

1 December 2021

Mutamba Project

Savannah and Rio Tinto agree to amicably cancel Unincorporated Joint Venture Savannah received US\$9.5m cash

Savannah Resources plc, the European lithium development company, is pleased to announce that, following the completion of the strategic review on its mineral sands operations in Mozambique (the “Project”), it is to exit the Consortium Agreement with Rio Tinto (originally announced on 11 October 2016) with immediate effect. The Company will also exit its remaining assets in Mozambique.

Rio Tinto has paid US\$9.5m cash (the “Cash Termination Compensation”) primarily to Savannah’s wholly owned UK subsidiary in respect of the termination of the Consortium Agreement and the transfer of the in-country Savannah team to Rio Tinto (the “Transaction”).

Highlights:

- Cash Termination Compensation of US\$9.5m cash, equating to 0.42 pence per share in Savannah
- Rio Tinto will take full responsibility for the Mutamba project (Mining Concessions 9228C and 9229C, and Mining Concession application 9230C (“Mutamba”)) with the intention to progress its development
- Savannah and Rio Tinto intend to transfer Savannah’s in-country team to Rio Tinto
- Savannah will immediately commence the process of divesting its residual interests in Mozambique (primarily Matilda Minerals Lda and Mining Concession 9735C)
- The Transaction eliminates the need for cash resources and ongoing management time to be devoted to what has become a non-core asset for Savannah following the increasing significance of its wholly owned Barroso Lithium Project in Portugal which is the most significant deposit of spodumene lithium in Europe, and is capable of producing enough lithium for ~0.5m electric vehicles per year
- The proceeds of the Transaction will be committed to the development of the flagship Barroso Lithium Project, for which Savannah’s firm commitment is to plan and deliver a responsible operation, which increases the wellbeing of local communities

David Archer, Savannah's Chief Executive Officer commented: *“With the Company’s focus moving to the further development and commercialisation of the Barroso Lithium Project, Mutamba has become non-core to Savannah and an exit from Mutamba has been agreed with our partner, Rio Tinto. The Transaction allows us to concentrate both management resources and our increased cash reserves exclusively to lithium in the Iberian Peninsula.*

"Savannah is proud of its accomplishments in Mozambique, where it has successfully operated the Mutamba Joint Venture since 2016. This included the major technical achievement of establishing an Indicated and Inferred Mineral Resource Estimate of 4.4Bt at 3.9% THM (total heavy minerals) by combining Rio Tinto's historical data and our own exploration work (announced 27 March 2017), and the successful grant of three 25-year mining leases and one pending mining lease.

"Savannah is also particularly proud of the extensive community engagement programmes it has undertaken, which covered infrastructure, agriculture, trade, education and public health. Our enduring legacies include the establishment of infrastructure that continues to provide clean drinking water for around 1,200 families and off grid solar power for 5,300 families; over 600 local farmers deriving higher income from the sale of donated crops; and the 430 graduates that have benefited from the vocational training centres established in Jangamo and Inhambane, the majority of which quickly found employment related to their training.

"We believe in Mutamba's potential as a world-class asset and are confident that Rio Tinto is well placed to progress its development for the benefit of the local communities and Mozambique. I would like to thank Rio Tinto for its excellent partnership and support over the past five years and wish them every success in the future development of Mutamba. I would also like to express my thanks to Savannah's in country team who have worked diligently on the Project and, most recently, with the added challenges brought by the COVID pandemic. We wish them and their families well for the future."

Details of the Transaction

The Transaction constitutes a substantial transaction pursuant to AIM Rule 12 of the AIM Rules for Companies. The key terms of the Transaction are summarised below:

- Cash Termination Compensation of US\$9.5m to be paid immediately (primarily to the Company's 100% owned UK subsidiary, AME East Africa Ltd)
- Relinquishment of the rights and obligations provided under the Consortium Agreement – including that Savannah will not have an interest in Mutamba and Rio Tinto will not have an interest in Matilda Minerals Lda's Mining Concession 9735C
- The transfer of Savannah's in country team to Rio Tinto

In its 30 June 2021 Interim Financial Report, Savannah reported a loss of £0.4m for the period (1 July 2020 to 30 June 2021) and total assets of £6.1m (primarily intangible exploration assets) in respect of the assets relating to the Project.

Savannah was advised by Bruce Griffin of Farview Solutions Limited on the strategic review of Mutamba and the transaction with Rio Tinto.

Regulatory Information

This Announcement contains inside information for the purposes of the UK version of the market abuse regulation (EU No. 596/2014) as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MAR").

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About Savannah

Savannah is the owner of the Barroso Lithium Project, located close to key infrastructure in Northern Portugal which contains the most significant spodumene lithium resource in Western Europe. With a positive Scoping Study which outlined a conventional mine and concentrator operation producing 175,000t of spodumene concentrate per annum, Savannah is progressing the development and environmental licencing of the Barroso Lithium Project. A Definitive Feasibility Study is underway, and Portugal's environmental regulator is currently evaluating Savannah's Environmental Impact Assessment study.

The Company is listed and regulated on the London Stock Exchange's Alternative Investment Market (AIM: SAV). The Company's ordinary shares are also available on the Quotation Board of the Frankfurt Stock Exchange (FWB: SAV), and the Börse Stuttgart (SWB: SAV).