



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

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Savannah Resources Plc Rio Tinto and Savannah to establish Mutamba/Jangamo Joint Venture

HIGHLIGHTS:

- Rio Tinto International Holdings Limited (a member of the Rio Tinto Group) ("Rio Tinto") and AME East Africa Limited (a wholly owned subsidiary of Savannah Resources Plc) ("Savannah") to combine their adjacent Mutamba, Dongane and Jangamo prospects and Rio Tinto's Chilubane heavy mineral sands occurrences in an unincorporated joint venture in this world-class heavy minerals sands area in Mozambique (Figure 1)
- The projects combine Savannah's Inferred Mineral Resource of 65Mt at 4.2% total heavy minerals¹ ("THM") and Rio Tinto's previously declared Exploration Target of between 7.0 and 12.0Bt at a grade ranging from 3 to 4.5% total heavy minerals²
- The Mutamba, Dongane and Jangamo prospects are located approximately 450kms northeast of the capital city of Maputo and approximately 40kms from the ports of Inhambane and Maxixe
- Savannah will be the operator of the joint venture and may earn up to a 51% interest in the combined Mutamba/Jangamo Project
- Rio Tinto agrees to enter into, or procure that an affiliate enters into, offtake sales contracts on commercial terms for the purchase of 100% of the production of heavy mineral concentrate ("HMC") products from any mine that may be developed in the Mutamba/Jangamo Project area
- The prospects contain thick zones of ilmenite dominant heavy mineral sands from surface
- The Mutamba/Jangamo Joint Venture will focus on defining a dry mining operation for staged, early development
- Formation of the joint venture, in accordance with the terms of the Joint Venture Agreement is conditional, inter alia, on approval by the Ministry of Mineral Resources and Energy of the Republic of Mozambique
- In connection with the transaction, Savannah has entered into a conditional agreement to acquire the remaining 20% of Matilda Minerals Limitada it does not own for AUD\$ 100,000, payable in Savannah ordinary shares or cash.

Savannah Resources plc (AIM: SAV) ('Savannah' or the 'Company') advises that its subsidiary, AME East Africa Limited, has conditionally agreed to form an unincorporated joint venture with Rio Tinto International Holdings Limited ('Rio Tinto') over the Mutamba, Dongane, Chilubane and Jangamo heavy mineral sands prospects in Mozambique ('Joint Venture').

Savannah's CEO, David Archer said, "The amalgamation of the Mutamba, Dongane and Jangamo Projects makes enormous sense as it combines three areas which are effectively part of the same, continuous mineralisation trend. The Projects are located close to existing road, grid power, water and port infrastructure. The mineral occurrences themselves are well-suited to conventional dry mining to produce feed for a conventional heavy mineral separation circuit that would allow extraction of ilmenite, rutile and zircon products."

"Savannah will operate the combined projects and can earn up to 51% of the combined Mutamba/Jangamo Project in stages by undertaking scoping, pre-feasibility and feasibility studies. Rio Tinto will be providing access to its existing camp, facilities and equipment associated with Mutamba to the Mutamba/Jangamo Joint Venture which will help with a fast start to our work."

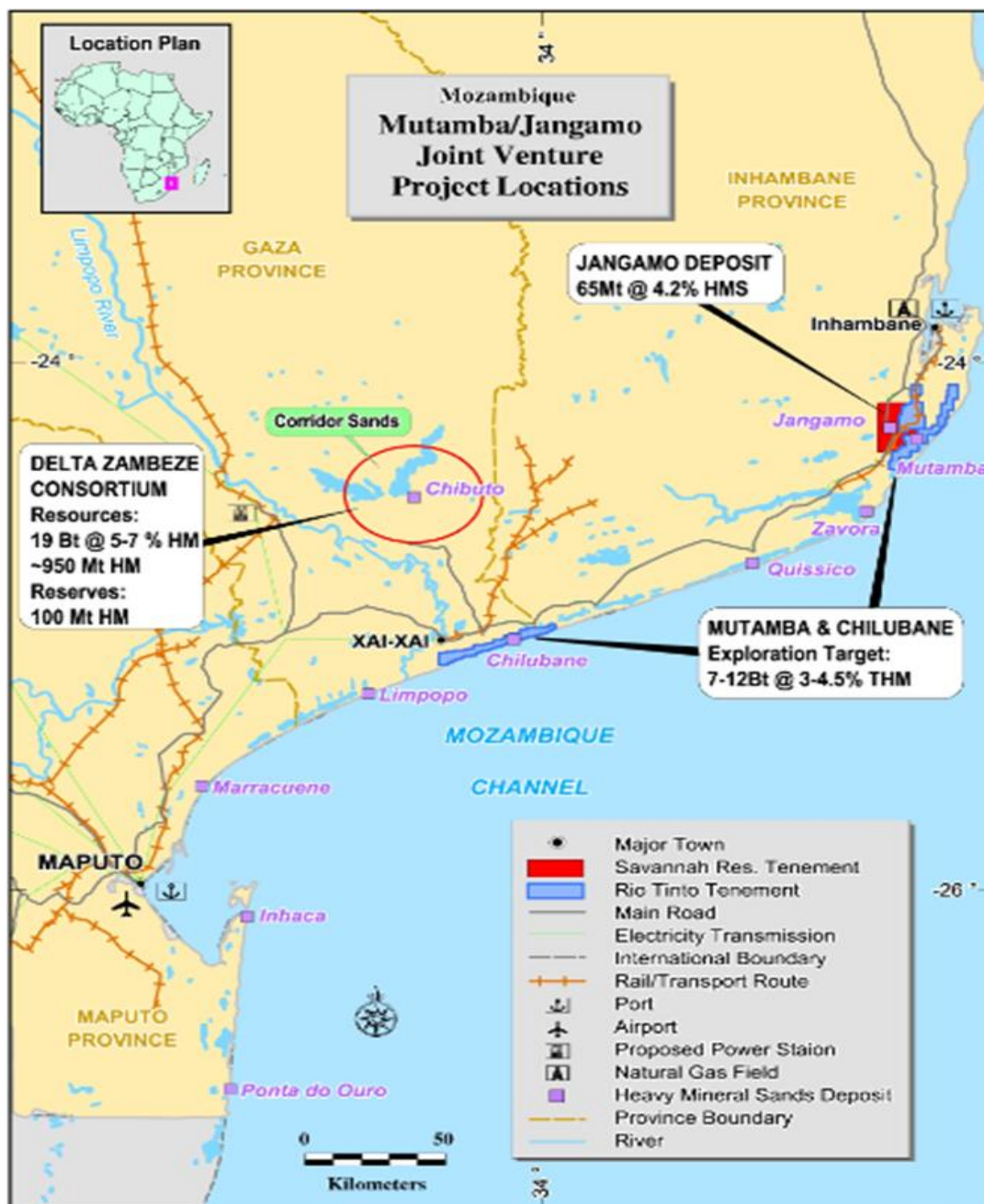


Figure 1. Mutamba/Jangamo JV Project Location Map

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

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Further Information on the Projects

Project Area

The Mutamba/Jangamo Joint Venture covers a total of four areas in Mozambique:

Tenement number	Location	Area, square km	Owner	Term
Rights to work over area of Licence Number 562L *	Chilubane, Gaza Province	141.6	Rio Tinto Mining & Exploration Limited	21-Jan-18
Rights to work over area of Licence Number 566L *	Dongane, Inhambane Province	163.6	Rio Tinto Mining & Exploration Limited	21-Jan-18
Rights to work over area of Licence Number 1336L *	Mutamba, Inhambane Province	118.8	Rio Tinto Mining & Exploration Limited	21-Jan-18
Exploration Licence 3617L	Jangamo, Inhambane Province	180	Matilda Minerals Ltda	10-Dec-17

* The rights to work are defined in an agreement between the Government of Mozambique and an affiliate of Rio Tinto. Pursuant to the terms of the agreement, the affiliate of Rio Tinto is granted the exclusive mineral exploration rights to the areas.

Mineral Resources and Exploration Target

The four areas are part of a world class heavy minerals sands province in Mozambique. The projects are located in the Gaza and Inhambane provinces of Mozambique about 300kms and 450kms north east of the capital Maputo. The areas are part of a large area of prograding, siliciclastic sediments and ideal for hosting heavy mineral deposits which covers much of the south eastern African coastline. The heavy minerals are derived from the Limpopo River over a long period and reworked along ancient and current coast lines.

Savannah currently holds an 80% shareholding in Matilda Minerals Limitada (increasing to 100%, as set out below) and operates the Jangamo exploration project. On 31 December 2014 Savannah announced a maiden, 65Mt Inferred Mineral Resource @4.2% total heavy minerals ("THM") at a 2.5% cut-off grade for Jangamo.¹ Jangamo borders Rio Tinto's Mutamba and Dongane prospects which, together with Rio Tinto's Chilubane mineralised occurrences, have an Exploration Target² of 7-12Bn tonnes at 3-4.5% THM.

Over 80,000 metres of drilling has been carried out by Rio Tinto's affiliate producing over 35,000 samples from approximately 4,000 reverse circulation, sonic and auger drill holes to define heavy mineral-bearing sand units that vary in thickness from 15 to +70 metres. Eight large, separate mineralised bodies have been identified within the three Rio Tinto areas and have been the subject of Order of Magnitude Studies.

The Exploration Target* for Rio Tinto's three areas is:

Exploration Target*	Tonnage Range (millions)	Grade Range
Mozambique HMS	7,000 - 12,000	3 - 4.5% THM

Drilling, sampling and metallurgical test work by Rio Tinto's affiliate of the three areas suggests a combined potential contained ilmenite content of between 140 and 170 million tonnes with a further 10-15 million tonnes of contained zircon and rutile.

* The Exploration Target was previously reported by the Rio Tinto Group in 2008², under Section 18 of the JORC Code (2004) as applicable at the time of reporting, and has not been updated since this time.

The Exploration Target was based on assessments of prospects within the Rio Tinto Group's tenure which are supported by drilling, geophysics, geological studies, imagery analysis, metallurgical testwork and preliminary modelling. However, the potential quality and grade is conceptual in nature, and there has been insufficient exploration to define a Mineral Resources and it is uncertain if further exploration will result in discovery of a Mineral Resource.

Project Concept

The combination of the Mutamba and Jangamo projects presents an opportunity to aggregate the key mineral sands projects in the Inhambane region of Mozambique. The combined Mutamba/Jangamo projects have the potential for the definition of a large orebody able to sustain a significant mining operation for over 20 years. The mineralisation is amenable to dry mining and dredge mining in parts. Ilmenite is the dominant heavy mineral in the mineral assemblage. At this early stage in the evaluations, processing the heavy minerals into final products appears to be amenable to the use of conventional equipment. Importantly, the Mutamba/Jangamo Project is close to existing road (EN1) and power infrastructure.

Savannah's overall objective is to build, in partnership with Rio Tinto, a mineral sands presence of significance in Mozambique, delivering, via Rio Tinto's offtake, a stable supply of titanium feedstock to global markets and wealth creation for the people of Mozambique. Savannah's strategy is to identify high grade 'strandline' deposits of sufficient size to support the development of an early, first stage heavy mineral sands ("HMS") operation. Magnetic and radiometric surveys are being used in conjunction with targeted drilling to determine the existence of strandline deposition under the broader dunal accumulation. Results to date show a strong correlation between these geophysical signatures and thick, high grade HMS intersections, indicating the exploration and depositional model works.

Savannah currently considers a mineable inventory of c.200Mt at c.7% THM will provide sufficient scale for the initial mine development, producing c. +600ktpa of ilmenite and 40ktpa of rutile plus

zircon (“non-mag”) concentrate, either as final products or a bulk HMC. In order to meet these development objectives the Joint Venturers consider a consolidation of the Mutamba and Jangamo projects to be a sensible strategy as the mineralised system runs across both projects. Figure 2 below highlights the large areas (some areas over 10km in strike) of HMS with greater than 5% THM which will be the focus for the first stage HMS project.

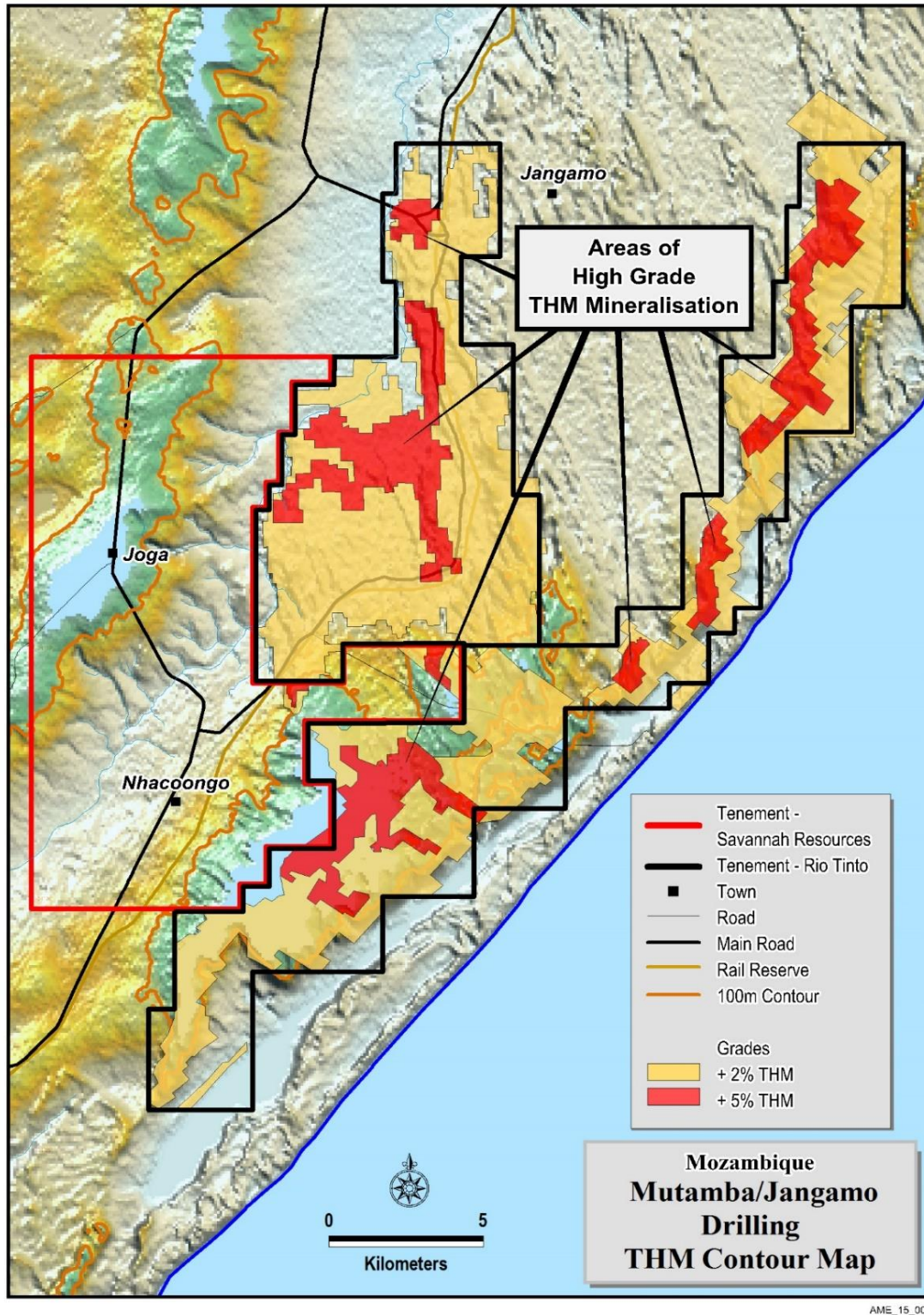


Figure 2: THM contour map showing extensive areas of HMS with greater than 5% THM

Joint Venture

Savannah and Rio Tinto have executed a conditional joint venture agreement (the “Joint Venture Agreement”) setting out how Savannah and Rio Tinto will combine and develop Savannah’s existing Jangamo Project and Rio Tinto’s Mutamba Project.

Formation of the joint venture, in accordance with the terms of the Joint Venture Agreement, is conditional, *inter alia*, on the consent to the Joint Venture of the Ministry of Mineral Resources and Energy of the Republic of Mozambique and the approval of the proposed work programme by the National Directorate of Mines of Mozambique. Following satisfaction of the conditions precedent Savannah’s initial participating interest in the Joint Venture will be 10% and Savannah will be appointed as the operator of the Joint Venture projects and shall be responsible for preparing and implementing the work programme and budget in relation to the Mutamba/Jangamo Project.

The Joint Venture Agreement provides for a long stop date for fulfillment of the conditions precedent (or waiver by mutual consent) of 19 October 2015 (or such later date as may be agreed in writing between the parties).

Earn-in

Under the Joint Venture Agreement, Savannah will fund and undertake a three phase work programme in order to earn a 51% participating interest in the Joint Venture.

The phase 1 work programme will include an initial reconnaissance exploration programme will be completed to detect zones of high grade HMS and follow-up scout RC drilling focusing on coherent zones of high grade HMS will then be conducted. Following completion of drilling, interpretation and analysis, Savannah will deliver a Scoping Study on the viability of a high grade, low capital intensity HMS operation at the Mutamba-Jangamo Project. Savannah currently anticipates that delivery of the Scoping Study will take approximately six months. Upon delivery of the Scoping Study to the Joint Venture, Savannah’s participating interest will increase to 20%.

Following this, Savannah shall undertake a phase 2 exploration and evaluation work programme to support completion of a pre-feasibility study on the Mutamba/Jangamo Project including further scout RC drilling, resource definition RC drilling, mineralogy and metallurgy testing, preliminary process flow sheet and plant design and the initiation of baseline environmental, community, infrastructure, product and market studies. Following delivery of the pre-feasibility study, Savannah’s participating interest in the Joint Venture will increase to 35%.

Thereafter, Savannah shall undertake a phase 3 exploration and evaluation work programme to support completion of a feasibility study on the Mutamba/Jangamo Project including infill and extension resource drilling to increase the categorisation of the resource to JORC-defined Measured and Indicated for conversion to an Ore Reserve, mineralogy and metallurgy tests on composite drill hole samples and multiple bulk excavation samples, mine design and scheduling, definitive process flow sheet and fully costed process plant and ancillary infrastructure and definitive environmental, community, infrastructure, product and market studies. Following delivery of the feasibility study Savannah’s participating interest in the Joint Venture will increase to 51%.

Following delivery of the feasibility study Savannah and Rio Tinto will make a determination whether to commence construction of an initial mine and will be entitled to maintain their respective participating interests in the Joint Venture by contributing to funding pro rata to such interests or be diluted.

Following each work stage, the JV Committee constituted by the Joint Venturers shall require a unanimous decision to approve continuation to the next work stage.

In addition, Rio Tinto shall have the right to terminate Joint Venture Agreement immediately upon written notice at any time. Upon exercising such termination right, Rio Tinto shall forthwith transfer and relinquish its Participating Interest to Savannah for nil consideration.

Heavy Mineral Production Off-Take

Unless otherwise agreed between Rio Tinto and Savannah, Rio Tinto agrees to enter into, either itself or through an affiliate, off-take sales contracts on commercial terms for the purchase of 100% of the production of heavy mineral concentrates from the Mutamba/Jangamo Project.

Buy-out Right

Under the Joint Venture Agreement Rio Tinto has a right to acquire the whole of the Joint Venture. If this right is exercised prior to the delivery of the pre-feasibility study the clawback price will be an agreed multiple of audited costs incurred by Savannah (including investment costs on Jangamo prior to entering into the Joint Venture) and following that it will be based on an independent valuation of Savannah's participating interest.

Right of First Refusal

The Joint Venture Agreement contains customary pre-emption rights on a sale of participating interests in the Joint Venture.

Acquisition of remaining 20% in Matilda Minerals Limitada

The Company currently owns 80% in Matilda Minerals Limitada, which wholly owns the Jangamo exploration licence, and has entered into a conditional agreement to acquire the remaining 20% for consideration of AUD\$ 100,000. This transfer of ownership is subject to approval by the Ministry of Mineral Resources and Energy of the Republic of Mozambique. Following satisfaction of this condition precedent, the consideration will be settled in cash or shares (at the Company's election) by no later than 31 December 2015. If settled in shares, a calculation of the 30 trading days' VWAP will be applied.

Information on Matilda Minerals Limitada

For the year to 31 December 2014, Matilda Minerals Limitada reported a loss before tax of approximately £53,000 and had net assets as at 31 December 2014 of approximately £532,000.

Competent Person

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

****ENDS****

Notes

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

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

² [http://www.riotinto.com/documents/ReportsPublications/Titanium mineral sands exploration target in Mozambique.pdf](http://www.riotinto.com/documents/ReportsPublications/Titanium_mineral_sands_exploration_target_in_Mozambique.pdf)

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

It has currently an 80% shareholding in Matilda Minerals Limitada which operates the Jangamo exploration project. On 31 December 2014 Savannah announced maiden, 65Mt Inferred Mineral Resource @4.2% total heavy minerals ("THM") at a 2.5% cut-off grade for Jangamo. The project is located in a world class mineral sands province in Mozambique which borders Rio Tinto's Mutamba prospect, one of two major occurrences Rio Tinto has defined in Mozambique, which collectively have an exploration target of 7-12Bn tonnes at 3-4.5% THM (published in 2008).

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