



savannah resources plc

SAVANNAH
RESOURCES PLC

AIM: SAV

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AN ENERGY METALS GROUP

Savannah Resources Plc

Mutamba Mineral Sands Project, Mozambique, Update

HIGHLIGHTS:

- The three mining lease applications, covering a total area of 417.32km² for the Jangamo, Dongane, Ravene and Chilubane deposits, are currently being actively considered by the Mozambican mines department;
- Activity continues on several fronts in the lead up to the anticipated grant of mining leases;
- Following extensive testing the pilot plant has been placed under care and maintenance, as planned, whilst a bulk sample is obtained;
- Community development activities required as part of the licencing process continue; and
- The scoping phase of the Pre-Feasibility Study ('PFS') is now well advanced and the initial key studies for the PFS have been sequenced, with roll out underway, including further roasting test work and a 10t bulk sample to be collected from the Matilda licence.

Savannah Resources plc (AIM: SAV and SWB: SAV) ('Savannah' or the 'Company'), a resource development company, is pleased to provide the following update on the Mutamba Heavy Minerals Sands Project in Mozambique ('Mutamba') which is being developed by a consortium with Rio Tinto.

Savannah's CEO, David Archer said: "Whilst we await the outcome of Government analysis, we continue to make progress in advancing some critical work streams at Mutamba. A sequenced scheduling of PFS activities has been agreed and key initial studies are either underway or about to start. These include hydrology studies, port options and the collection of 10 tonnes of sample material to aid in final product determination. These are all essential elements that will inform the PFS and the results of which will guide us in the infrastructure, power, mine planning and process plant requirements. It is an exciting time as we see the future mine plan form and take shape."

Mining Lease Applications

The applications were submitted earlier this year in the name of Mutamba Mineral Sands S.A., a wholly owned subsidiary of Rio Tinto Limited and cover a total area of 417.32km².

The applications, which are currently being reviewed, were submitted to the Ministry on 18 January 2018 and the mining cadastre reopened on 2 April 2018 following its annual closure. The Ministry has six months from the date of the cadastre reopening to respond to the Applications, although this can be an iterative process. Mining Leases are generally awarded for a term of 25 years and can be renewed at the end of their terms.

Savannah is the operator of the Mutamba Project with an existing 20% interest in a Consortium Agreement with Rio Tinto. Savannah can increase its equity to 35% upon delivery of a Pre-Feasibility Study which is currently underway and to 51% upon delivery of a Definitive Feasibility Study.

Pilot Plant

The pilot plant was inaugurated on 7 December 2017. Since then the plant has been run on a steady basis to ensure it is operating properly and has now been placed on care and maintenance, as planned, while a bulk sample is obtained for processing.

Community Development Activities

Support for local community development initiatives is both a mandatory part of the licence process and an essential part of Savannah's active community engagement programme with a view to further building on the good relationships and trust the Consortium has with the local authorities and local communities.

To date the Consortium has provided:

- 508 double school desks (**Figure 1**) to schools in the local districts;
- over 7,000 seedlings for improved and disease resistant coconut plants, as well as, support to cassava production and appropriate trade skills development;
- basic equipment and consumables to local health clinics; and
- ongoing village water supply systems (**Figure 2**) to five of the neediest settlements, which is estimated to benefit up to 7,500 people in the provision of clean, potable water

Figure 1. Photograph of school desks



Figure 2. Photograph of water system



Pre-Feasibility Study

A Pre-Feasibility Study ('PFS'), being managed by mineral sands expert TZMI, into the potential development of the project began in latter part of 2017. It is targeted for completion in early 2019 and will be a major milestone for the Company as it will further define the commercial potential of Mutamba whilst also resulting in Savannah earning a 35% interest in the Mutamba Consortium. Stage one of the Mutamba PFS is well advanced and includes a gap analysis, options review, project planning and budget finalisation for stage two of the PFS.

Significant planning by TZMI has been undertaken over the recent months as the Consortium prepares to enter into stage 2 of the PFS and a sequenced approach to the PFS has been developed that will ensure that reports and studies build on each other as the PFS unfolds. The first of these studies have been identified and preparations underway for their roll out.

The first set of studies include:

- Mining methods analysis and strategic scheduling;
- Tailings design and storage options;
- Metallurgical test work programme, the results of which will help inform the engineering design;
- Port options study; and
- Hydrology study to update, calibrate and validate the existing models.

Once complete, these studies will inform and lead the remaining work required to complete the PFS.

About the Mutamba Consortium

The Mutamba Consortium was formed late 2016 and is made up of Savannah Resources plc, which is listed on the AIM Market of the London Stock Exchange, through its wholly owned subsidiary AME East Africa Ltd ('AME'), and Rio Tinto plc, an international mining and metals company, which is dual listed in Australia and the UK.

AME, a wholly owned subsidiary of Savannah, operates the project on behalf of the consortium, through its subsidiary Matilda Minerals.

Regulatory Information

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

****ENDS****

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About Savannah

We are 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. We are committed to serving the interests of our shareholders and to delivering outcomes that will improve the lives of our staff and the communities we work with.

The group is listed and regulated on AIM and the Company's ordinary shares are also available on the Börse Stuttgart (SWB) under the ticker "SAV".