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

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Savannah Resources Plc
New Lithium Initiative – Significant Tenement Portfolio Applied for over some of Finland's Most Prospective Lithium Terrain

Savannah Resources plc (AIM: SAV) ('Savannah' or 'the Company'), the AIM quoted resource development company, announces that it has applied for Reservation Permits over two new lithium projects, Somero and Erajarvi, covering an area of 159km² of highly prospective lithium terrain in Finland. Savannah will hold a 100% interest in the projects through its newly established Finnish subsidiary Finkallio Oy.

HIGHLIGHTS:

- Exciting new lithium tenement portfolio applied for in Finland including:
  - Somero Project, Reservation Permit application 60.5km²
  - Erajarvi Project, Reservation Permit application 98.5km²
- Geological mapping by the Finnish Government (GTK) within the project areas has highlighted the presence of key lithium minerals spodumene, lepidolite and petalite
- The lithium carbonate price has risen from around US$8/kg to over US$25kg in 12 months due to supply shortages
- Finland was ranked number 1 by the Fraser Institute in its 2014 survey of 122 mining jurisdictions around the world highlighting its attractiveness as an investment destination
- All project areas have excellent access to high quality infrastructure and are located close to potential final customers
- Savannah has established a wholly owned Finnish subsidiary, Finkallio Oy, and retained the services of experienced Finnish geological consulting group Geopool to support this new initiative
- Savannah plans to initiate an exploration programme including data compilation, geological mapping and surface sampling with the aim of generating drill ready targets during 2016
- Projects complement Savannah's established portfolio of copper assets in Oman – lithium and copper are key materials in new energy storage solutions

David Archer, Savannah's Chief Executive Officer said today, "We are delighted to have established a strong position in one of the best mining jurisdictions in the world, targeting the vital metal lithium, which we believe will have an increasingly important place in the global energy matrix as distributed power networks, electric vehicles and the requirements for energy storage are expected to drive increasing demand for metals such as lithium and

copper. Subject to their grant, our Finnish projects provide our shareholders with an excellent entrée to lithium which complements our copper and heavy mineral sands projects."

Figure 1. Location Map showing Position of new lithium projects in Finland

FINLAND LITHIUM PROSPECTIVITY

An in-house review of potential hard rock lithium targets for northern Europe was carried out, highlighting Finland as a very favourable exploration destination for lithium opportunities. The review highlighted that Finland has access to good geological and exploration data, has favourable tectonic history for the formation of Lithium-Cesium-Tantalum ('LCT') pegmatites, a history of lithium mining and has been poorly explored for lithium to date.

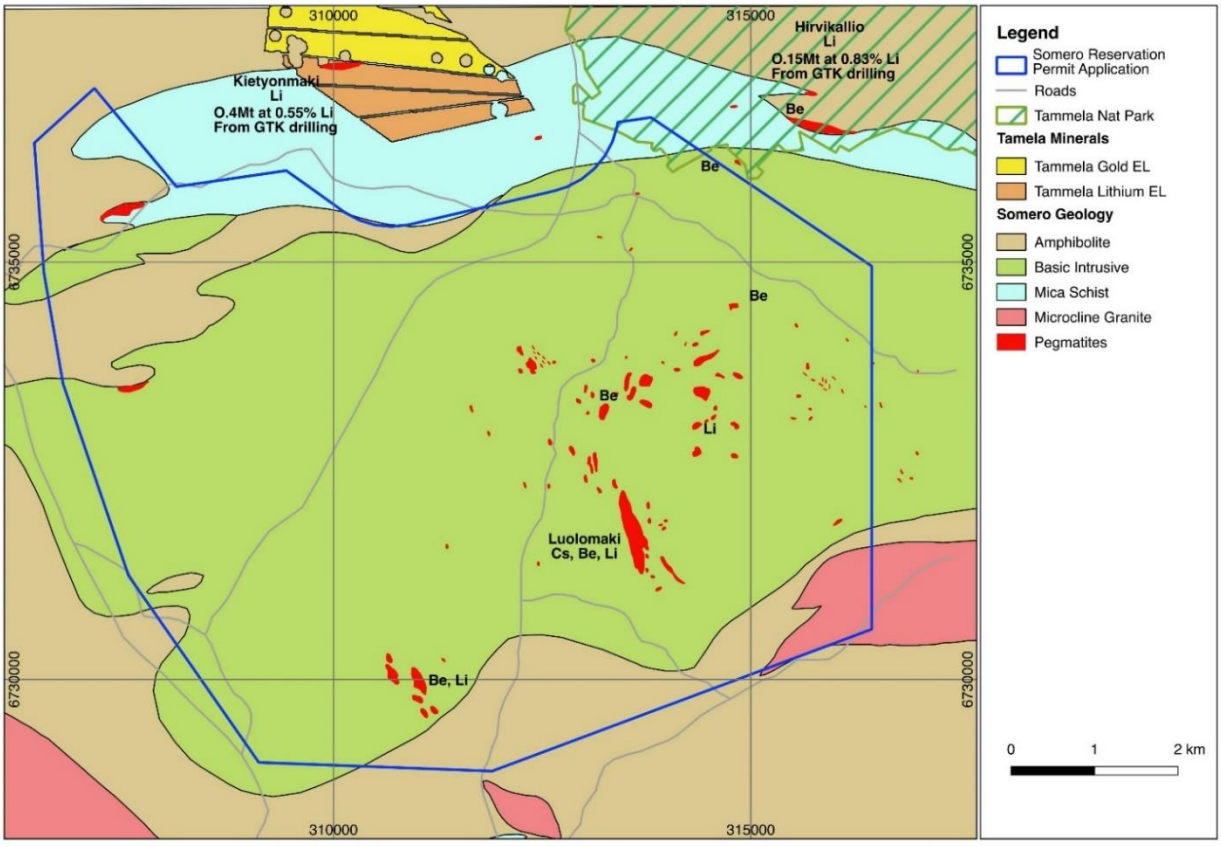
There are several pegmatite fields in Finland that have recorded lithium minerals associated with them. They are found within several terrains and occur as swarms with up to several hundred pegmatite bodies associated with them. The most well-known lithium region in Finland is the Kaustinen pegmatite swarm where Finnish company Keliber Oy has defined a resource of 5.5Mt at 1.19% Li2O and is currently developing the deposit. The GTK consider the pegmatites at Somero-Tammela and Erajarvi as the next most prospective areas after Kaustinen to discover further lithium deposits and it is here where Savannah has decided to focus its exploration efforts.

Importantly, the project areas have excellent access to high quality infrastructure and are located close to potential customers such as battery producers. Finland has low sovereign risk, an excellent mining law and having been ranked as number one in the 2014 Fraser Institute of 122 jurisdictions around the world, it maintained its position in the top 10 mining jurisdictions in the 2015 index based on its geologic attractiveness and the extent to which government policies encourage exploration and investment. In addition to being blessed with an abundance of mineral potential, Finland earned high scores for having clear regulatory guidelines, an effective tax regime and a robust labour market.

SOMERO LITHIUM PROJECT

Savannah has applied for a Reservation Permit covering an area of 60.5km² just north of the township of Somero, approximately 100km northwest of the Finnish capital Helsinki. This covers one of the more prospective parts of the Somero-Tammela rare earth pegmatite belts over an area of about 400km² and comprises at least 56 complex pegmatites enriched in lithium, niobium and tantalum. The pegmatites contain lithium silicates and phosphates including spodumene, lepidolite, petalite and lithium rich micas. This application occurs just to the south of TSX listed Nortec Minerals Kietyonmaki and Hirvikalio lithium deposits and covers a series of pegmatites reaching up to 1.2km in length and 50m wide. Historical geological mapping of the area by the Finnish geological survey has confirmed the presence of the lithium minerals but no geochemical sampling was completed to date making these bodies a high priority for sampling.

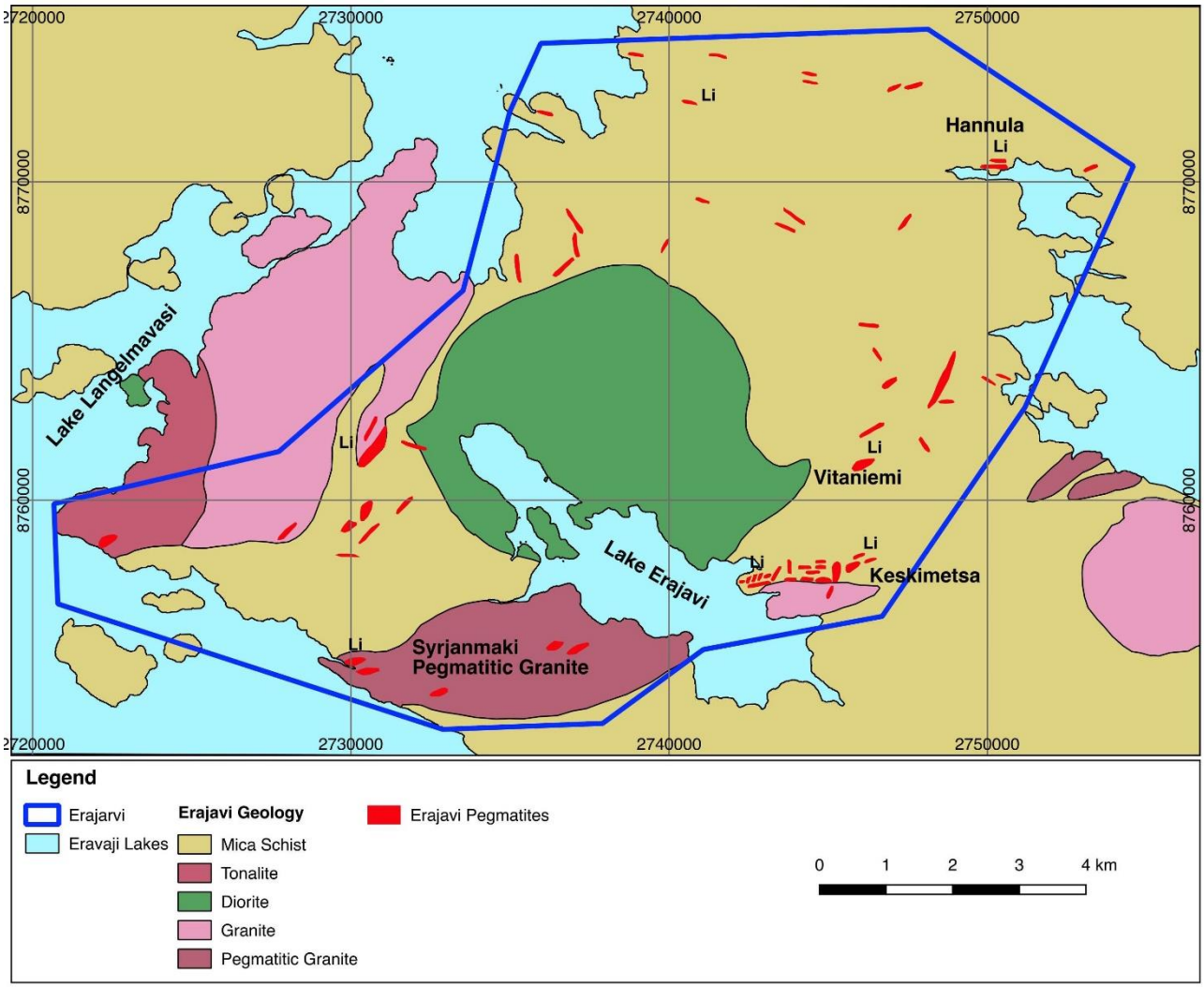
Figure 2. Somero Project Tenement boundary/local geology highlighting pegmatite swarm



ERAJARVI LITHIUM PROJECT

Savannah now has applied for a Reservation Permit covering an area of 98.5km^2 approximately 200km north of the Finnish capital Helsinki. The Erajarvi Pegmatites are situated in southern Finland near the town of Orivesi and about 61 complex pegmatites have been mapped in the area to date. They contain a series of complex and simple pegmatites with the complex pegmatites in the Eräjärvi area often distinctly zoned and contain lithium rich minerals including spodumene and lepidolite consistent with a LCT origin. Dykes within the tenement reach up to 600m length and 50m wide and historical geological mapping by the Finnish geological survey has confirmed the presence of the minerals but again no geochemical sampling was completed.

Figure 3. Erajarvi Project Tenement boundary/local geology highlighting pegmatite swarm



SAVANNAHS RESERVATION PERMITS APPLICATIONS IN FINLAND

Savannah has applied for two Reservation Permits through its Finnish subsidiary FinKallio Oy, namely the Somero and Erajarvi Reservations. Savannah believes one competing application has been lodged by another company over a similar area to that of Finkallio Oy's application

for the Somero Project. There are no other applications over the Erajarvi area applied for by Finkallio Oy.

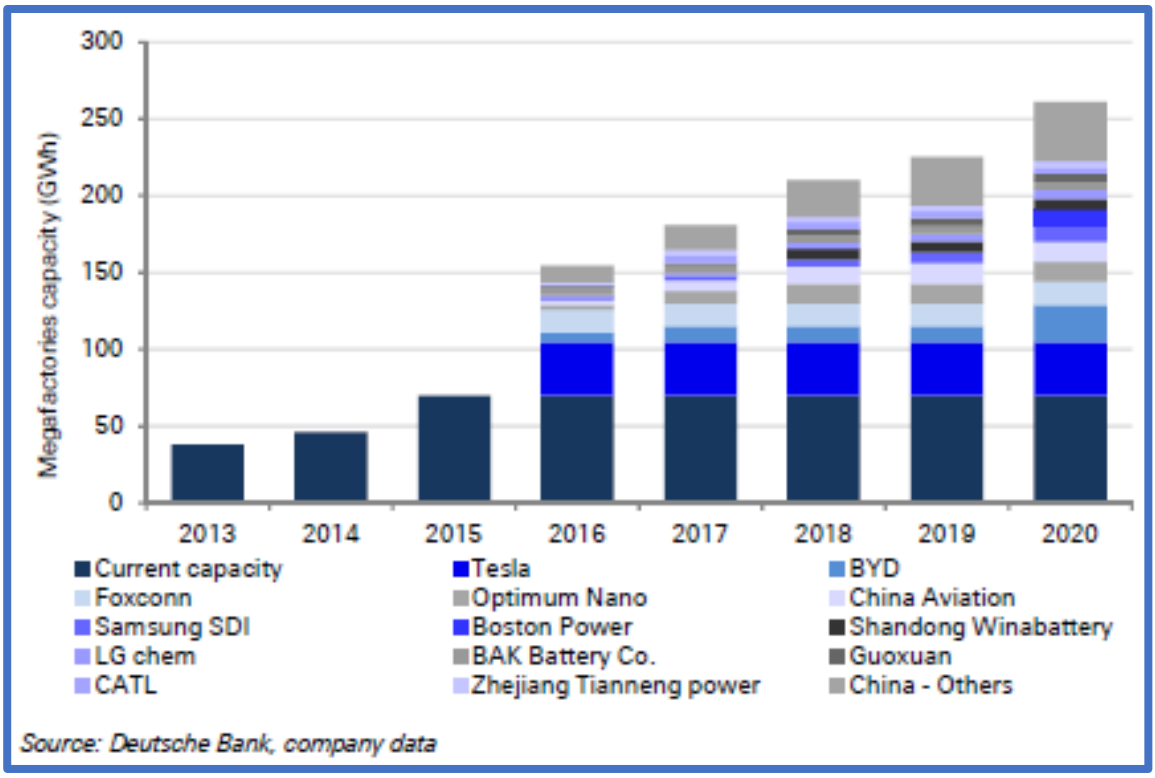
Should they be granted, the Reservations would give Savannah the sole right to apply for an Exploration License (official name: Ore Prospecting Permit) during the two-year period of the Reservation. Once the Reservation has been granted by the Mining Authority there is a one month statutory appeals period which must be observed before work can start on the ground. Reservations allow for only limited exploration activity like geological mapping, soil sampling and rock chip sampling with drilling requiring the permission of the landowner or a granted Ore Prospecting Permit. An Ore Prospecting Permit can cover the same area as the Reservation Permit and takes three to four months to be approved following application and are renewable on a regular basis for a period of up to 15 years.

THE LITHIUM SPACE

The global economy is undergoing structural change, as it moves towards becoming a globally connected society, self-sufficiency and mobility become greater priorities. Consumers are aware of their reliance on carbon fuels and seek to break away from traditional infrastructure networks. Policy makers and the private sector are preparing for the inevitable shift in how we generate and use energy.

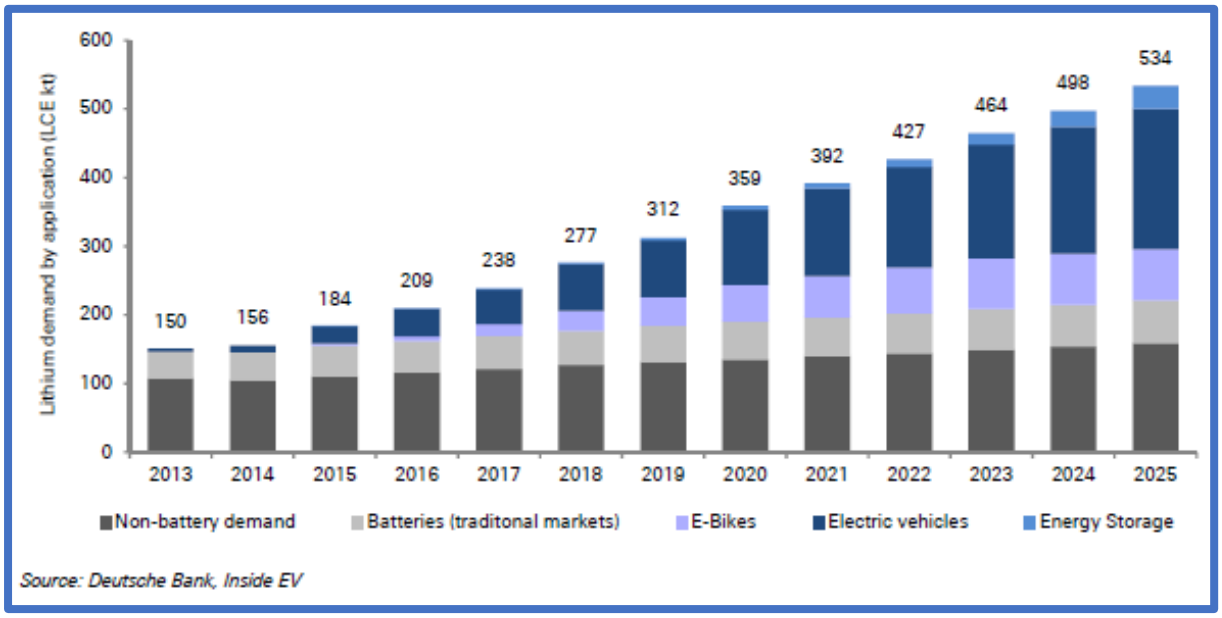
The commercialisation of the lithium-ion battery in the 1990's powered a 20-year surge in the telecommunication and computing industries following the rapid development of light, powerful, rechargeable batteries. As we enter the second half of this decade, the emergence of the Electric Vehicle ('EV') is potentially a globally significant thematic based on the same battery technology. Governments are setting carbon emissions targets for the automotive industry whilst also subsidising EV technology. Beyond traditional demand markets and the emergence of EV, another potential market is beginning to be developed. Battery energy storage on a grid-, industrial-, commercial- and consumer-scale is reaching commercial viability, and rapidly falling battery costs suggest that the Energy Storage sector could grow materially over the next 10 years (Figure 4).

Figure 4. Battery supply chain increasing rapidly, many new players are entering the market



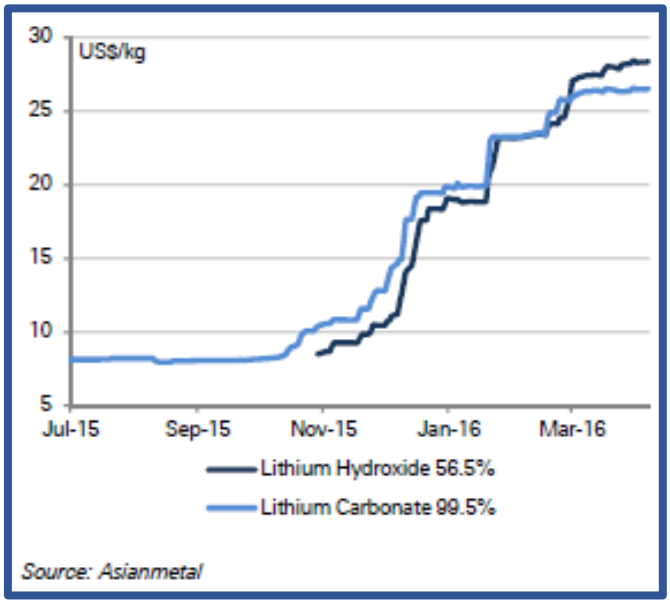
Global lithium demand was 184,000t in 2015, with battery demand increasing 45% year on year and accounting for 40% of global lithium demand. Based on Deutsche Bank's analysis, global lithium demand will increase to 534,000t by 2025, with batteries accounting for 70% of global demand (Figure 5).

Figure 5. The global lithium demand forecast as predicted by Deutsche Bank



The current shortage of lithium carbonate for the battery sector has seen the prices treble in under 12 months creating increased interest in the space and leading to a number of new hard rock and brine projects are being advanced.

Figure 6. Chinese domestic battery grade lithium prices 2015 to present



Note: Lithium market information sourced from Deutsche Bank Lithium 101, 9th May 2016

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****

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Notes

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

Oman

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 at a grade of 2.2% copper and high grade intercepts of up to 56.35m at a grade of 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, and in December 2015 outlined exploration targets of between 10,700,000 and 29,250,000 tonnes grading between 1.4% and 2.4% copper.

Mozambique

Savannah has agreed to acquire 100% of Matilda Minerals Limitada which currently operates the Jangamo exploration project, and has agreed with Rio Tinto to form a joint venture in Mozambique to develop the combined Mutamba/Jangamo Project. Formation of the joint venture remains subject to approval by the Ministry of Mineral Resources and Energy of the Republic of Mozambique. Jangamo has a 65Mt Inferred Mineral Resource at a grade of 4.2% total heavy minerals ("THM") at a 2.5% cut-off grade. The Mutamba, Dongane and Chilubane deposits have a combined exploration target of 7-12Bn tonnes at a grade of 3-4.5% THM (published in 2008).

Finland

Savannah has applied for Reservation Permits over two new lithium projects, Somero and Erajarvi, covering an area of 159km² in Finland. Savannah holds a 100% interest in these applications through its Finnish subsidiary, Finkallio Oy. Geological mapping by the Finnish Government within the project areas has highlighted the presence of lithium minerals spodumene, lepidolite and petalite with the Government also identifying Somero and Erajarvi as one of the most prospective areas to discover lithium deposits in Finland. Savannah plans to initiate an exploration programme including data compilation, geological mapping and surface sampling with the aim of generating drill ready targets during 2016.