



Savannah Resources Plc / Index: AIM / Epic: SAV / Sector: Mining

10 April 2014

Savannah Resources Plc

Savannah Expands into the Highly Prospective Oman Copper Belt

Savannah Resources plc (AIM: SAV) announces that it has entered into an agreement to acquire interests in the highly prospective Block 5 and Block 6 copper projects (the 'Projects') in the Sultanate of Oman (Figure 1) from TSX-V listed Gentor Resources Inc. (TSX-V: GNT) ('GRI'). The acquisition of these Projects, which contain part of one of the best preserved copper-rich Ophiolite belts in the world (Figure 1), forms part of Savannah's growth strategy of building a multi-commodity exploration and development company.

Overview:

- Acquiring 100% of GRI's subsidiary, Gentor Resources Limited ('GRL'), which has a 65% interest in Block 5 and the right to earn up to a 70% interest in Block 6
- Projects cover 870km² of the highly prospective copper-rich Seminaï Ophiolite belt in the Sultanate of Oman – proven to host clusters of relatively high grade copper deposits with gold credits and metallurgically simple ores
- Indicated and Inferred Mineral Resource of 1.7Mt at 2.2% Cu (including a high-grade zone of ~0.5Mt at 4.5% Cu) from Block 5
- Opportunity to significantly increase resource potential of Block 5:
 - High grade intersections reported to date include **56.35m at 6.21% copper** from 63.15m in B5MH4071 from Block 5, Mahab 4 prospect
 - Priority exploration targets targeted for future exploration include Maqail South (**6.68m at 7.42% copper**), Hara Kilab (**5.54m at 3.96% copper**) and Mahab 2 (**5m at 2.81% copper**)
- Defined multiple prospects within Blocks 5 and 6 at a variety of stages of exploration – from preliminary evaluation up to advanced exploration
- Exploration initially focussed on evaluating potential open pit targets at Block 5 during the first two years of exploration
- Fast paced exploration programme will be initiated in May 2014 with a view to commencing drilling in H2 2014
- Excellent low cost operating region, with well-developed road, power and port infrastructure, low fuel costs and a favourable fiscal regime
- Purchase price is USD\$0.8m cash (fully funded – see announcement "Savannah secures up to US\$6.3 million investment to fund Oman copper purchase and growth" dated 10 April 2013) and USD\$3.0m deferred cash and shares on the achievement of mine development and production milestones

Savannah's CEO, David Archer said, "The acquisition of Gentor's Oman copper projects is a major milestone in cementing Savannah's position as a multi-commodity exploration and development company and represents the first step in our strategy of establishing the Company as a mid-tier copper producer. The acquisition of the two highly prospective projects with multiple target areas provides Savannah with exposure to one of the best Ophiolite belts in the world.

"With an Indicated and Inferred Mineral Resource of 1.7Mt @ 2.2% Cu and high grade intercepts of up to 56.35m at 6.21% Cu at Block 5, this certainly sets the scene for a targeted, fast paced exploration programme commencing as early as May 2014.

"Significantly, the Ophiolite belt is characterised by small to medium size, high grade copper deposits that have been shown to be amenable to profitable, open-cut development, to produce high quality copper concentrates for local or overseas smelters. Furthermore, despite the region's rich history of copper production there has been limited modern exploration in Oman, which Savannah and its Omani partners aim to capitalise on by applying rigorous, modern exploration techniques.

"We believe that with the application of systematic exploration and further commercial transactions the opportunity exists in Oman to build a significant mid-tier copper producer.

"This latest acquisition complements our existing portfolio which includes the Jangamo Heavy Minerals Sands Project in Mozambique and forms part of our strategy of developing a diversified, multi-commodity company in the core geographies and in the established commodities. With active exploration programmes planned for both Jangamo and for our newly acquired copper portfolio in Oman in 2014, I believe we have the foundations in place for solid growth."

Further Information

Property and Location

The Block 5 licence is 598km² and is located 180km west of Muscat, the capital city of Oman. The centre of Block 5 lies approximately 40km south of the city of Sohar, where the Gentor field office is situated. The Block 6 licence is 27,290 ha in area and the centre of Block 6 lies approximately 80km southeast of the major export port of Sohar. The Mahab 4 and Maqail South deposits are both located in Block 5.

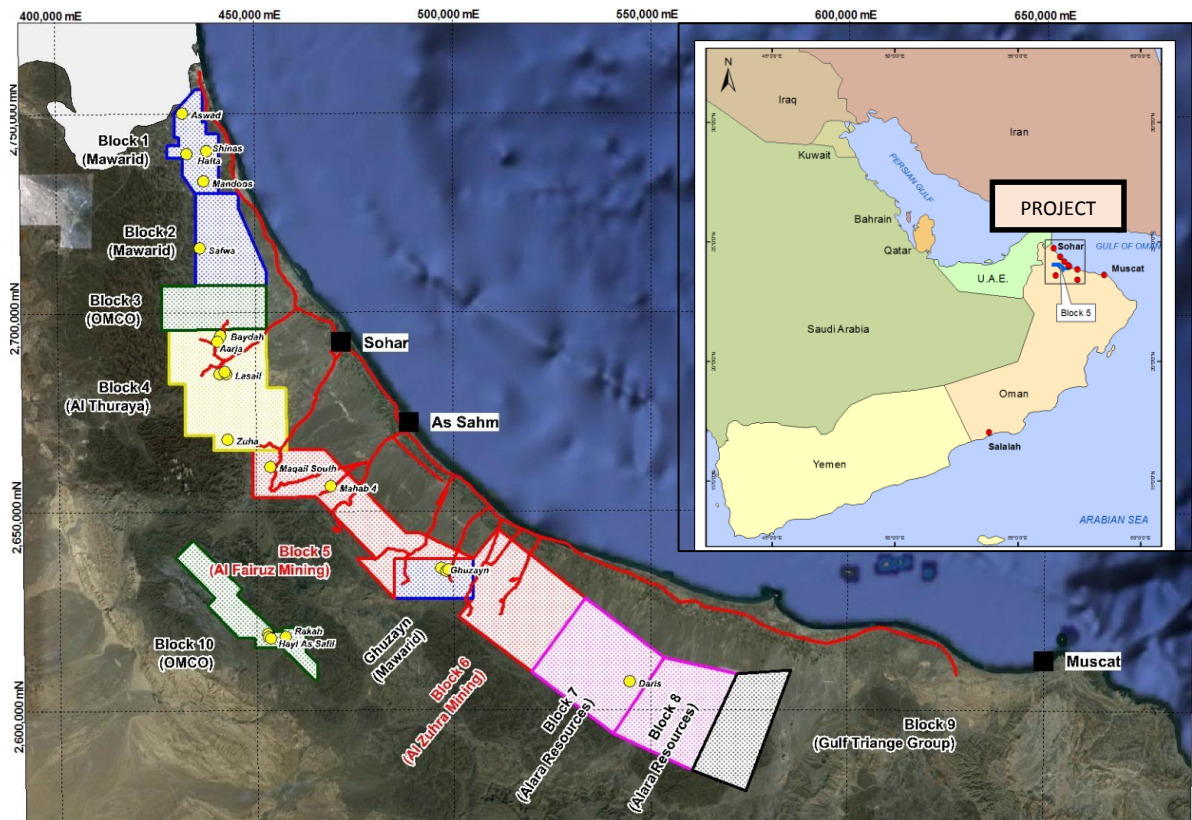


Figure 1. Project Location, Blocks 5 and 6 are marked in RED.

Ownership and Licences

Savannah is acquiring 100% of the issued share capital of GRL. GRL has earn-in agreements with the holders of Blocks 5 and 6 and a 65% shareholding in Al Fairuz Mining Company LLC ('Al Fairuz'), which wholly owns Block 5. GRL has a 40% beneficial interest in Al Zuhra Mining Company LLC ('Al Zuhra') which wholly owns Block 6. GRL has the right to increase its shareholding in Al Zuhra to 70% by completing a bankable feasibility study.

Project Setting

Oman is a well-developed country with excellent infrastructure (proximity to a major deep sea port, bitumen roads across both Projects and adjacent power lines), low fuel and labour costs and a favourable fiscal and tax regime. Savannah is of the opinion that mining profitability in Oman will be significantly enhanced by this very favourable development setting.

Geology and Mineralisation

Savannah will focus its exploration on the discovery of Cyprus type Volcanic Massive Sulphide ('VMS') deposits in the Semail Ophiolite (Figure 2). These VMS deposits are believed to form at active oceanic spreading centres where enhanced hydrothermal circulation leads to the formation of seafloor vents or "black smokers". These vents inject a metal saturated solution into the water column, but the rapid drop in temperature leads to the immediate precipitation of metal onto the seafloor and sub-seafloor conduits as

sulphides and oxides. Modern hydrothermal vents in mid-ocean ridge settings are often cited as a probable modern analogue for Cyprus type deposits in ancient Ophiolites, although there is some debate as to whether they represent mid-ocean ridges or supra-subduction settings in extensional back-arc basins.

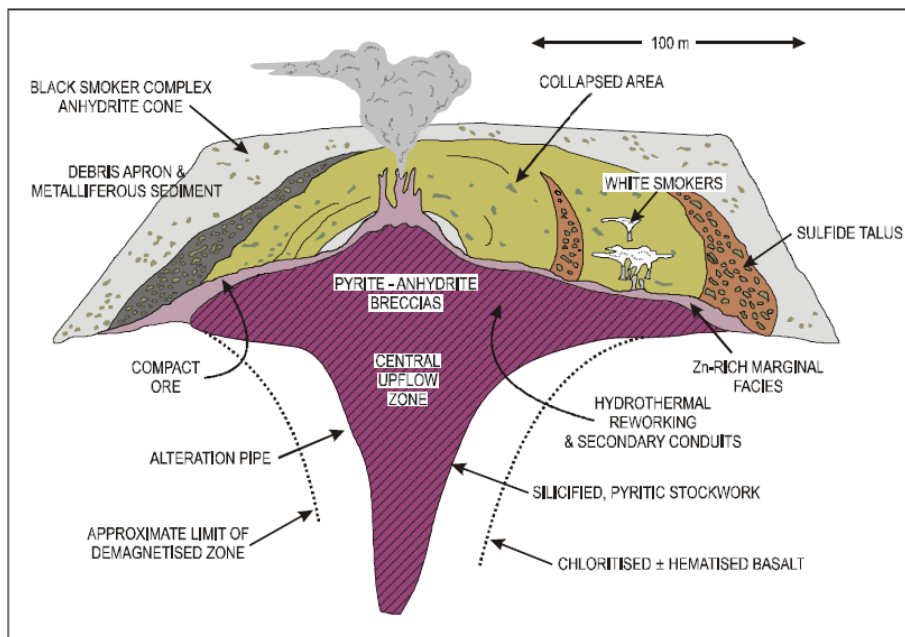


Figure 2: Generalised cross-section through a typical hydrothermal VMS system (After: Hannington, Gallery, Herzig & Petersen; 1998)

Cyprus-type VMS deposits are important sources of copper and zinc and often also contain economic concentrations of gold and silver. They occur on and below fossil seafloors, generally within mafic to intermediate volcanic rocks and lesser metalliferous sediments/umbers. Mineralisation is comprised of two key zones, a massive sulphide zone and an underlying stringer zone.

Mineral Resource Estimates

Block 5 currently holds a near-surface, collective Indicated and Inferred Mineral Resource of 1.7Mt @ 2.2% Cu (including a high-grade zone of ~0.5Mt @ 4.5% Cu). H&S Consultants Pty Ltd ("H&SC") was commissioned by Gentor to undertake a resource estimation of the Mahab 4 and Maqail South mineralised bodies, both of which are located in Block 5.

The resource estimates for the gossanous oxide zone at Mahab 4 are shown in Table 1 at a cut-off of 0.3 g/t gold. The resource estimates of the sulphide mineralisation at Mahab 4 and Maqail South are shown in Table 2 at a cut-off of 0.3 % copper.

Table 1: Oxide Resources at Mahab 4 at a gold cut-off of 0.3 g/t

		Tonnage (kt)	Density (t/m ³)	Cu (%)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)
Mahab 4	Indicated	9	2.4	0.2	1.4	19.7	0.01	0.04
Mahab 4	Inferred	19	2.4	0.1	0.8	7.7	0.03	0.04

Significant figures quoted do not imply precision and are to minimise round-off errors.

Table 2: Sulphide Resources at Mahab 4 and Maqail South at a copper cut-off of 0.3%

		Tonnage (kt)	Density (t/m ³)	Cu	Au	Ag	Pb	Zn
				(%)	(g/t)	(g/t)	(%)	(%)
Mahab 4	Indicated	916	3.5	2.8	0.2	8.5	0.080	0.54
Mahab 4	Inferred	590	3.3	0.9	0.1	2.5	0.012	0.14
Maqail South	Inferred	160	3.6	3.8	0.1	2.4	0.002	0.02
Total Indicated		916	3.5	2.8	0.2	8.5	0.080	0.54
Total Inferred		750	3.3	1.5	0.1	2.5	0.010	0.12

Significant figures quoted do not imply precision and are to minimise round-off errors.

Exploration Concept

A high level review of the Gentor data indicated that it has successfully focused on the Geotimes/Lasail stratigraphic contact; recent work indicates that the Oman deposits occur at multiple levels, and Savannah will be expanding the evaluations to include targets in these other units (Figure 3).

Gentor flew an extensive VTEM survey (Figure 4) over large parts of the tenement holdings many of which still require adequate testing. A rigorous VTEM targeting assessment is required, using geological control, to determine if any more subtle targets (deeper or less conductive, e.g. stock work), or targets concealed by conductive cover or cultural interference can be recognised.

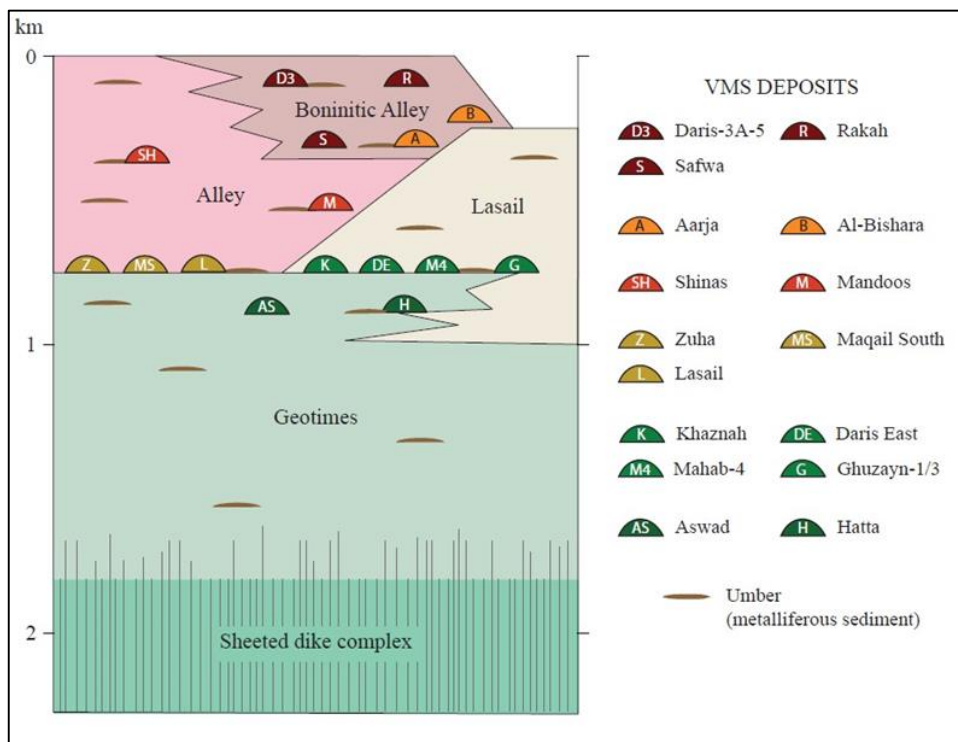


Figure 3. Schematic volcanic stratigraphy of Semnail Ophiolite Belt with deposit locations

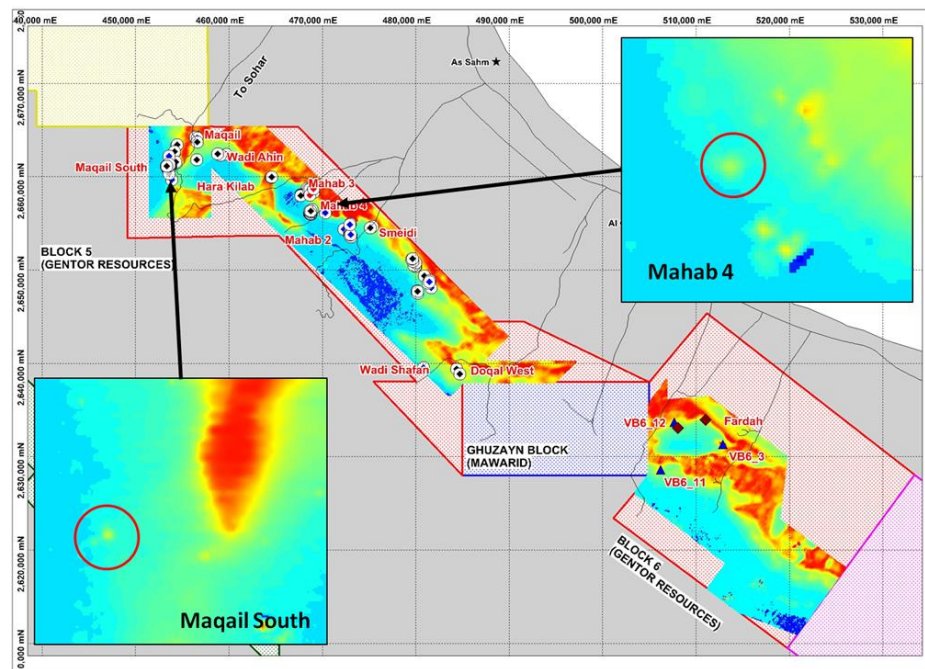


Figure 4. Block 5 and 6 VTEM Maps showing exploration targets

Prospects

Defined prospects within Block 5 and Block 6 are at a variety of stages of exploration from preliminary evaluation up to advanced exploration. Savannah will initially be focused on evaluating potential open pit targets during the first two years of exploration using a multi-layered approach including detailed geological and regolith mapping, stratigraphy, structure, geochemistry and geophysics to delineate prospects.

There are many targets that require detailed review and analysis to determine the next steps in the exploration programmes. High priority exploration targets including Maqail South (6.68m at 7.42% copper), Hara Kilab (5.54m at 3.96% copper) and Mahab 2 (5m at 2.81% copper).

Exploration Programme

Savannah is planning to implement a fast paced, multi-faceted exploration programme with a view to commencing drilling in H2 2014. The initial work programme will include:

- Complete a rigorous detailed targeting assessment of the geophysical data looking at subtle targets, targets under cover, and targets potentially concealed by cover along known prospective trends. Geology will be a key driver in this targeting exercise
- Acquire, compile and assess all data, especially the Kenex GIS database
- Improve understanding through better characterisation of known deposits, inside and outside the block, especially through litho-geochemical signatures of mineralisation and alteration and a better definition of structural and lithostratigraphic control

- Drill targets on identified target trends will be defined by a combination of VTEM conductors, ground EM follow-up, systematic surface geochemistry, and litho-geochemical targeting
- Ground EM along known mineralised trends and down-hole EM will be considered for all prospect drill testing
- Further geological mapping, geochemical sampling and drilling

Further Information

Acquisition Transaction – Gentor Resources Limited (“GRL”)

The primary commercial terms of Savannah’s acquisition of 100% of the issued share capital of GRL (the “Transaction”) are set out below:

1. Initial Consideration
 - a. A cash payment of USD \$800,000 (~GBP 479,000);
2. Deferred Consideration (up to 50% payable in Savannah shares)
 - a. A milestone payment of USD 1,000,000 (~GBP 599,000) upon a formal final investment decision for the development of the Block 5 Licence;
 - b. A milestone payment of USD 1,000,000 (~GBP 599,000) upon the production of the first saleable concentrate or saleable product from ore derived from the Block 5 Licence;
 - c. A milestone payment of USD 1,000,000 (~GBP 599,000) within six months of the payment of the Deferred Consideration in b.
 - d. Where Savannah shares are issued in satisfaction of any Deferred Consideration, the number of Savannah shares to be issued shall be determined by reference to the volume weighted average price of Savannah’s shares for 30 dealing days prior to the date upon which the relevant Deferred Consideration is payable.
3. Other Information
 - a. Savannah will be responsible for all of the funding of the projects. This funding will be in the form of a loan which would be reimbursed prior to any dividend distribution to shareholders.
 - b. Savannah is expected to spend approximately GBP 600,000 on exploration in the first 12 months of owning GRL; and
 - c. Completion is conditional on the finalisation of certain legal formalities in the UK, Canada and Oman and is anticipated to occur in May 2014. Completion is also subject to regulatory approvals as required by the rules of the TSX Venture Exchange.

Substantial transaction

The acquisition of the 100% of GRL constitutes a substantial transaction under AIM Rule 12. As at 31 December 2013, the pro forma carrying value of GRL was GBP equivalent 2,837,711 unaudited. No further disclosures are required under Schedule Four of the AIM Rules.

Oman

The Sultanate of Oman is a modern Middle Eastern country with excellent infrastructure, low fuel costs and a favourable fiscal regime for any potential mine development. Copper mining and smelting in the Sohar Region of Oman has a history dating back to the Bronze Age. Weathered, outcropping VMS deposits provided a major source of metal for early Bronze Age cultures in Mesopotamia. Copper metal continued to be sourced from the region right through the Middle Ages and during the rise of Islam.

The similar geological character of the Semail Ophiolite in Oman to the Troodos Massif in Cyprus, stimulated the first round of modern mineral exploration and mining in the region in the 1950s and 1960s. Between the 1970s and 1990s the Oman Government sponsored international aid-orientated and commercial mining groups to conduct basic geological mapping and more focussed systematic mineral exploration for copper in the Semail Ophiolite Belt. This intense period of multinational exploration resulted in the discovery of more than 44 million tonnes of 1-2% copper and were sporadically mined and smelted within Oman.

Exploration work in the late 1990's by the Japanese International Cooperation Agency (JICA) led to the discovery of two mineralised districts: firstly, Hayl-al-Safal -- Rakah (17 million tonnes of 1.2% copper and 1.0g/t gold) and Ghuzayn where the drilling of geophysical anomalies resulted in the discovery of 14 million tonnes of 1.4% copper. Relatively little modern exploration has been carried out in Oman since the 1980s and 1990s. Consequently, the newest exploration techniques developed to search for covered VMS deposits have not been applied widely.

A new phase of copper exploration and mining commenced in the early 2000s when a local Omani firm, Mawarid Mining commenced mining at Shinas a 2Mt @ 2.0% Cu and a small cluster of bodies at Hatta with 1.5Mt @ 3.5% Cu. Mawarid are mining and trucking the ore some 80 kilometres south to the Lasail Beneficiation and Smelting Complex.

Competent Person

Dale Ferguson: The technical information related to Exploration Results contained in this Announcement has been reviewed and approved by Mr D. Ferguson. Mr Ferguson has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Ferguson is a Director of Savannah Resources plc and a Member of the Australasian Institute of Mining and Metallurgy. Mr Ferguson consents to the inclusion in this announcement of such information in the form and context in which it appears.

****ENDS****

For further information please visit www.savannahresources.com or contact:

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Notes

About Savannah

Savannah Resources Plc (AIM: SAV) is a multi-commodity focussed exploration and development company. Through its 80% ownership of Matilda Minerals Limitada it operates the Jangamo exploration project in a world class mineral sands province in Mozambique which borders Rio Tinto's Mutamba deposit, one of two major deposits Rio Tinto has defined in Mozambique, which collectively have an exploration target of 7-12Bn tonnes at 3-4.5% THM¹ (published in 2008).

In addition, Savannah owns an effective 20.9% strategic shareholding in Alecto Minerals Plc which provides Savannah with exposure to both the highly prospective Kossanto Gold Project in the prolific Kenieba inlier in Mali and also to the Wayu Boda and Aysid Meketel gold / base metal projects in Ethiopia for which Alecto has a joint venture with Centamin Plc. Under this joint venture, Centamin Plc is committing up to US\$14m in exploration funding to earn up to 70% of each project. The Company is also evaluating additional opportunities to expand its portfolio and geographical focus.

The acquisition of copper projects in the Semail Ophiolite, the world's largest and best preserved thrust sheet of oceanic crust and upper mantle, provides Savannah with an excellent opportunity to potentially evolve into a mid-tier copper producer in a relatively short time frame. Small to medium sized Cyprus-type Cu-Au VHMS deposits have been worked in the Semail Ophiolite since ancient times. Modern exploration has identified many small to medium sized high grade copper deposits within the belt which as yet have not been brought into production. Together with its Omani partners Savannah will look for ways to aggregate and explore as many of these opportunities as possible with a view to providing the critical mass for a central operating plant to develop the deposits.

Notes

¹[http://www.riotinto.com/documents/ReportsPublications/Titanium mineral sands exploration target in Mozambique.pdf](http://www.riotinto.com/documents/ReportsPublications/Titanium_mineral_sands_exploration_target_in_Mozambique.pdf)