



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

30 September 2015

**Savannah Resources Plc**  
**Interim Results**

Savannah Resources plc (AIM: SAV) ('Savannah' or 'the Company') announces its interim financial results for the six months ended 30 June 2015.

**HIGHLIGHTS:**

**OPERATIONS**

- Focused on the development of multi-commodity portfolio: copper in Oman, with additional gold upside potential, and heavy mineral sands in Mozambique
- Agreement signed with Rio Tinto for the combination of Rio's Mutamba and Savannah's adjacent Jangamo project in a joint venture in this world-class heavy minerals sands province in Mozambique
- Targeting early stage open-pit mining in Mozambique with an initial production rate of +600,000tpa of ilmenite and 40,000tpa of rutile plus zircon concentrate
- Significant potential to expand on current Oman total Indicated and Inferred Mineral Resources of 1.7Mt @ 2.2% copper
- Completed the first ever VTEM survey over Block 4, Oman, which identified a number of high priority brown and greenfield targets for drill testing in Q4 2015
- Trenching and rock chipping programme at Block 4 highlighted high grade oxide gold at surface over multiple areas including 72.2g/t gold
- Completion of drill programmes at Sarami West (Block 5) and Ghayth (Block 4) prospects identified prospective targets for follow up drilling
- Board re-alignment with the successful transformation of Company

**FINANCIAL**

- Operating loss of £1.01m includes realised loss of £0.28m on the sale of Alecto shares and reflects the high tempo of exploration activities being conducted
- Other comprehensive loss for the period attributable to the equity owners of Savannah Resources Plc loss of £0.62m attributable principally to losses of £0.8m relating to a write down of the value of the Company's investments primarily in Alecto Minerals Plc that adversely impacted net assets accordingly, and for which the Company divested 18.6% of its holding in the period
- Augmented cash balances with a £0.55m cash share subscription
- Investments in intangible and exploration project assets of £928,591 during the period

## **CHAIRMAN'S STATEMENT**

This has been a period of significant progress for Savannah in building a diversified mining group focussed on heavy mineral sands ('HMS') in Mozambique and a high calibre portfolio of copper-gold projects in Oman. During the period we achieved notable successes in both countries as we look to position Savannah as a leading junior exploration and development company on the AIM market with the corporate objective of building a solid portfolio of assets, which demonstrate early production potential and superior economics.

To this end, in June we were delighted to report a pivotal joint venture agreement with the mining major Rio Tinto ('Rio') to combine our Jangamo Heavy Minerals Sands Project with Rio's world class Mutamba Project, which has an Exploration Target of 7-12Bt with high grades up to 4.5% Heavy Mineral Sands ("HMS"). The objective of the joint venture is to develop a significant dry mining project in a world-class province in Mozambique with good access to the nearby ports of Inhambane and Maxixie.

Additionally, major advances in terms of exploration and discovery have been made at our 1,270km<sup>2</sup> copper-gold blocks 4, 5 and 6 in Oman\*, where we are looking to build on our existing high grade copper Mineral Resource base to support high margin, low cost copper production for the Company by 2017. Additionally high grade gold mineralisation has been identified in the period on Block 4, offering the potential for gold production.

### **Mozambique**

Prior to signing the joint venture agreement with Rio, Savannah had already defined a maiden Inferred Mineral Resource of 65Mt at 4.2% HMS over a number of zones within the eastern part of the Jangamo exploration licence. This was a significant development that validated our exploration concept and marked a major milestone in highlighting the value potential of Jangamo. Importantly, the Mineral Resource Estimate was defined from a modest initial round of resource drilling over a small area of the eastern part of the large Jangamo licence. The mineralisation remains open along strike.

In June 2015 we were delighted to announce a joint venture with Rio to combine the companies' minerals sands projects, which both contain thick zones of ilmenite dominant heavy mineral sands from surface. The combined project has the potential for the definition of a large orebody able to sustain a significant mining operation for over 20 years.

Under the terms of the agreement Savannah will operate the joint venture and can earn up to 51% of the combined Mutamba-Jangamo Project as it moves towards production through scoping, pre-feasibility and feasibility studies. Rio will be providing all its existing camp, facilities and associated equipment, which will help accelerate activity, and, significantly, will enter into an offtake sales agreement for 100% of the production from any mine that may be developed.

Initially, we are focussed on targeting early stage open-pit mining, with an initial production rate of +600,000tpa of ilmenite and 40,000tpa of rutile plus zircon ("non-mag") concentrate, either as final

products or a bulk heavy mineral concentrate ('HMC') containing 400-500,000tpa of ilmenite dominant HMC.

In terms of exploration, at Mutamba, Rio has completed over 80,000 metres of drilling producing over 35,000 samples from approximately 4,000 reverse circulation ('RC'), 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 areas and have been the subject of Order of Magnitude Studies.

The joint venture is conditional upon approval from the Ministry of Mineral Resources and Energy of the Republic of Mozambique, and evaluation work will commence over the new combined licence areas once approval is obtained. The phase 1 work programme will include an initial reconnaissance exploration programme, which will be completed to detect zones of high grade HMS. Follow-up scout Reverse Circulation ("RC") drilling focusing on coherent zones of high grade HMS will then be conducted based on the results of this. In conjunction with the drilling, interpretation and analysis, we will look to deliver a Scoping Study on the viability of a high grade, low capital intensity HMS operation. We currently anticipate that delivery of the Scoping Study will take approximately six months from commencement and importantly for Savannah, on completion of the Scoping Study, our participating interest will increase to 20%.

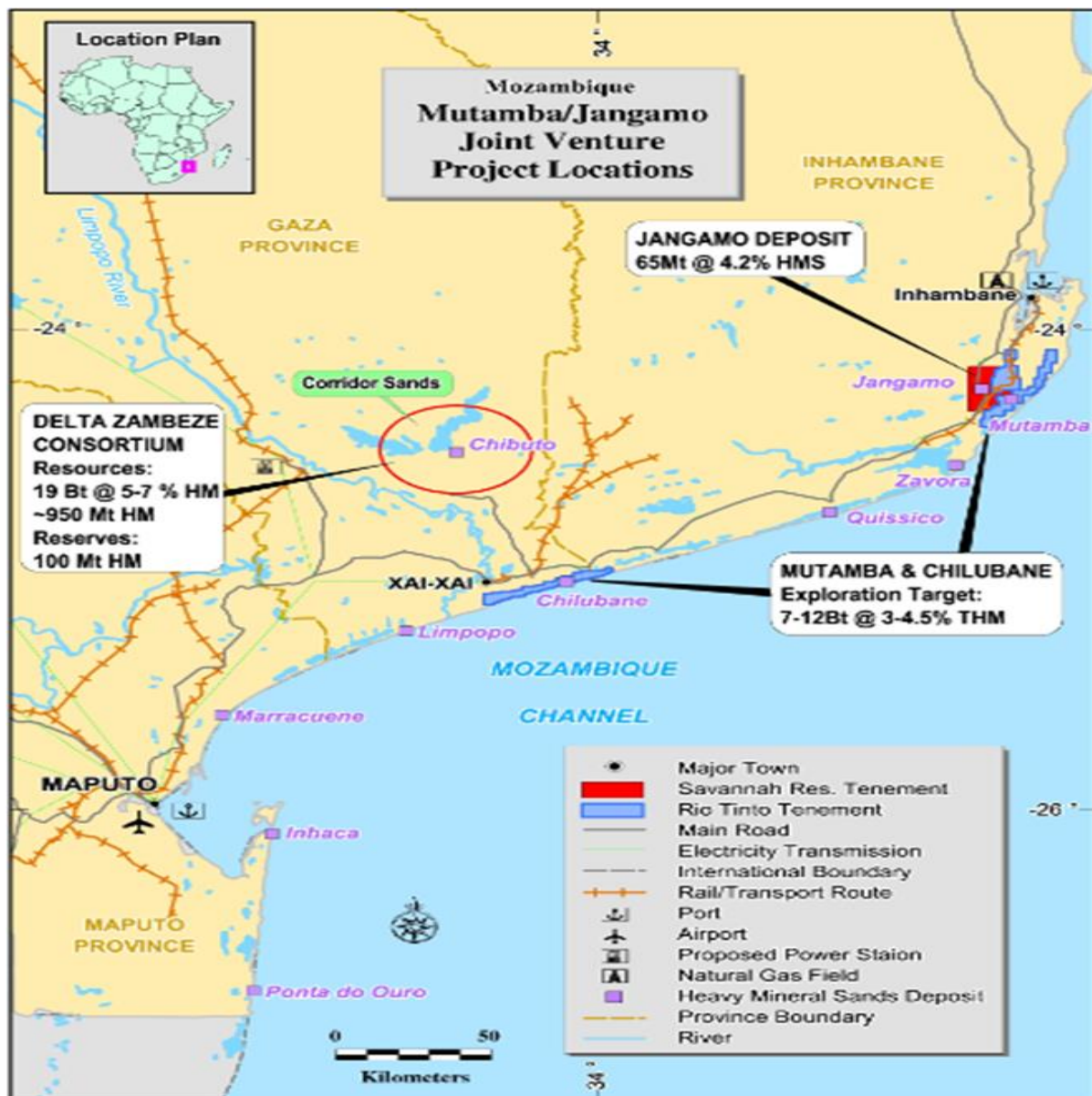
Our phase 2 exploration and evaluation work programme will look to support the completion of a pre-feasibility study on the Mutamba-Jangamo Project, including further scout RC drilling, resource definition RC drilling, mineralogy and metallurgy testing, preliminary process flow sheet and plant design,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

Thereafter we envisage undertaking a third phase 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 2012-compliant 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; including definitive process flow sheet and fully costed process plant and ancillary infrastructure; and definitive environmental, community, infrastructure, product and market studies. This would mark the final stage under the terms of the joint venture agreement and on delivery of the feasibility study our participating interest would increase to 51%.

Following delivery of the feasibility study Savannah and Rio will assess timings regarding the commencement of an initial mine construction 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.

We anticipate receiving the required Government approval for the new venture shortly and from there will commence our first phase exploration programme as we look to advance Mutamba-Jangamo, with the ultimate goal of early production.

**Figure 1:** Map of Mozambique Mineral Sands Projects



## Oman

Last year your Company made the transformational move into mineral rich Oman by securing interests in three highly prospective copper blocks (\*Block 4 earning up to 65%, Block 5 65% interest, Block 6 40% interest and earning up to 65%) spanning some 1,270 km<sup>2</sup> in the northeast of the country. Importantly, these assets have total Indicated and Inferred Mineral Resources totalling 1.7Mt @ 2.2% Cu. The projects feature significant advantages, including a supportive, pro-mining Government, attractive fiscal terms (five year tax holiday and 12% corporation tax thereafter), good infrastructure and a proximal commercial port and copper float plant and smelter. Furthermore, Oman has one of the best preserved copper-rich Ophiolite Belts in the world. The deposits, while smaller in size, have

generally medium to higher grades of copper. These attractive fundamentals, coupled with the underexplored nature of the region and especially Block 4, made Oman a highly attractive setting for Savannah in which to operate.

It is our objective to become the partner of choice in Oman and a favoured mining operator in the region. With this in mind we are continuing to build a strategic foothold in the country to consolidate isolated volcanic massive sulphide ('VMS') deposits, such as those displayed at our Block 4, 5 and 6 projects, which are deemed highly prospective for copper discoveries; implement defined exploration and development programmes to help build our existing resource base; and establish a central copper processing facility targeting commercial production by late 2017.

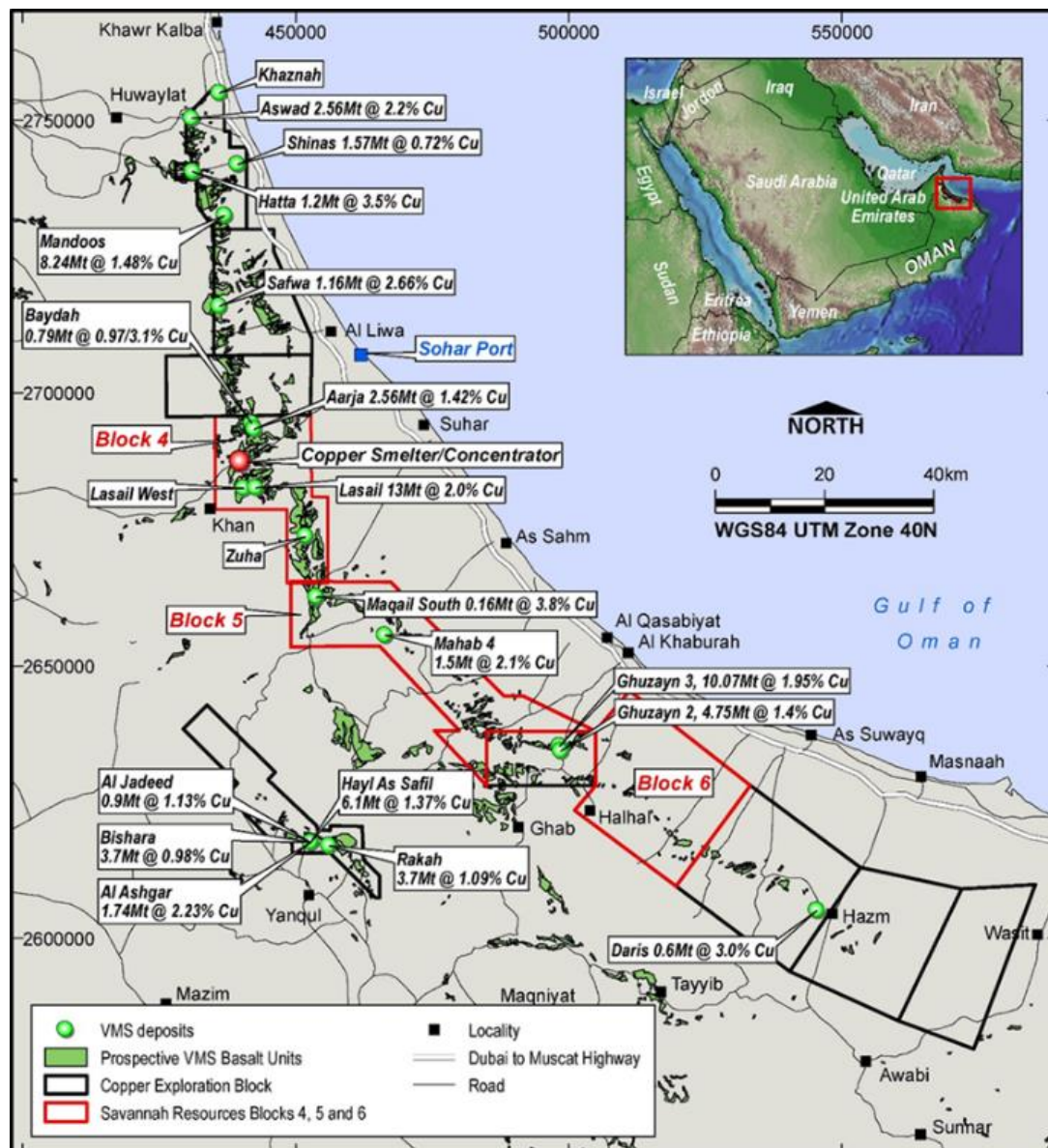
Since acquiring the Projects, we have been active at Blocks 4 and 5, with the aim of expanding the established Indicated and Inferred Mineral Resource Estimate of 1.7Mt at 2.2% Cu defined at the Mahab 4 and Maqail South deposits on Block 5. To achieve this, we have undertaken drilling at both Blocks, which we believe are prospective for the definition of additional resources, and have focused on identifying both brownfield and new, greenfield drill targets. In line with this, we acquired an extensive, digitised exploration database relating to Block 4 in January 2015; conducted a heliborne Versatile Time Domain Electromagnetic ('VTEM') survey programme to identify potential clusters of VMS targets, and completed a rock chipping and geological mapping programme targeting near surface gold mineralisation associated with copper.

As noted above, Block 5 has an existing near surface Indicated and Inferred Mineral Resource Estimate of 1.7Mt @ 2.2% Cu with 37,000t of contained copper. This has been defined from the Mahab 4 Prospect (1.51Mt at 2.1%) and Maqail South Prospect (0.16Mt at 3.8%). Importantly, the Mahab 4 deposit remains open along strike to the north, and both up and down dip. High priority resource targets at Mahab 4 have returned intersections of up to 56.4m at 6.2% Cu (GRB5D035), whilst Maqail South has returned intersects of 6.68m at 7.42% Cu (GRB5D024). Consequently, we are optimistic that there is excellent potential to further expand our Mineral Resource inventory.

Block 4, which includes over 35km of prospective strike, covers four significant historic mines (Aarja, Lasil, Lasil West and Bayda), which produced over 212,000t of contained copper from mining operations that commenced in 1983 and concluded in 1994. These mines and the areas around them have excellent potential for further mineralised extensions to be identified both down dip and along strike.

During the period we outlined significant gold mineralisation within Block 4, with associated copper and zinc. High levels of gold mineralisation have been identified around the Gaddamah West Prospect, where individual 1m trench samples produced results of up to 60.7g/t gold, 9.1% zinc and 1% copper. Furthermore, the Salahi 1 Prospect has been identified as highly prospective for gold, with individual trench/rock chip, channel and grab samples returning results of up to 72.2g/t gold. It is our aim to aggregate high grade deposits for early gold production. Indeed, the Rakah Mine, which is located west of Block 4, profitably mined some 700,000t at an average grade of 6.73g/t gold and 6.9g/t silver between 1994 to 2001.

Figure 2: Map of Oman Copper Projects



### Exploration at Block 4 and 5

During the period under review we conducted a five hole, diamond drilling programme totalling 779m, which tested a series of high calibre ground electromagnetic (EM) anomalies at the Sarami West (Block 5) and Ghayth (Block 4) Prospects. Drilling at the Ghayth Prospect confirmed the presence of VMS mineralisation intersecting both massive and disseminated copper sulphides with best results including 1.15m at 3.6% copper from 35.5m (15B4GD001). Following these results, further drilling is now planned at Block 4 to define the full extent of mineralisation and potentially establish a JORC 2012 compliant Mineral Resource Estimate. At the Sarami West target, whilst drilling intersected a strong alteration system similar to those seen around the margins of VMS deposits, it failed to locate the targeted EM anomalies. Planning is now underway for a downhole EM survey to optimise targeting for further drilling at Block 5.

Also at Block 4 we completed and received positive results from the VTEM survey programme, which indicated potential clusters of VMS mineralisation within the project area. The VTEM flight survey lines were spaced at 100m spaced and were run from east to west, for a total of 3,727 line kilometres covering an area of 336km<sup>2</sup>.

We received the results from this programme at the end of June 2015. The programme identified a total of 10 Priority 1, 33 Priority 2 and 146 Priority 3 VTEM anomaly targets, in addition to three major potential VMS clusters. The VTEM anomalies are prioritised from 1 to 3 based on geophysical and geological criteria. Interestingly, the selected anomalies possess similar electromagnetic anomaly responses to the known VMS deposits of the Semail Ophiolite Belt, such as Maqail South (Block 4), Mahab 4 (Block 5) and Ghayth (Block 4). A string of strong, Priority 1 VTEM anomaly responses were clustered around the old copper mines at Aarja and Bayda and further south in the greenfields Zuha area at Block 4, confirming the prospectivity of Block 4 to host further VMS style copper mineralisation. The success of these results demonstrates the efficacy of the VTEM to quickly generate high quality exploration targets. We are developing an RC drill programme over select targets to further define the mineralisation potential and aim to start drilling in Q4 2015.

We also completed a rock chipping and geological mapping programme at Block 4, which as previously mentioned, highlighted a series of anomalies with significant gold mineralisation, with associated copper and zinc. In March 2015 rock chip sampling produced results of up to 5.7% copper and 3.7g/t gold (not from the same rock sample) from the Gaddamah Prospect. Further results were reported in June 2015, highlighting individual trench/rock chip, channel and grab sample results of up to 72.2g/t gold from the Salahi 1 Prospect, located approximately 20km away from the Gaddamah Prospect at Block 4. A significant trench sampling result included 12m at 11.87g/t gold and results from the programmes have identified anomalous gold results over 1km along strike, with widths of up to 26m and remains open to the north and south providing significant further upside potential.

Notably, at this early stage we are seeing some fantastic gold grades, which we are highly encouraged by, making the newly identified Salahi 1 Prospect attractive. Additionally these gold prospects suggest there is potential for other metals within Block 4 in addition to its copper potential. Additional sampling is now being planned to further define the extent of the mineralisation as a precursor to drilling to define the strike and depth extents of the mineralisation and we look forward to reporting on this in due course.

Additionally at Block 4 we have identified new high grade copper mineralisation at the Aarja Prospect following a detailed collation of historical data. A new copper mineralisation model produced for the Aarja Main, Dogs Bone and Aarja South Zones demonstrates high grade copper mineralisation under the Aarja pit and along strike. Newly identified, historical results include 18.58m at 4.7% copper from 143m from the Aarja Main Prospect and 33.8m at 3.35% copper from 153.1m from the Dog's Bone Prospect. A series of holes will be drilled to confirm the historic results prior to the calculation of a JORC compliant Mineral Resource Estimate, targeted during Q4 2015.

## **Board**

During the period under review I was delighted to join the Board of Savannah as the Company's new Non-Executive Chairman. With more than 27 years' experience in the financial services industry, I have had extensive dealings with regulators on a global basis and have proven experience with a number of effective boards, risk and audit committees and management committees, and am well placed to help Savannah in achieving its objectives of building a successful exploration and development company that will transition into production over the next few years. Additionally I have operational experience in Oman, which I hope will prove extremely beneficial as we look to advance our portfolio of copper and gold projects in the country.

My appointment followed Professor Mike Johnson's retirement from the Board in February 2015. We would like to again take this opportunity to thank Mike for his very significant contribution towards Savannah during his two year tenure as Non-Executive Chairman and wish him well in all his future endeavours.

After the reporting date we announced that Charlie Cannon-Brookes, who served as Non-Executive Director since February 2013, has retired from the Board. His retirement, alongside Mike Johnson's, is a result of having successfully steered the Company through its strategic transformation which was evidenced in October 2013, where we exited our West African gold projects and acquired interests in projects Mozambique and subsequently in Oman. Again we would like to thank Charlie for his significant contribution and wish him well in all his future endeavours.

We are now in the process of seeking a new Non-Executive Director to support us in our active growth strategy as we advance into our next phase of development and look forward to updating shareholders on our progress in due course.

## **Financial**

We were pleased to report in June 2015 that we raised approximately £0.55 million (before costs) to contribute towards our exploration and development activities that are designed to result in the achievement of a series of major milestones in 2015. For example, in the case of the newly announced Mutamba-Jangamo Project, the definition of a JORC Mineral Resource and, later in the year, the completion of a scoping study that will define the high level parameters around a potential mine development. We believe we are well placed to deliver on our 2015 objectives in both Mozambique and Oman.

Additionally, Savannah has a holding in AIM quoted Alecto Minerals ('Alecto'), an African focussed gold company. During the period we sold approximately 18.6% of our shareholding in Alecto for gross proceeds of £73k. Following the sale we now own approximately 10% of Alecto's issued share capital.



## **Outlook**

It has been a highly active start to 2015; one that has seen us add considerable value to our portfolio of heavy minerals sands and copper assets in Mozambique and Oman as we continue to position ourselves as a leading junior exploration and development company. With our recent joint venture agreement with Rio in Mozambique and the very promising results from Oman, including the identification of associated gold mineralisation, we are very confident in the good sense of Savannah's approach. We look to maintain a strong news flow for the rest of 2015 and look forward to reporting on our progress in line with our commitment to maintaining active correspondence with shareholders.

Finally, I would like to take this opportunity to thank my fellow Directors, employees and our shareholders for their continued support.

**Chairman**

**Matthew King**

**29 September 2015**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Notes	Unaudited Six months to 30 June 2015 £	Unaudited Six months to 30 June 2014 £	Audited Year ended 31 December 2014 £
<b>Operations</b>				
Revenue		-	-	-
Loss on disposal of investments		(285,399)	-	-
Administrative expenses		(724,135)	(630,877)	(1,444,157)
<b>Operating loss</b>		<b>(1,009,534)</b>	<b>(630,877)</b>	<b>(1,444,157)</b>
Finance income	2	1,628	157,385	18,818
Finance expense	2	(1,107)	(445,761)	(491,851)
<b>Loss for the period before tax</b>		<b>(1,009,013)</b>	<b>(919,253)</b>	<b>(1,917,190)</b>
Taxation		-	-	-
<b>Loss for the period attributable to equity owners of the parent</b>		<b>(1,009,013)</b>	<b>(919,253)</b>	<b>(1,917,190)</b>
<b>Other comprehensive income</b>				
Change in market value of investments	5	(766,208)	(1,762,261)	(2,223,222)
Transfer to realised loss on disposal of investments		285,399	-	-
Exchange (losses)/gains on translating foreign operations which may be reclassified to profit and loss		(142,988)	(14,531)	31,350
<b>Other comprehensive income for the period</b>		<b>(623,797)</b>	<b>(1,776,792)</b>	<b>(2,191,872)</b>
<b>Total comprehensive income for the period attributable to the equity owners of the parent</b>		<b>(1,632,810)</b>	<b>(2,696,045)</b>	<b>(4,109,062)</b>
<b>Loss per share attributable to equity owners of the parent expressed in pence per share</b>				
<b>Basic and diluted</b>				
From operations	3	(0.45)	(0.60)	(1.14)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2015**

	Notes	Unaudited 30 June 2015 £	Unaudited 30 June 2014 £	Audited 31 December 2014 £
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	4	2,625,449	845,725	1,974,128
Property, plant and equipment		26,005	-	30,245
Investments	5	-	1,318,174	-
Other receivables	6	20,421	8,359	17,049
Other non-current assets	7	174,552	-	-
<b>Total non-current assets</b>		<b>2,846,427</b>	<b>2,172,258</b>	<b>2,021,422</b>
<b>Current assets</b>				
Investments	5	353,512	-	1,129,602
Loan receivables	8	-	290,321	-
Trade and other receivables	6	658,354	225,888	82,590
Cash and cash equivalents		396,547	1,784,760	1,778,338
<b>Total current assets</b>		<b>1,408,413</b>	<b>2,300,969</b>	<b>2,990,530</b>
<b>Total assets</b>		<b>4,254,840</b>	<b>4,473,227</b>	<b>5,011,952</b>
<b>Equity and liabilities</b>				
<b>Shareholders' equity</b>				
Share capital	9	2,275,016	1,673,294	2,231,697
Share premium		8,591,547	6,876,841	8,539,626
Foreign currency reserve		(106,817)	(9,709)	36,171
Share-based payment and warrant reserve		985,365	1,571,496	981,675
Other reserves		515,425	-	-
Retained earnings		(8,524,177)	(6,154,957)	(7,034,355)
<b>Total equity</b>		<b>3,736,359</b>	<b>3,956,965</b>	<b>4,754,814</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		518,481	321,485	257,138
Loan payables	10	-	194,777	-
<b>Total liabilities</b>		<b>518,481</b>	<b>516,262</b>	<b>257,138</b>
<b>Total equity and liabilities</b>		<b>4,254,840</b>	<b>4,473,227</b>	<b>5,011,952</b>

The interim financial statements were approved and authorised for issue by the Board of Directors on 29 September 2015 and were signed on its behalf by:

.....  
D S Archer  
Executive Director  
Company number: 07307107

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Share capital £	Share premium £	Foreign currency reserve £	Share based payment and warrant reserve £	Retained earnings £	Other reserves £	Total equity £
<b>At 1 January 2014</b>	<b>1,383,658</b>	<b>5,460,305</b>	<b>35,578</b>	<b>1,347,792</b>	<b>(4,045,757)</b>	<b>572,314</b>	<b>4,753,890</b>
Loss for the period	-	-	-	-	(919,253)	-	(919,253)
Other comprehensive income	-	-	(14,531)	-	(1,762,261)	-	(1,776,792)
Total comprehensive income for the period	-	-	(14,531)	-	(2,681,514)	-	(2,696,045)
Foreign currency reserve on disposal of subsidiaries	-	-	(30,756)	-	-	-	(30,756)
Disposal of subsidiaries	-	-	-	-	572,314	(572,314)	-
Issue of share capital	289,636	1,507,676	-	-	-	-	1,797,312
Issue of warrants	-	(91,140)	-	91,140	-	-	-
Share based payments	-	-	-	132,564	-	-	132,564
<b>At 30 June 2014</b>	<b>1,673,294</b>	<b>6,876,841</b>	<b>(9,709)</b>	<b>1,571,496</b>	<b>(6,154,957)</b>	<b>-</b>	<b>3,956,965</b>
Loss for the period	-	-	-	-	(997,937)	-	(997,937)
Other comprehensive income	-	-	45,880	-	(460,961)	-	(415,081)
Total comprehensive income for the period	-	-	45,880	-	(1,458,898)	-	(1,413,018)
Issue of share capital	558,403	1,662,785	-	-	-	-	2,221,188
Expiry of warrants	-	-	-	(579,500)	579,500	-	-
Share based payments	-	-	-	(10,321)	-	-	(10,321)
<b>At 31 December 2014</b>	<b>2,231,697</b>	<b>8,539,626</b>	<b>36,171</b>	<b>981,675</b>	<b>(7,034,355)</b>	<b>-</b>	<b>4,754,814</b>
Loss for the period	-	-	-	-	(1,009,013)	-	(1,009,013)
Other comprehensive income	-	-	(142,988)	-	(480,809)	-	(623,797)
Total comprehensive income for the period	-	-	(142,988)	-	(1,489,822)	-	(1,632,810)
Issue of share capital	43,319	51,921	-	-	-	-	95,240
Shares to be issued (net of costs)	-	-	-	-	-	515,425	515,425
Share based payments	-	-	-	3,690	-	-	3,690
<b>At 30 June 2015</b>	<b>2,275,016</b>	<b>8,591,547</b>	<b>(106,817)</b>	<b>985,365</b>	<b>(8,524,177)</b>	<b>515,425</b>	<b>3,736,359</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

The following describes the nature and purpose of each reserve within owners' equity:

<b>Reserve</b>	<b>Description and purpose</b>
Share capital	Amounts subscribed for share capital at nominal value.
Share premium	Amounts subscribed for share capital in excess of nominal value.
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 share options granted by Savannah Resources Plc, less transfers to retained losses in respect of options exercised and lapsed.
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.
Other reserves	Merger Reserve- Amounts resulting from acquisitions under common control. The balance of the reserve is nil following the subsidiary disposal in 2014.  Shares to be issued reserve- shares subscribed for at the period end but not yet allotted. The balance of the reserve is £515,425 at June 2015.

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

	Notes	Unaudited Six months to June 2015 £	Unaudited Six months to June 2014 £	Audited Year ended December 2014 £
<b>Cash flows used in operating activities</b>				
Loss for the period		(1,009,013)	(919,253)	(1,917,190)
Depreciation and amortisation charges		-	1,455	12,254
Loss on disposal of current asset investments		285,399	-	-
Share-based payments charge		3,690	132,564	122,242
Shares issued in lieu of payments to extinguish liabilities		36,950	99,940	75,290
Foreign currency reserve on disposal of subsidiary		-	(30,756)	-
Finance income		(1,628)	(157,385)	(18,818)
Finance expense		1,107	445,761	491,851
<b>Cash flow used in operating activities before changes in working capital</b>		<b>(683,495)</b>	<b>(427,674)</b>	<b>(1,234,371)</b>
(Increase)/decrease in trade and other receivables		(12,469)	(118,685)	10,574
(Decrease)/increase in trade and other payables		131,848	(69,156)	(106,739)
<b>Net cash used in operating activities</b>		<b>(564,116)</b>	<b>(615,515)</b>	<b>(1,330,536)</b>
<b>Cash flow used in investing activities</b>				
Purchase of intangible assets		(790,710)	(346,630)	(1,429,884)
Purchase of tangible fixed assets		-	-	(37,733)
Purchase of other non-current assets		(21,000)	-	-
Purchase of investments	5	(63,004)	-	-
Proceeds from sale of investments	5	72,886	-	-
Interest received		1,628	2,911	4,842
<b>Net cash used in investing activities</b>		<b>(800,200)</b>	<b>(343,719)</b>	<b>(1,462,775)</b>
<b>Cash flow from financing activities</b>				
Proceeds from issues of ordinary shares		-	1,648,623	3,769,095
Proceeds from financing	10	-	237,925	-
Interest paid		(1,107)	-	(2,768)
<b>Net cash from financing activities</b>		<b>(1,107)</b>	<b>1,886,548</b>	<b>3,766,327</b>
<b>Movement in cash and cash equivalents</b>		<b>(1,365,423)</b>	<b>927,314</b>	<b>973,016</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>1,778,338</b>	<b>859,616</b>	<b>859,616</b>
Exchange differences		(16,368)	(2,170)	(54,294)
<b>Cash and cash equivalents at end of period</b>		<b>396,547</b>	<b>1,784,760</b>	<b>1,778,338</b>

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

**1. BASIS OF PREPARATION**

The financial information set out in this report is based on the consolidated financial statements of Savannah Resources Plc and its subsidiary companies (together referred to as the 'Group'). The interim financial statements of the Group for the six months ended 30 June 2015, which are unaudited, were approved by the Board on 29 September 2015. The financial information contained in this interim report does not constitute statutory accounts as defined by s434 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2014 have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006.

The financial information set out in this report has been prepared in accordance with the accounting policies set out in the Annual Report and Financial Statements of Savannah Resources Plc for the year ended 31 December 2014.

The Group financial statements are presented in Pound Sterling.

**Going Concern**

Having considered all available information including cashflows prepared by management, the Directors believe the Company will be required to secure further funding within the next 12 months. In order to secure additional funding the Company will need to either raise further equity or funding through other forms of financing. The capital market conditions for small mining exploration companies are currently difficult and not helped by recent declines in the copper and mineral sands prices. Notwithstanding this the Directors are confident that the project portfolio is highly attractive and the announcement to establish a joint venture with Rio Tinto to combine the Mutamba and Jangamo projects in Mozambique, supports this. The Directors are therefore confident that in current market conditions funding can be secured and therefore it is appropriate to prepare the financial statements on a going concern basis. However, the Directors appreciate that the lack of formal agreements means there can be no certainty that the additional funding will be secured within the necessary timescale.

## 2. FINANCE INCOME AND EXPENSE

	<b>Six months to 30 June 2015</b>	Six months to 30 June 2014	Year ended 31 December 2014
<b>Finance income</b>			
Deposit account interest	<b>1,628</b>	2,911	4,842
Accretion and accrued interest on convertible	-	95,732	13,976
Movement on the valuation of derivatives	-	58,742	-
<b>Total finance income</b>	<b>1,628</b>	157,385	18,818
<b>Finance expense</b>			
Bank charges	<b>(1,107)</b>	-	(2,769)
Accretion in convertible	-	(18,220)	-
Movement on the valuation of derivatives	-	(427,541)	(489,082)
<b>Total finance expense</b>	<b>(1,107)</b>	(445,761)	(491,851)
<b>Net finance (expense)/income</b>	<b>521</b>	(288,376)	(473,033)

In the 2014 financial year the Group had a loan receivable in relation to the purchase of convertible loan notes in Alecto Minerals plc ("Alecto") and a loan payable in relation to a convertible loan note issued to Bergen Global Opportunity Fund LP ("Bergen"). These derivatives were recognised at fair value using the Black Scholes valuation technique and the movement in the derivatives were reported in finance income and expenses. The loan receivable was converted in July 2014 (refer to Note 8) and the loan payable was exercised in November 2014 (refer to note 10).



### 3. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

In accordance with IAS 33 as the Group is reporting a loss for both this and the preceding period the share options are not considered dilutive because the exercise of share options and warrants would have the effect of reducing the loss per share.

<b>Reconciliations are set out below:</b>	<b>Six months to 30 June 2015</b>	Six months to 30 June 2014	Year ended 31 December 2014
<b>Loss per share:</b>			
Loss from operations attributable to ordinary shareholders (£)	<b>(1,009,013)</b>	(919,253)	(1,917,190)
<b>Loss attributable to ordinary shareholders (£)</b>	<b>(1,009,013)</b>	(919,253)	(1,917,190)
<b>Weighted average number of shares (number)</b>	<b>225,899,817</b>	152,189,612	167,870,908
Loss per share from operations (pence)	<b>0.45</b>	0.60	1.14
<b>Basic loss per share basic and diluted (pence)</b>	<b>0.45</b>	0.60	1.14

#### 4. INTANGIBLE ASSETS

	Exploration and evaluation assets costs	Other	Total
	£	£	£
<b>Cost</b>			
At 1 January 2014	2,035,909	11,640	2,047,549
Additions	422,744	-	422,744
Disposals	(1,575,601)	-	(1,575,601)
Exchange differences	(39,025)	-	(39,025)
At 30 June 2014	844,027	11,640	855,667
Additions	1,051,178	-	1,051,178
Exchange difference	78,923	-	78,923
At 31 December 2014	1,974,128	11,640	1,985,768
Additions	754,039	-	754,039
Exchange differences	(102,718)	-	(102,718)
At 30 June 2015	<b>2,625,449</b>	<b>11,640</b>	<b>2,637,089</b>
<b>Amortisation and impairment</b>			
At 1 January 2014	1,339,924	8,487	1,348,411
Charge for the period	-	1,455	1,455
On disposals	(1,318,299)	-	(1,318,299)
Exchange differences	(21,625)	-	(21,625)
At 30 June 2014	-	9,942	9,942
Charge for the period	-	1,698	1,698
At 1 January 2015	-	11,640	11,640
At 30 June 2015	-	<b>11,640</b>	<b>11,640</b>
<b>Net Book Value</b>			
At 30 June 2014	844,027	1,698	845,725
At 31 December 2014	1,974,128	-	1,974,128
At 30 June 2015	<b>2,625,449</b>	-	<b>2,625,449</b>

The additions to cost in 2015 relate to the Mineral Sands Project in Mozambique of £35,007 (December 2014: £758,065) (June 2014: £289,317) and the Company's Copper Projects in Oman of £719,032 (December 2014: £293,113) (June 2014: £133,427). The disposal in the June 2014 period relates to the sale of New Mines Holdings Limited.

## 5. INVESTMENTS

	Shares in listed investments £
<b>Non Current</b>	
At 1 January 2014	<b>2,830,435</b>
Additions	250,000
Change in market value of shares	(1,762,261)
At 30 June 2014	1,318,174
Conversion of loan note	272,389
Change in market value of shares	(460,961)
Transfer to current	(1,129,602)
At 31 December 2014	-
<b>Current</b>	
At 1 January 2014	-
Transfer from non current	1,129,602
At 31 December 2014	1,129,602
Additions	63,004
Disposals	(72,886)
Total change in market value of shares	(766,208)
At 30 June 2015	<b>353,512</b>

All shares held are quoted and traded in an active market. The change in market value represents the fair value of shares held at the reporting date less the cost. When shares are disposed during a period, their change in market value is up to the date of disposal. The fair value of the shares is the quoted value at the reporting date.

The additions during the period are for listed investments purchased on market. In March 2014 the Company sold its subsidiary New Mines Holding Limited to Alecto Minerals, the consideration payable was £250,000 which was satisfied by the issue of 20,000,000 ordinary shares in Alecto Minerals. In July 2014 the Company converted its unsecured convertible loan held in Alecto Minerals (refer to note 8).

The investments have been disclosed as current at June 2015 and December 2014 as they are freely tradeable with the exception of shares of approximately £193,000 that are subject to an orderly market period until 4 October 2015. The investments were disclosed as non-current at 30 June 2014 as they were subject to a lock-in period.

For shares disposed of during the period, the realised loss to date of £285,399 has been transferred from Other Comprehensive Income.

## 6. TRADE AND OTHER RECEIVABLES

	<b>Unaudited 30 June 2015</b>	Unaudited 30 June 2014	Audited 31 December 2014
	£	£	£
Non-Current			
Other receivables	20,421	8,359	17,049
	<b>20,421</b>	<b>8,359</b>	<b>17,049</b>
Current			
VAT recoverable	40,501	32,489	46,331
Other receivables	617,853	193,399	36,259
	<b>658,354</b>	<b>225,888</b>	<b>82,590</b>

Included in Other receivables at 30 June 2015 are the placement proceeds of £547,500 from the issue of shares to new and existing investors per subscription agreements entered into on 28 June 2015. The shares were allotted on 2 July 2015 and the funds were received by the Group on 3 July 2015. See Note 12, Events After the Reporting Date, for further details.

## 7. OTHER NON-CURRENT ASSETS

	<b>Unaudited 30 June 2015</b>	Unaudited 30 June 2014	Audited 31 December 2014
	£	£	£
Prepayment - costs incurred on resource projects	174,552	-	-
	<b>174,552</b>	<b>-</b>	<b>-</b>

Other non-current assets represent prepayments with respect to ongoing resource projects.

## 8. LOANS RECEIVABLE

	<b>Unaudited 30 June 2015</b>	Unaudited 30 June 2014	Audited 31 December 2014
	£	£	£
Loan	-	324,206	-
Derivative	-	(33,885)	-
	<b>-</b>	<b>290,321</b>	<b>-</b>

The loans receivable at 30 June 2014 related to the purchase of convertible loan notes in Alecto Minerals Plc. The loan was converted in July 2014 into Alecto's shares at a fixed price of 1.15 pence through the issue of 30,434,783 ordinary Alecto shares. This derivative had been recognised at fair value using the Black Scholes valuation technique. There are no loans receivable at 30 June 2015.

## 9. SHARE CAPITAL

### Allotted, issued and fully paid

	Six months to 30 June 2015		Six months to 30 June 2014		Year ended 31 December 2014	
	£0.01 ordinary shares number	£	£0.01 ordinary shares number	£	£0.01 ordinary shares number	£
At beginning of period	223,169,714	2,231,697	138,365,781	1,383,658	138,365,781	1,383,658
Issued during the year:						
Share placement	-	-	20,000,000	200,000	55,173,104	551,731
Bergen financing arrangement	-	-	7,214,100	72,141	26,244,600	262,446
In lieu of cash for professional services	<b>3,694,478</b>	<b>36,945</b>	1,749,578	17,495	3,386,229	33,862
Acquisition of geological database	<b>637,381</b>	<b>6,374</b>	-	-	-	-
At end of period	<b>227,501,573</b>	<b>2,275,016</b>	167,329,459	1,673,294	223,169,714	2,231,697

## 10. LOANS PAYABLE

	Unaudited 30 June 2015	Unaudited 30 June 2014	Audited 31 December 2014
	£	£	£
Loan	-	163,289	-
Derivative	-	31,488	-
	-	194,777	-

The Company issued an Unsecured Convertible Instrument to Bergen on 10 April 2014 with a nominal value of US\$400,000 (£237,925 at date of issue), which was convertible at Bergen's election into ordinary shares in the Company (the "Convertible Security"). This Convertible Instrument was fair valued using the Black-Scholes valuation technique and in November 2014 the Convertible Security was exercised by Bergen. There are no loans payable as at 30 June 2015.

## 11. CONTINGENT LIABILITIES

Details of contingent liabilities where the probability of future payments is not considered remote are set out below, as well as details of contingent liabilities, which although considered remote, the Directors consider should be disclosed. The Directors are of the opinion that provisions are not required in respect of these matters, as the trigger event has not yet occurred.

### **Deferred consideration payable in relation to the acquisition of 80% shareholding in Matilda Minerals Lda**

In consideration for acquiring 80% shareholding in Matilda Minerals Lda, the Company paid initial consideration of AUD\$400,000 (~GBP £185,000) in ordinary shares and a cash payment for cost reimbursements of AUD\$125,000 (~GBP £61,000). Additionally milestone payments, to be satisfied by the issue of ordinary shares in the Company are payable as follows: (a) AUD\$500,000 (~GBP £231,000) upon the establishment of a JORC Inferred Resource of 150Mt @ 3% THM; (b) AUD\$500,000 (~GBP £231,000) upon the establishment of a JORC Indicated Resource of 350Mt @ 3% THM; (c) AUD\$500,000 (~GBP £231,000) upon the establishment of a JORC Indicated Resource of 500Mt @ 3% THM.

### **Deferred consideration payable in relation to the acquisition of Oman Copper**

In 2014 the Company completed the acquisition of interests in the highly prospective Block 5 and Block 6 copper projects in the Semail Ophiolite belt in the Sultanate of Oman from the TSX-Venture listed Gentor Resources Inc. The Company paid initial consideration of USD \$800,000 (~GBP £510,000) with the following deferred consideration required to complete the acquisition of 100% of the issued share capital of Gentor Resources Ltd (“GRL”):

1. Deferred Consideration (up to 50% payable in Savannah shares)
  - (a) a milestone payment of USD \$1,000,000 (~GBP £637,000) upon a formal final investment decision for the development of the Block 5 Licence;
  - (b) a milestone payment of USD \$1,000,000 (~GBP £637,000) upon the production of the first saleable concentrate or saleable product from ore derived from the Block 5 Licence; and
  - (c) a milestone payment of USD \$1,000,000 (~GBP £637,000) within six months of the payment of the Deferred Consideration in (b).
2. Other Information
  - (a) the Company 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.

## 12. EVENTS AFTER THE REPORTING DATE

### **Placement**

On 2 July 2015 the Company issued 21,900,000 new ordinary shares at a Placing price of 2.5p per ordinary share with funds raised of approximately £0.55 million cash (before expenses) received on 3 July 2015. The Placement was to both new and existing investors and RFC Ambrian Limited acted as broker.

### **Board Change**

On 7 August 2015 Charlie Cannon-Brookes retired from the Board having served as a Non-Executive Director since February 2013.

### **Competent Person**

The information in this document 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\*\***

For further information please visit [www.savannahresources.com](http://www.savannahresources.com) or contact:

David Archer	Savannah Resources plc	Tel: +44 20 7389 5019
David Hignell / Gerry Beaney (Nominated Adviser)	Northland Capital Partners Ltd	Tel: +44 20 7382 1100
John Belliss / Elliot Hance (Corporate Broker)	Beaufort Securities Ltd	Tel: +44 20 7382 8300
Felicity Winkles/ Charlotte Heap	St Brides Partners Ltd	Tel: +44 20 7236 1177