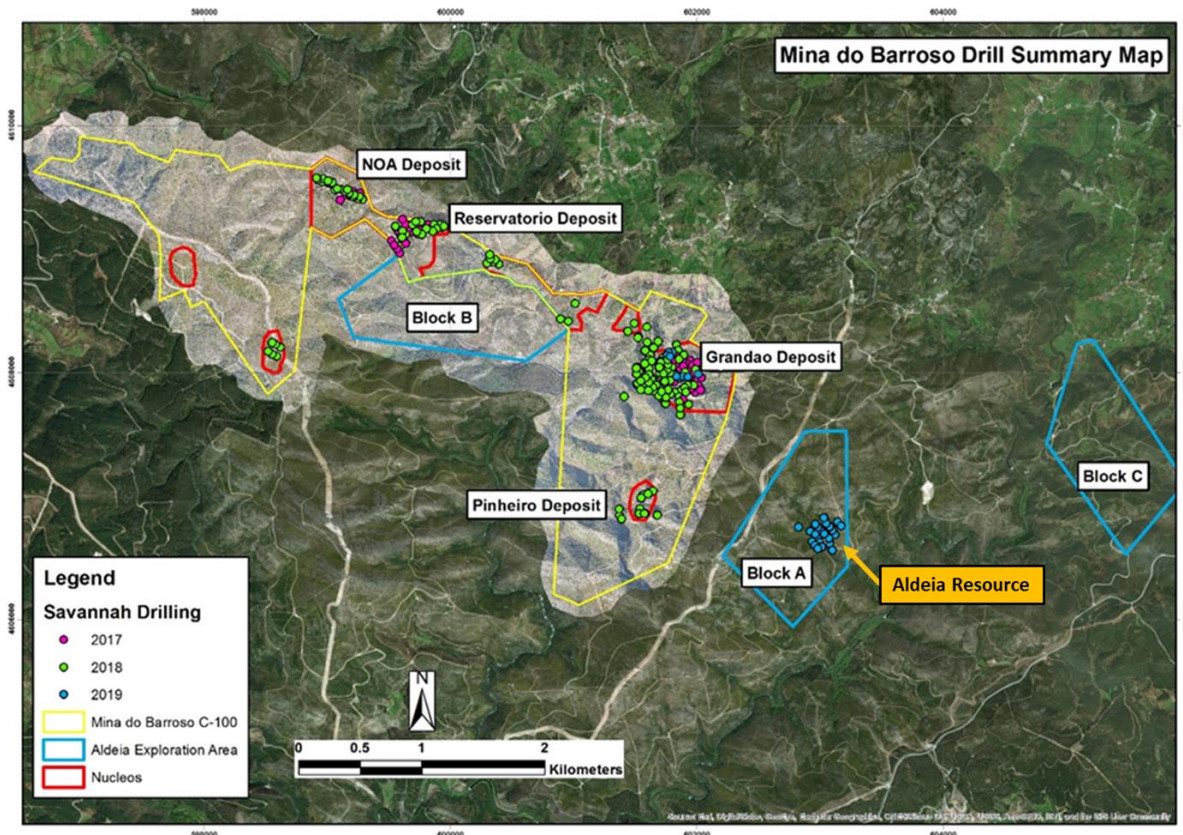
“Our Portuguese operations will provide the lithium raw material required for the significant market demand predicted to develop in Europe over the next decade. Following our increase of the Mineral Resources, resulting in the potential for an increase to the life of mine (‘LOM’) of the Project, Savannah’s spodumene lithium production will be key to groups interested in securing lithium chemicals in Europe, which is a high priority for the EU and highlights Savannah’s potential role in the development of Western Europe’s nascent lithium supply chain. Global lithium production deficits will likely drive lithium prices higher in the next few years and will provide an excellent industry setting for Savannah.

“Furthermore, the payment structure of the deal is attractive for Savannah, as the Company will pay for the acquisition via instalments over a 6-year period. These instalments will commence once the current Mining Lease Application has been approved and transferred to a Savannah subsidiary company. We are very pleased with our decision to exercise our Option to Acquire Aldeia and firmly believe it will be pivotal in Savannah’s journey towards expanding our mine life and firmly embedding ourselves at the heart of the lithium raw material market with a high grade and reliable product.”

Background to the Aldeia transaction

Savannah announced on 18 July 2018 that it had entered into a 70-day exclusive due diligence period in respect of an Option to Acquire the three block, 2.94km², Mining Lease Application for lithium, feldspar and quartz from private Portuguese company, Aldeia & Irmão, S.A. (‘Aldeia’). Savannah believes that the Aldeia Mining Lease Application covers key areas of the lithium pegmatite bearing structural corridors both adjacent to and within the vicinity of the Company’s Mina do Barroso Mining Lease.

Figure 1. Mina do Barroso Project Summary Map showing key deposits and drilling completed to date



Based on satisfactory legal and financial due diligence, desktop studies and an initial surface exploration programme, Savannah announced on the 25 September 2018 that it had purchased the exclusive Option to Acquire the Mining Lease, once granted (the 'Option'). The Option was exercised prior to its expiry on 25 June 2019 at the cost of €350,000, payable in instalments. As of the date of publication, two instalment payments remain and are due by 25 September 2019.

Acquisition Terms

Exercising of the option has triggered a 'Commitment to Purchase' subject to prior approval of the competent government authorities. Upon approval of the Mining Lease, Aldeia shall thereafter submit a Request for Transfer with the DGEG ('Direcção-Geral de Energia e Geologia') and apply to register the Lease in the name of Savannah or a Savannah nominee.

The total purchase price for the acquisition of the Proposed Lease Area (once granted) is €3.25m, which would only be due once the Mining Lease Application has been granted and the Mining Rights transferred to Savannah's subsidiary. Once triggered, the agreed payment schedule consists of an initial €55,000 payment upon execution with the balance due in 71 equal monthly instalments. Hence, there is no payment due upon exercise of the Option.

Mineral Resource Estimate on Aldeia Block A

A series of highly prospective pegmatites have been identified on all three blocks at Aldeia, but the largest and most extensive pegmatite identified to date is on Block A, where quarrying operations are taking place (**Figure 2**).

Figure 2. Panorama Photo of the Pegmatite Quarry on Block A



Following the purchase of the Option, Savannah commenced a maiden drilling campaign on Block A in early 2019, which to date has included 33 reverse circulation ('RC') and diamond drill holes for a total of 3,399m.

As previously announced, data from 18 RC drill holes, 5 diamond holes and 6 RC holes with diamond tails were used to generate a maiden 3.5Mt Mineral Resource Estimate for Aldeia Block A which was published on 31 May 2019 along with an Exploration Target for the deposit (Table 1 and 2). At 1.3% Li₂O, the Aldeia resource has the highest average grade of the five resource-bearing deposits across the two project areas, which is approximately 23% above the total resource average of 1.06% Li₂O.

The Aldeia deposit is contained largely within a single moderately west dipping tabular body, defined over an area of 250m north-south with a dip extent of 340m. The body appears to bifurcate and varies in thickness from 10m to 45m and is typically mineralised across the full width. The main pegmatite extends to surface and is visible in outcrop over a portion of the deposit. The pegmatite mineralisation is predominantly fresh with a shallow weathering profile affecting the material 10m to 20m below surface. The main pegmatite zone remains open along strike to the north and down dip (Figures 3 and 4), and a number of minor pegmatites are also defined at the deposit.

Table 1. May 2019 Mineral Resource Summary (0.5% Li₂O cut-off)

Deposit	Resource Classification	Tonnes Mt	Li ₂ O %	Fe ₂ O ₃ %	Li ₂ O Tonnes
Aldeia	Measured				
	Indicated	1.6	1.3	0.5	21,300
	Inferred	1.8	1.3	0.4	23,700
	Total	3.5	1.3	0.4	45,000

*Rounding discrepancies may occur

Table 2. Exploration Target Summary

Deposit	Tonnage Range (Mt)		Li ₂ O %
	Lower	Upper	
Aldeia	2.0	4.0	1.0-1.3%

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

This resource formed part of the fifth JORC compliant Mineral Resource Estimate increase on the Mina do Barroso Project, which currently stands at a total Mineral Resource of 27Mt at 1.06% Li₂O for 285,900t Li₂O contained.

Figure 3. Aldeia pegmatite and drilling (looking North)

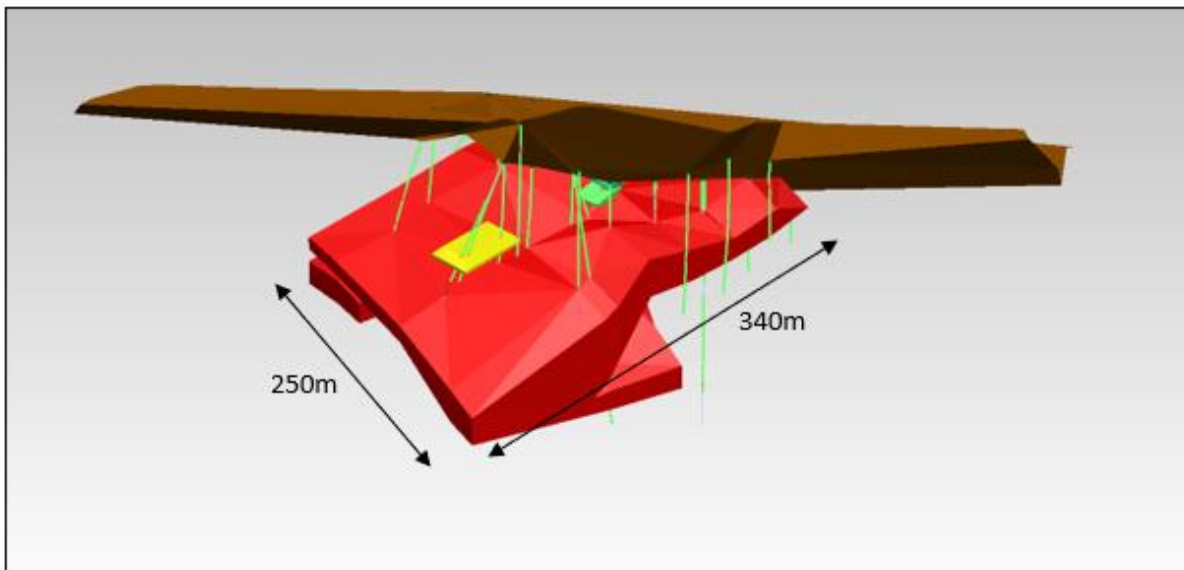


Figure 4. Aldeia Cross Section (Southernmost Oblique Section) (looking NE)

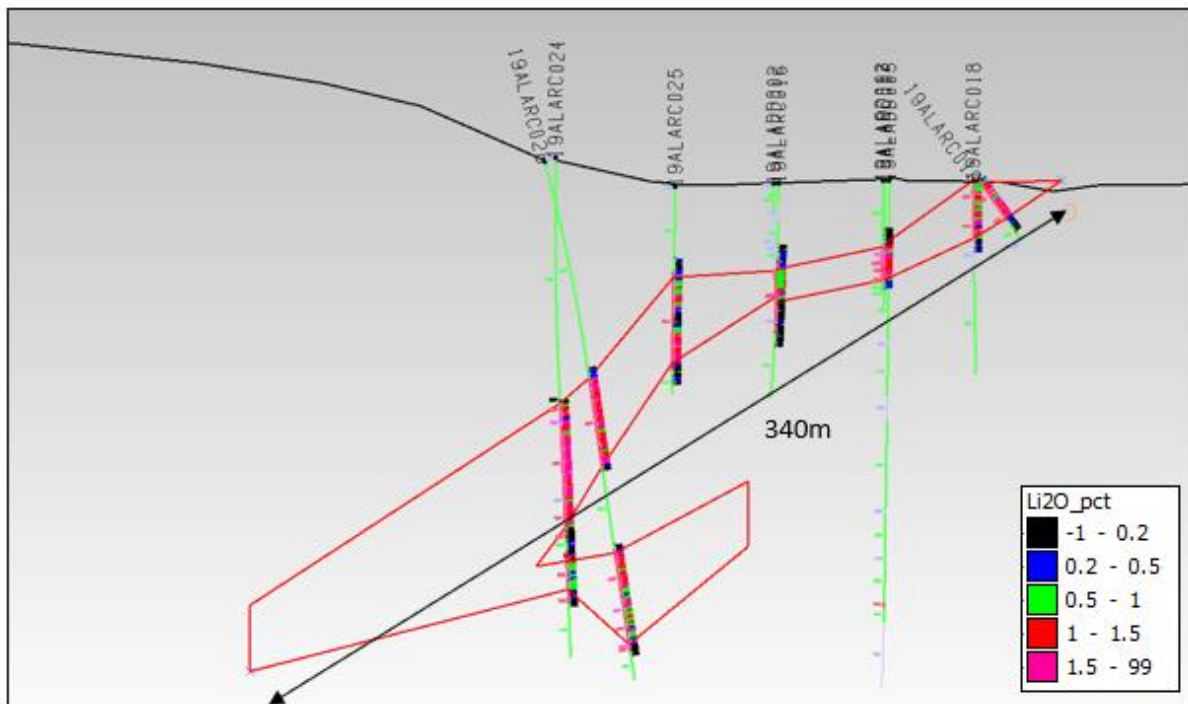


Figure 5. Aldeia Resource Model coloured by Li₂O content (looking North)

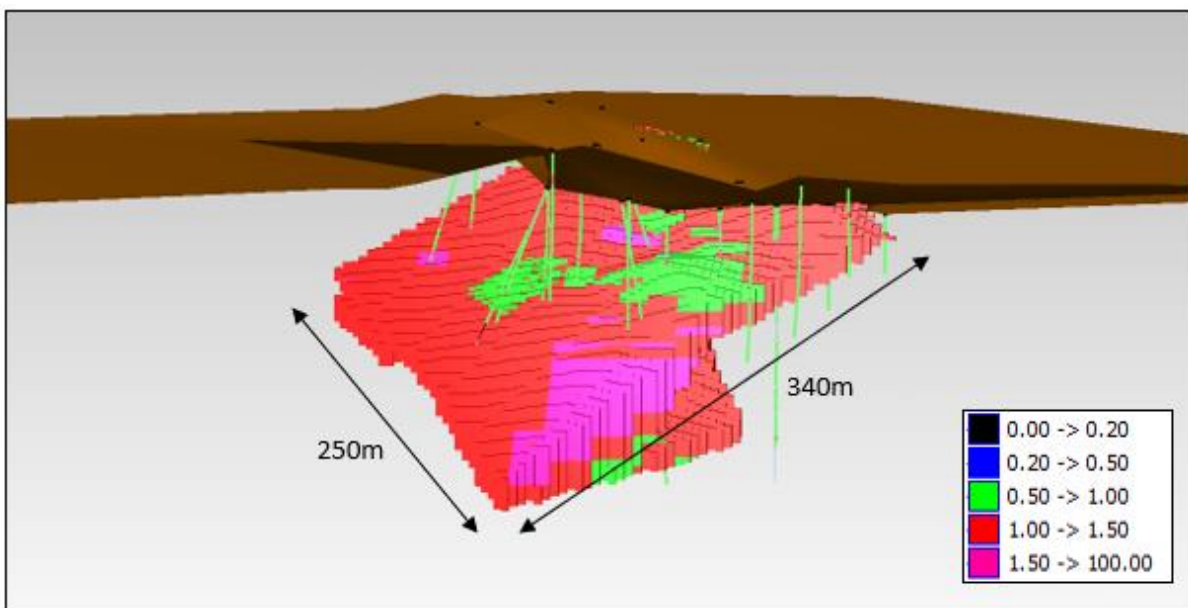
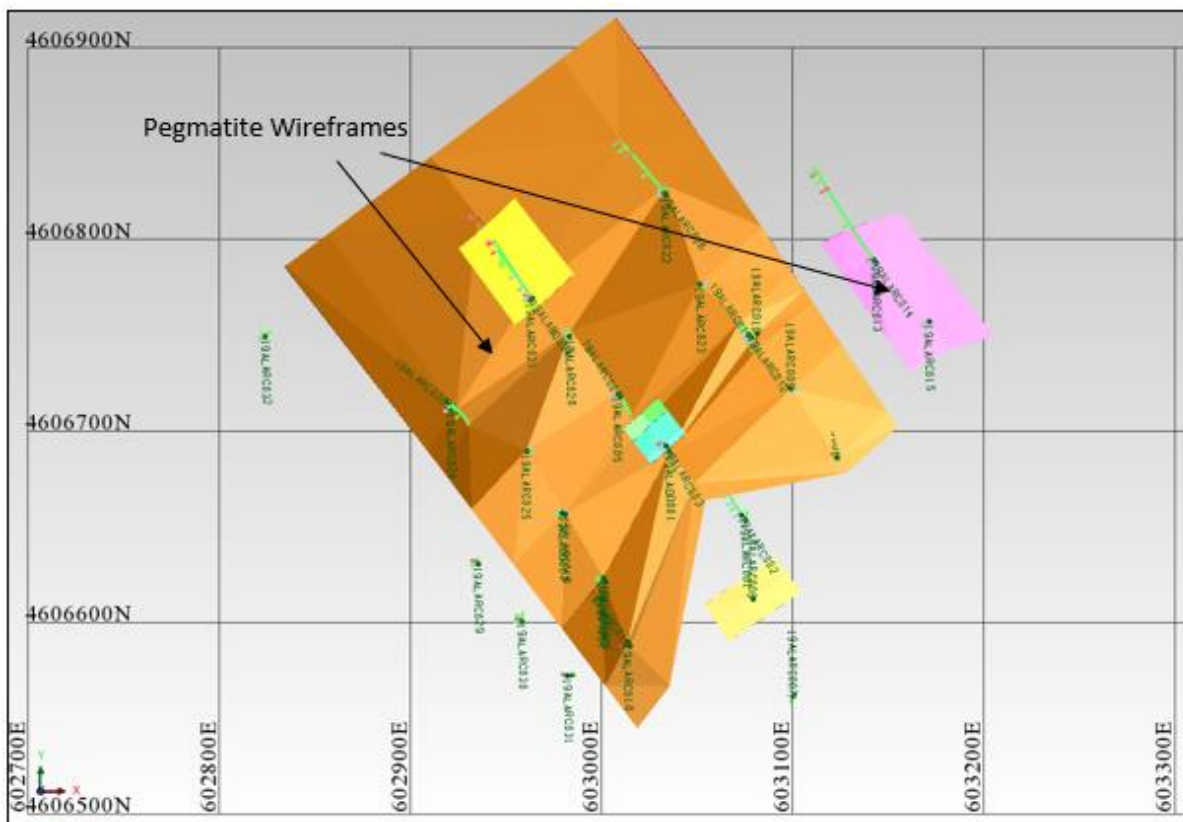


Figure 6. Aldeia Geological Model and Mapped Pegmatites



Competent Person and Regulatory Information

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 Australasian 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.

The Information in this report that relates to Mineral Resources is based on information compiled by Mr Paul Payne, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Payne is a full-time employee of Payne Geological Services. Mr Payne has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Payne consents to the inclusion in the report of the matters based on his 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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For further information please visit www.savannahresources.com or contact:

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About Savannah

Savannah is a diversified resources group (AIM: SAV) with a portfolio of energy metals projects - lithium in Portugal and copper in Oman - together with the world-class Mutamba Heavy Mineral Sands Project in Mozambique, which is being developed in a consortium with the global major Rio Tinto. The Board is committed to serving the interests of its shareholders and to delivering outcomes that will improve the lives of the communities we work with and our staff.

The Company is listed and regulated on AIM and the Company's ordinary shares are also available on the Quotation Board of the Frankfurt Stock Exchange (FWB) under the symbol FWB: SAV, and the Börse Stuttgart (SWB) under the ticker "SAV".