

5 April 2023

## Financial Results for the Year Ended 31 December 2022

Savannah Resources, the European lithium development company, is pleased to announce its audited financial results for the year ended 31 December 2022.

### 2022 Summary

#### Corporate

- Dale Ferguson appointed as Interim Chief Executive Officer in July after David Archer stepped down. The search for a permanent CEO replacement was initiated and remains ongoing
- Mary Jo Jacobi and Diogo da Silveira joined the Board as Independent Non-Executive Directors with Manohar Shenoy (formerly Alternate Director to Maqbool Ali Sultan) appointed as a Non-Executive Director; Maqbool Ali Sultan (Non-Executive Director) and Murtadha Ahmed Sultan (Alternate Director for Imad Sultan) retired from the Board
- Finances robust: Loss from continuing operations reduced to £2.7m (2021: £3.5m) and year end cash reserves of £7.2m (2021: £13.0m). If a positive decision on the Project's Environmental Report is received from the Portuguese environmental regulator ('APA'), cash reserves will carry the Company into the second phase of the environmental licencing process and allow Savannah to progress the Definitive Feasibility Study ('DFS') on the Barroso Lithium Project (the 'Project')

#### Barroso Lithium Project, Portugal

##### *Technical*

- Agreed with APA to progress its review of the Project's Environmental Impact Assessment ('EIA') via the time-controlled and more interactive 'Article 16' process
- A number of constructive meetings were held with APA and members of its Evaluation Committee as part of the Article 16 process. Feedback from these meetings and other stakeholders was used

by Savannah and its consultants to optimise a range of design elements which were captured in its revised Environmental Report and Mine Plan for the Project

- Design of process flowsheet finalised, based on standard plant and environmentally friendly reagent regime
- Decarbonisation Study initiated with results for the first phase of the study announced in February 2023

#### *Stakeholder and Government Engagement:*

- Relationships with a number of key stakeholders refreshed after initiation of the Article 16 process and team changes within Savannah
- Opened an additional information centre in the local area, recruited new staff from the local population, continued to give preference to local suppliers of goods and services, and provided support to local groups and events
- Commissioned social performance consultancy, Community Insights Group ('CIG'), to support with stakeholder engagement and produce a Social Impact Assessment
- Met with European Commission officials and Portuguese Government Ministers and Secretaries of State responsible for Economy, Environment, Energy and Infrastructure portfolios

#### *Commercial*

- Offtake & Investment: Third party commercial interest in the Project remains strong and Savannah maintained discussions with multiple parties around future offtake and partnership opportunities
- Memberships: Savannah added to its memberships of relevant trade bodies being accepted as a member of the European Association of Mining, Metal Ores & Industrial Minerals ('Euromines')
- EV sales: Global sales increased by 55% to reach 10.5m vehicles during 2022. Europe remained the second largest market behind China (6.2m vehicles), seeing growth of 15% to nearly 2.7m vehicles.
- Lithium prices: All three key lithium raw materials, spodumene concentrate, lithium carbonate and lithium hydroxide saw their prices more than double during 2022 as demand remained extremely robust and supply challenged. The spodumene concentrate price increased by over 150% to nearly US\$7,000/t in December 2022

## **2023 Year to date summary**

### Barroso Lithium Project, Portugal

- Article 16 process:
  - Environmental Report, Mine Plan and associated documentation for revised Barroso Lithium Project completed and submitted to APA on 16 March 2023
  - Submission of the documents initiated 50 business day assessment period available to APA. Deadline for the notice of APA's Environmental Impact Statement set at 31 May 2023
  - Project documents made public by APA initiating public consultation period

- Series of in-person Project-related meetings held with local stakeholder groups
- Community Information Sheet summarising revised Project design and operating plan posted to all households in Boticas Municipality and made available on the Company's website; series of Fact Sheets on the key individual elements of the Project's design and Savannah's plans made available on the Company website and at various locations within the local communities
- New corporate video released following submission of the documents to APA
- Social Impact Assessment: Completion of first phase 'Social Issues Scoping Report' by CIG. Findings used to shape Savannah's ongoing interaction and communication with stakeholders as well as the specifics of its Project-related benefit-sharing plan
- Decarbonisation study: First stage of study completed. Concluded battery powered electric mining equipment represented Savannah's best route to zero Scope 1 emissions. Scope 2 emissions had already benefitted significantly from increasing renewable energy contribution to Portuguese grid power and further work should be undertaken to secure 100% renewable power for the Project
- European Critical Raw Materials ('CRM') Act: New Act introduced by the European Commission seeking at least 10% of Europe's future consumption of CRMs, including lithium, to be supplied from domestic sources, such as the Barroso Lithium Project
- Project Scoping Study: Assuming APA issues a favourable Environmental Impact Statement after the current review period, Savannah will publish a new Scoping Study based on the revised Project design submitted to APA which incorporates current consensus spodumene concentrate price forecasts. Savannah would expect to publish this study in early H2 2023.

## Electronic Communications

The Company's full Annual Report and Financial Statements are available for download on the Company's website at: <https://www.savannahresources.com/investors/corporate-documents/>

In accordance with the Company's Articles of Association and both section 1143 and 1259 of the Companies Act 2006, the Company is to elect to distribute company communications electronically or via a website rather than by sending printed copies of all documents by post. This will reduce the Company's carbon footprint and as a result, in future all company communications, including the Annual Report and Financial Statements and Notice of AGMs will only be mailed to shareholders who elect to opt out of receiving electronic communication. The Company's Share Registrars will be distributing letters to registered shareholders to obtain their preference for future Company communications.

Notice of the Company's AGM will be announced in due course.

## 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").

Savannah - **Enabling Europe's energy transition.**



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## CHAIRMAN'S STATEMENT

### The energy transition accelerates

The global energy transition, in which lithium is set to play such a critical role, moved forward rapidly in 2022. Russia's invasion of Ukraine, which is now sadly into its second year, has led western nations to rapidly reduce their reliance on Russia's production of oil & gas. As energy prices have soared as a result, this has placed even greater emphasis on the need for significant, and rapid, increases in domestic renewable energy generation capacity and accompanying energy storage methods. Lithium batteries have a key role to play in renewable energy storage, in addition to the critical role they are already playing in the ever-growing electric vehicle market.

This global geopolitical backdrop continues to create a favourable economic environment for Savannah's planned development of the Barroso Lithium Project (the 'Project') in Portugal. As was the case in 2021, EV sales have seen significant year-on-year growth (55% to 10.5m worldwide) and the suite of lithium raw material products – spodumene concentrate, lithium carbonate and lithium hydroxide saw further notable price rises during the year, as supply struggled to keep pace with the rising level of demand. The price rises weren't quite as marked as those seen as the global economy began to reawaken in 2021 (+250%-500%). However, all three key raw materials saw their prices more than double during 2022, with the spodumene concentrate price, which is the particular focus of Savannah, increasing by over 150% (source: S&P Global Platts) to nearly US\$7,000/t in December 2022.

During 2022, there was also a notable change in the level of government support in certain western countries for strategic mineral production and industries key to the energy transition. The US, Canada and Australia began to catalyse the energy transition they are targeting for their economies, with the provision of funding for projects deemed critical to its successful execution. The EU's 'Critical Raw Materials Act' which was published in mid-March 2023 identifies lithium as both a critical and a strategic raw material and calls for at least 10% of the EU's annual demand for strategic raw materials, such as lithium, to be sourced from domestic supplies by 2030. Among many other measures the Act also talks of selected 'Strategic Projects' benefiting from support for access to finance and shorter permitting timeframes. Whether our own Project receives financial support will come down to specific factors no doubt, but we were pleased to see that a clear message in support of domestic, responsibly managed production of critical raw materials for use in Europe was given by the region's governing body. We firmly believe that our industry, particularly when focused on provision of the 'new' raw materials which society so desperately needs if it is to effectively tackle climate change, can sit comfortably alongside communities and other industries and earn a valued place in society.

### Transition within a transition

While the market backdrop to our efforts grew stronger in 2022, and commercial interest in the Project remained very encouraging, two events specific to our own situation last July required us to adapt rapidly and effect our own transition to keep our goal of responsible lithium raw material production on track. As shareholders will remember, the first event was the proposal from Portugal's environmental regulator that the evaluation process of the Project's Environmental Impact Assessment ('EIA'), the major step in obtaining the Environmental licence required, should continue under 'Article 16' of the relevant legislation. Following the previous phases of the EIA review process, which began in 2020, we took the decision to accept this proposal as this option featured both a fixed time period, 180 working days, and provided Savannah with greater opportunity to engage directly with Portugal's environmental regulator, Agência Portuguesa do Ambiente ('APA') than in previous phases. The second event was the departure of David Archer from the CEO role, after nearly nine years at the helm. Both events created a sizeable

challenge for our Company but pleasingly, as I discuss below, our team have shown great fortitude and commitment when it has been needed and have led us to the point we have now reached, awaiting a decision on the Project's future in just a few weeks.

### **Taking responsibility and moving forward**

During his long tenure as CEO, David Archer did much to progress Savannah to a point where it wholly owns, in a stable European jurisdiction, one of the most significant projects in one of the market's most prized commodities. After his departure, it was important that those remaining make the most of this opportunity. It was also important that we quickly appointed a new CEO who could not only take on the CEO's duties around market and stakeholder engagement, but also take a leading role in the upcoming engagement with APA in the Article 16 process.

Dale Ferguson, Savannah's long time Technical Director and a significant shareholder, was the ideal candidate and I was delighted he accepted the role on an interim basis to steer the Company through the then unknown process of Article 16. With so much to be done against the clock, it has been equally pleasing to see other members of the team also step up and take on new and greater responsibility. In many cases this has meant managing relationships with key stakeholders and potential partners in addition to other duties. While we don't shy away from the reality of the challenge that faces us in terms of wider acceptance, I believe that many of our relationships with key stakeholders are improving, even when views on the Project may not always be shared.

Beyond the CEO change, we have also made other changes to our board with the focus on broadening the knowledge and relevant experience of the Group in readiness for the much-desired move towards production.

As Maqbool Ali Sultan (Non-Executive Director) and Murtadha Ahmed Sultan (Alternate Director for Imad Sultan) retired from the Board, Manohar Shenoy (Alternate Director to Maqbool Sultan) became a Non-Executive Director and Mary Jo Jacobi joined last April as an Independent Non-Executive Director. Mary Jo brings a wealth of experience in business and ESG matters gained through time with major energy companies and banks, as well as periods working in the public sector both in the UK as a member of the UK Advisory Committee on Business Appointments, and the US as Assistant United States Secretary of Commerce, and Special Assistant to US President Ronald Reagan. Mary Jo has already made a valuable contribution providing sage advice around communication of our key messages and helping to orientate our focus in the rapidly evolving landscape of ESG guidelines and reporting.

In November, Diogo da Silveira joined as another Independent Non-Executive Director. As a former McKinsey Partner, CEO of Portuguese forestry operator, Navigator, and current Chair of Floene Energias, the leading Gas Distribution System Operators in Portugal, Diogo has significant business experience, particularly within Portugal. As a result, he has a comprehensive network among Portugal's leading players in multiple industries as well as amongst politicians, key decision makers, and opinion leaders. Diogo is now taking a leading role in communicating the key messages from the revised EIA to the Portuguese political and business communities and the media.

Meanwhile the search for a permanent CEO continues. If we are fortunate enough to receive a positive decision from APA and can move ahead with the Project's ongoing evaluation and development, it would be ideal to have a new CEO in place as early as possible for that journey. However, we are looking for a very specific combination of skills, not least the ability to lead what is effectively a Portuguese business, making sure it integrates effectively into Portuguese business and social frameworks, while also being comfortable with the technical and social challenges of mining and dealing with international investors

and other stakeholders. We look forward to making an appointment during 2023.

### **EIA: We listened and responded**

When writing my statement for last year's Annual Report I said that our key focus for 2022 would be on getting the approval of the EIA for the Barroso Lithium Project in Portugal. It was indeed the main focus of all of 2022, but not in the way we expected at the beginning of the year. At the start of 2022, we had expected to receive a decision on the initial EIA during the year. However, as shareholders will now be very well aware, the regulator, APA, suggested in July that in order to progress its review of the EIA, the application should move into the so-called 'Article 16' process. Updates on this process are given throughout our Annual Report but as we stated in our 6 July announcement, after the extended previous phases of the review process we welcomed this phase's strict time-control element and the opportunity it brings to engage regularly in-person with APA. Having submitted our revised EIA by the 17 March deadline set by the Article 16 process, we now expect a decision from APA on or before 31 May 2023.

Dale Ferguson and his team have certainly taken on board the feedback received from APA and have adapted the Project's design to reflect these preferences including with respect to the road layout, the storage of mine waste and tailings, protection of water courses and aquatic ecosystems and shorter hours of operation in the mining operations. We hope our team's effort has resulted in a final design which is to APA's satisfaction so we can move forward with the Project.

### **Being responsible and respectful to stakeholders**

We have persistently tried to engage with all stakeholders, particularly local communities, through a variety of formats during our time on the Project. During the year, for example, we increased the number of information centres in the area with shop space taken in the centre of Boticas town and we were pleased to recruit new staff from the local population to staff the centres and to represent Savannah in the community. However, during this extended period of EIA review, it has been difficult to provide comprehensive and timely information on the Project and its status while significant uncertainties persist.

Pleasingly, some good progress is being made with a Social Impact Assessment (the 'Assessment' or the 'SIA') in relation to the Project. In the first phase of the study, completed in Autumn 2022, Community Insights Group were on the ground in the local area, listening to views of local people on the Project and their expectations and preferences for benefit sharing from the Project. The resulting 'Social Issues Scoping Report' was submitted to APA as part of Savannah's revised EIA submission and Savannah has used these findings to shape its current and future communication with stakeholders now that the revised EIA has been resubmitted and its details made public.

Some of the new formats being tried as a result of the study are a comprehensive series of fact sheets which summarise the key topics in the EIA as well as a second community information sheet which summarises the Project and highlights the new features which have been introduced to further reduce the Project's impact following feedback from stakeholders.

### **Financial Overview**

Starting 2022 with a cash balance of £13.0m put Savannah in a strong position to begin its plans to progress the Barroso Lithium Project Definitive Feasibility Study ('DFS'). The unexpected development in the environmental licencing process caused by the movement into the additional Article 16 phase caused Savannah to change its planned activities somewhat. However, continuing prudent cost management has resulted in a year end cash balance of £7.2m. Importantly, throughout the period, the Company continued to invest in its asset base in Portugal (£2.6m; 2021: £1.9m). Hence, our opening cash position for 2023 is more than sufficient to see us through the Article 16 process, and will carry us into the second phase of

the environmental licencing process and allow us to progress the DFS, which would follow a positive decision from APA on the EIA.

In terms of the broader financial performance, Savannah recorded a loss from continuing operations of £2.7m (2021: £3.5m) with a £0.8m exchange rate gain resulting from treasury management (2021: loss £0.2m). Administration fees were relatively flat over the period at £3.5m (2021: £3.3m), however H2 2022 Administration fees were £0.3m lower than in H1 2022, resulting from a reduction in professional fees plus the remuneration costs eliminated following the departure of David Archer who stepped down as CEO in July.

## **Outlook**

Our team has worked tremendously hard over recent months to make the revisions to the Project's design and I thank them sincerely for all their efforts. We hope the resulting EIA will meet with approval from APA's Evaluation Committee and the wider stakeholder group as well. We are currently undertaking a fresh communication campaign in the local communities to explain the changes we have made to the Project and to explain the potential benefits it can bring to local society. Assuming that Savannah receives a positive decision from APA, we will look to move forward with the Project in a responsible way, being sure to communicate its plans to all stakeholders.

As we look towards the future, your board will continue to follow the same responsible approach it has adopted up to now in the overall management and positioning of Savannah. As we all know, the continuation of the conflict in Ukraine and wider global geopolitical tensions are placing considerable strain on the global economy in the near term through rising cost inflation and risks to supply chains. While the underlying market drivers for the development of the Barroso Lithium Project remain positive, Savannah's board will continue to closely monitor both internal and external risks to the business, and make decisions with a clear focus on the long term stability and growth of the business.

For 2023, subject to receipt of the EIA, the next steps in the overall Project development process would include; re-commencing the fieldwork required for the DFS and advancing the Study, initiating the second, Environmental Compliance Report of the Execution Project ('RECAPE') phase of the environmental licencing process, and progressing with the decarbonisation study and offtake discussions. We also plan to provide a new Scoping Study on the Project based on the latest design and updated lithium price forecasts. Putting an initial offtake agreement or strategic partnership in place would then, along with the completion of all outstanding technical studies in 2024, allow Savannah to move into project financing and initiating construction of the Project in 2025. 2026 would bring the completion of construction and the long awaited first production of spodumene concentrate from the Barroso Lithium Project. With that agenda ahead, 2023 could be Savannah's most exciting year to date. My thanks also go to our shareholders for their own commitment to being part of Savannah's journey.

## **Matthew King**

Chairman

Date: 4 April 2023



## CHIEF EXECUTIVE'S REPORT

It is an exciting time to be writing my first CEO report because in a few short weeks we will reach a defining moment for our Company. By the end of May the decision from the Portuguese environmental regulator on the Barroso Lithium Project Environmental Impact Assessment is due to be announced. If we receive a positive decision at that point, the development of the Project as a source of responsibly produced lithium raw material in Europe, and for Europe, will move a significant step closer.

Everyone at Savannah along with our consultants and advisers has worked fantastically hard to get the Company to this point. Whether it has been working on the revised EIA submission itself, producing communication materials in support of the EIA, meeting with stakeholders and shareholders, maintaining relationships with potential commercial partners, or managing our spending and cash flow, everyone has played their part. Many of the dedicated employees and Directors are also shareholders, including myself.

If the award of an environmental licence was based on effort alone, I'm sure Savannah would receive one. However, as part of taking a responsible approach I should reiterate that we cannot provide a guarantee that the regulator will give a positive decision. If we receive a negative decision, we would be required to submit a wholly new EIA for the Project. Equally, I am keen to point out, particularly to the population living near the Project, what a positive decision would mean in respect of Project construction timelines and other associated work streams. I have outlined the 'next steps' in the process below, so that everyone is clear about what lies ahead and when to expect each step to take place. Stakeholders can be assured that Savannah will match the outstanding technical work that must be completed before we reach a Final Investment Decision with ongoing community and stakeholder engagement.

While much of the talk over the past year has been about the EIA, it is important to highlight that from a commercial perspective, the Project remains the same. There has been no change to the overall JORC compliant resources present on the Project across the C-100 Mining Lease (23.5Mt at 1.02% Li<sub>2</sub>O) and Aldeia Mining Lease Applications areas (3.5Mt at 1.3% Li<sub>2</sub>O). The Mine Plan submitted to APA is still based on the sequential mining of four spodumene lithium bearing orebodies on the C-100 Mining Lease and the assumed tonnage of 'mineable material' is also unchanged at 17.3Mt. The central plant will utilise conventional technology and an environmentally sensitive processing circuit to produce spodumene concentrate and a quartz-feldspar by-product. The annual mining rate and spodumene concentrate annual production rate are retained at around 1.5Mtpa and c.200ktpa, respectively, or approximately 15% larger than the Project perceived for the 2018 Scoping Study.

### **Environmental Impact Assessment – Work done, decision awaited**

While the extension to the EIA review process was not something we had planned for, I'm hopeful that the additional time spent will ultimately prove to be a good investment for all stakeholders in the Project and deliver the full opportunity for all which this project can offer. Most importantly, the Article 16 process has allowed us the direct engagement with APA and the other groups on its Evaluation Committee which was very limited in the previous parts of the EIA review process. I trust this engagement in turn has resulted in us producing a revised design which gives the decision makers the additional reassurances and peace of mind they need to make an informed decision on the Project. We believe that the revised design addresses the feedback we have received during our constructive meetings with APA and its Evaluation Committee while retaining many of the key components and features of the original design, which have

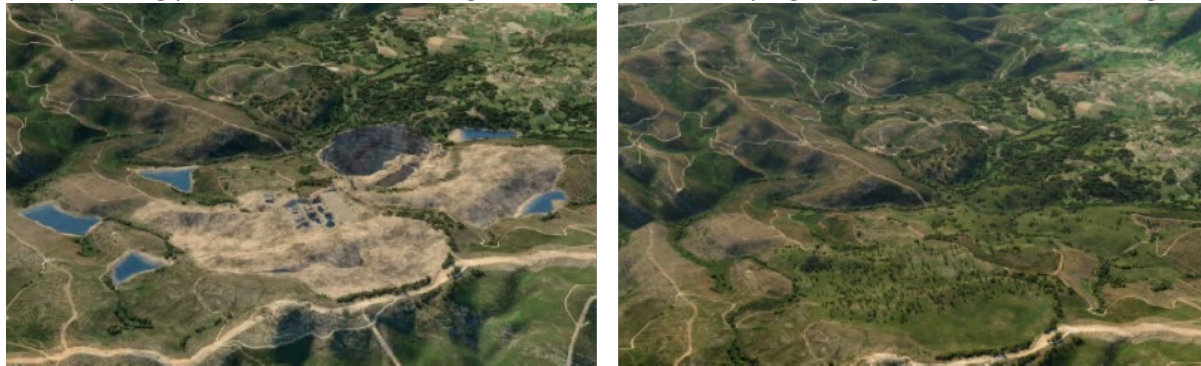
always made it a Project which tries to balance the production of a mineral critical to Europe's efforts to tackle climate change with being sympathetic to the local environment and population.

Savannah has provided a series of updates in recent times on the revised design and I briefly summarise just four of the key areas below.

**Waste management: Dry stack tailings storage to be maintained, waste rock used for backfill**

The original design included an 'Integrated Waste Landform' approach to onsite waste storage, which would have seen the inert waste rock from the mine workings stored together with the inert, dried, and compacted tailings from the processing plant in a highly stable 'dry stack' structure. This innovation meant that there would be no traditional, upstream 'wet' tailings dam. In the revised design, the same innovative, stable dry stack approach is maintained for the tailings, however, waste rock and tailings will be stored separately. Furthermore, despite the inert nature of the tailings, the storage facility will be lined with an impermeable membrane, eliminating the possibility of any solutions from the tailings percolating into the subsoil and entering groundwater. Furthermore, the natural groundwater flow direction from the tailings storage facility ('TSF') is back towards the Pinheiro pit, which would contain any fluids moving away from the TSF if the lining was compromised. This represents another degree of environmental protection which the new design provides.

Simulation of the Grandao pit, tailings storage facility, processing plant and water storage facilities during the operating phase (left) and following rehabilitation, landscaping, revegetation and closure (right):



Source: Company

To meet with the additional requirements of APA, significant quantities of waste rock will now be stored in Waste Rock Facilities ('WRFs') and then used for backfill purposes. Savannah has taken an extremely cautious approach to this aspect of the design and ensured that in the unlikely event of any failure of the largest WRF adjacent to the Grandao pit, it can be contained in the valley immediately surrounding the structure and no material will reach the Covas River. Under the new plan, the smaller Pinheiro and NOA pits will be completely backfilled, while the larger Grandao and Reservatorio pits will be backfilled to above the local water table to avoid the formation of a waterbody at each pit. In addition, any watercourses impacted by the workings will be remediated and reinstated. A proposed WRF to the north of the Grandao deposit has now been moved to avoid impact on marshland in that area. There is no risk from acid mine drainage as test work shows that the waste rock is inert and that any trace elements will not be leached out. Sediment runoff from the WRFs reporting to the Covas River is considered the main risk associated but detailed designs have been drawn up to ensure that this will not happen. The residual, permanent WRFs will be landscaped into the natural topography and revegetated with native species.

## **Water: Local supply and aquatic environment to be unaffected due to Project's self-sufficiency & recycling**

In our design we have carefully considered both the Project's own water requirements and its impact on the area's water ecosystem.

The Project will be its own water source with water collected from within or beneath mine workings and from the wider Project footprint. The water will then be stored in dedicated facilities on the Project (see image on 'Waste management: Dry stack tailings storage to be maintained, waste rock used for backfill' section) which will also act as sediment control structures and have been designed to withstand a once in a 100 year storm event. This approach means there will be no requirement to extract water from the Covas River. The Project's water system is made more efficient by the 85% recycling level expected to be achieved in the processing plant, which accounts for 80% of the Project's overall water requirement. With this level of recycling, which includes using recycled water in the Project's buildings for drinking, means that once the system is filled (a process which can begin during the construction phase) the annual requirement for 'top up' water will equate to less than half of the Project's total water requirement.

In terms of protecting the local water ecosystem, the Project's water system will be a closed network, with significant water treatment infrastructure and recycling capacity installed. Process water will not be discharged to the environment, and any water that does need to be released will meet with the Portuguese Government's regulations. Furthermore, due to the local geology and poor flow rates in the area's aquifers, the Project is not expected to influence groundwater abstraction for either public supply (the nearest extraction point is 1.3km upstream from the nearest pit) or agricultural use. However, Savannah has committed to install a replacement water source of equal size if there is any impact.

As highlighted above, Savannah has committed to avoiding impact on watercourses wherever possible to protect these important habitats and to preserve water quality. Where location of workings or infrastructure makes this avoidance impossible, Savannah has designed to minimise impact. For example, the new river crossing that will be required to access the Reservatorio and NOA deposits will feature a single span bridge to avoid infrastructure in the river and to minimise disturbance on the riverbank. Savannah will rehabilitate watercourses on a progressive basis where they have been impacted.

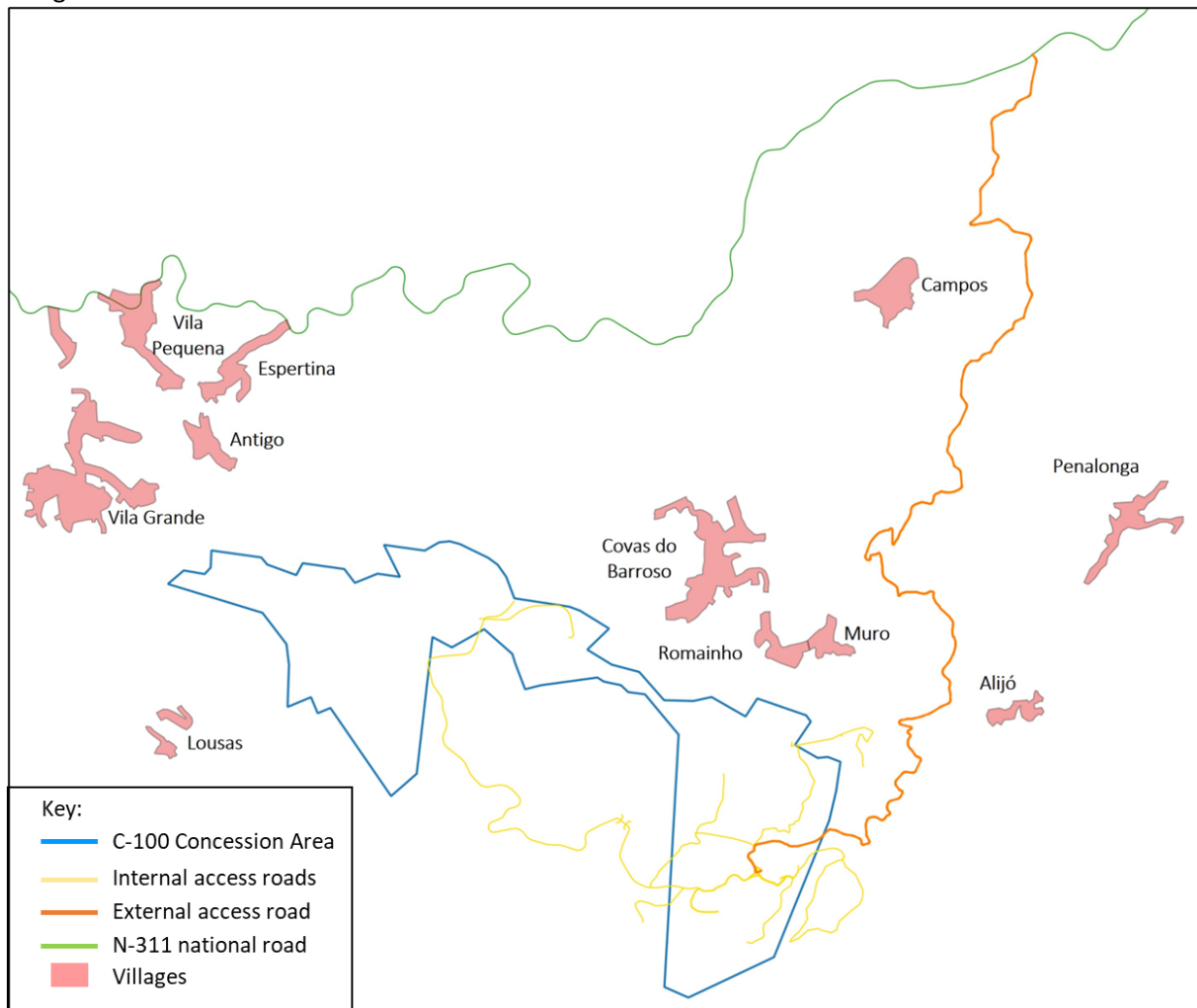
## **Road access: Avoiding local villages and towns, improving access to the area**

A detailed Traffic Study in accordance with the regulations of the Municipal Master Plan (PDM de Boticas) and Infraestruturas de Portugal, S.A. (IP, SA) was completed into access options for the planned Project for both light and heavy vehicles and to access potential impacts. Based on this study and stakeholder consultation a transport plan was developed including two new roads which will further limit the movement of Project-related traffic through local communities. Savannah has committed to limiting road transport to weekdays only between 7am and 8pm and by accessing the Project from the north of the concession with a new purpose built 11.6km access road, which connects the Project to the R311 highway, all communities to the north of the Project would be bypassed and no water crossings would be required. Furthermore, a section of this road will be available for use by the public. A second proposed 17km bypass section connecting to the A24 highway would also avoid traffic passing through Boticas, Granja and Sapiaos which will mean that no Project traffic will pass through any villages or towns between the Project and the A24 freeway.

## Rehabilitation

The revised EIA sees Savannah reiterating its previous commitment to rehabilitation of the Project area. Our objective at the end of the project is to leave the land rehabilitated, safe, valued and with new opportunities for different uses by the population. Savannah commits to ensuring future sustainable use, whether for tourism, agriculture, or other purposes. Today, of the 271 hectares (2.71km<sup>2</sup>) which will be temporarily or permanently impacted by the Project's development is 95% forest or scrub vegetation with just 14 hectares, or 5%, consisting of agricultural land and pastures. Hence, the operation's impact on local agricultural land is very limited. Furthermore, one of the key advantages of the Barroso Lithium Project is that mining will take place in a sequential fashion which will allow for continual rehabilitation from early in the Project's life. Hence, the Project will never have large, disturbed areas and only essential operating areas will be left open at the end of the Project's operating life for the final phase of rehabilitation. Soil removed from working areas will be carefully stored, maintained and enhanced to allow its use during the landscape recovery phase.

Barroso Lithium Project: Proposed new road layout avoids Project-related traffic passing through local villages:



Source: Company

Focus will be placed on harmonising the Project area back into the local landscape by contouring landforms and backfilling the pits, replanting with native species of plants and trees, some of which have been lost in forest fires. In turn, this will encourage local fauna to recolonise previously impacted areas.

On closure, the processing plant, other supporting facilities, semi-mobile and fixed equipment will all be dismantled and removed from site. Structures used to deviate existing water courses will also be removed, and water courses reinstated as close to their original orientation as reasonably possible. Office buildings and other facilities could be retained for subsequent alternative use by the local community or local businesses.

Monitoring of key environmental performance indicators, such as water quality, will be maintained over the long term once rehabilitation is completed. The Project area will be offered to the respective Parish Councils, making it available for use by the communities for agriculture, tourism, and community owned businesses.

### **Stakeholder Engagement – As critical as the mineral itself**

The extra time added by the Article 16 process, as well as the management and responsibility changes that we have made amongst our team in the past nine months, has allowed us to refresh and strengthen our relationships with key contacts within local and national government, associated agencies and the broader stakeholder group. As a result, we are pleased with the greater level of engagement we are achieving with key contacts.

As the Chairman outlined, we have also been undertaking more ‘hands on’ interaction with local communities under the banner of the Social Impact Assessment via Community Insights Group (‘CIG’). As part of this exercise, CIG will be training our own staff to make for more effective engagement with community members going forward. We have also been proactive in our provision of information about the revised EIA for the community. The community information sheet, mentioned by the Chairman, was delivered to every residence in the Municipality, and the follow up fact sheets on individual EIA topics hopefully press home the key messages we are keen to make regarding the responsible manner in which we have designed and plan to operate the Project. We are looking forward to feedback on these publications as the Social Impact Assessment work continues.

Although they do not represent examples of the positive stakeholder engagement we are trying to generate, we are also equally comfortable to provide an update on the two legal cases which have been brought involving our Project.

In the civil claim lodged by the Management Commission of the Covas do Barroso Baldios (the 'Baldios Commission') against certain private landowners in respect of some land packages at the Project which they sold to Savannah (RNS 25 July 2022), Savannah and the private owners submitted their contestation to the lawsuit at the end of October 2022. The claimant had until 13 January 2023 to reply to our contestation, which it did not. On 24 January 2023, the Vila Real district court provided an additional timeline of 10 working days for the Baldios Commission to reply, this time only applies to the legal protocols (i.e., not the legal arguments in the lawsuit). During that extension the Baldios Commission requested the judge to provide a minimum of 30 days to allow it to correct some documentation and a response is awaited from the judge. Assuming this request is granted, and the Baldios Commission is

permitted to amend its documentation, we would then have to wait for the Vila Real district court to set a date for a preliminary hearing (expected mid-2023).

In the case brought by the Parish of Covas do Barroso ('Parish Council') against the Republic of Portugal and the Ministry of Economy as defendants in which Savannah's wholly owned subsidiary, Savannah Lithium Unipessoal Lda, was joined as the counter-interested party (not a defendant), the Mirandela Fiscal and Administrative Court acquitted the defendants and Savannah's subsidiary in February 2023 having ruled that the defendants were not the legitimate parties in the lawsuit. The case was subsequently extinguished in March 2023 after the period available for the Parish Council to appeal expired. The litigation was seeking to nullify certain administrative actions taken by the defendants in June 2016 including the addition of lithium to and the expansion in the area of the C-100 Mining Lease.

The lawsuits have neither impacted the Barroso Lithium Project's activities nor the current environmental impact assessment process which is moving to a conclusion. The C-100 Mining Lease which contains the Barroso Lithium Project is fully granted, has a term of 30 years to 2036 and remains in good standing. The advice from Savannah's lawyers was and remains that the both the extinguished and ongoing claim are without foundation.

## **Next steps – The Barroso Lithium Project through to production**

### **Ongoing licencing:**

As we have flagged in our recent releases, if we receive a positive 'DIA' decision from APA at this stage, we expect it will be conditional upon us fulfilling some further specific design requirements which will be set out with the decision. This is a normal aspect of the environmental licencing process, which Savannah has planned for, and this will be managed through the remainder of the licencing process.

The DIA award is the first approval in a multi-stage environmental licencing process. Receipt of the DIA would allow the approval process to move on to the subsequent Environmental Compliance Report of the Execution Project ('RECAPE') and environmental licence stages during which approval of the Project's detailed final designs are received ('DCAPE') and the Project's environmental title is awarded. These stages are expected to run in parallel. If Savannah receives a positive DIA decision, we expect the RECAPE phase to take approximately 9-12 months, meaning the TUA could be awarded in second half of 2024.

Once the DCAPE declaration has been made and environmental licence received, Savannah will then be able to apply for the remainder of the licences required for the Project's development and operation. These licences cover permissions for construction and use of services on site such as power and water. The conditions set by the DIA and the agreement of the Project's final designs in the RECAPE phase will also provide important input parameters for the DFS.

### **Updated Scoping Study:**

The extended timetable on EIA and the accompanying Definitive Feasibility Study has meant we have not been able to publish an update to the 2018 Project Scoping Study. If the DIA decision is positive, we will prepare and publish a new Scoping Study in the second half of 2023 based on the revised EIA and Mine Plan. This study won't reflect all of the details which will come through the RECAPE phase, however it will act as a useful prelude to the Definitive Feasibility Study for all stakeholders. As many shareholders will know, cost inflation in the mining sector over the last 12 months has been running at over 20%, and Savannah will need to reflect this in our modelling, along with any additional costs (and savings) that result from the latest Project design. Overall, between inflation and the Project's expansion and the EIA

revisions, we expect this to result in an increase in capex from the c.US\$125m (including contingencies) estimate in the Scoping Study nearly five years ago. However, no amount of cost inflation, however sizeable, has matched the 1300% inflation seen in lithium prices since the low of US\$375/t in August-October 2020. While we will not run our models using today's spot price of US\$4,750/t over the long term, we will be able to incorporate a spodumene price deck which reflects updated forecasts from banks, brokers and market commentators, which all far exceed the average US\$685/t we used in the 2018 Study. I am confident, the new Scoping Study level economics will remain highly positive.

### **Definitive Feasibility Study:**

In terms of timing, assuming a positive DIA decision is received, work to complete the DFS will be undertaken in parallel with the remainder of the environmental licensing process. Alongside the final Project designs which will come through the RECAPE phase of the ongoing environmental licencing process, a modest fieldwork programme is also required. This will include drilling for reserve and resource delineation and geotechnical purposes. This programme has been planned and Savannah would look to initiate it during H2 2023, subject to the DIA decision. Savannah expects the DFS to be completed no later than 12 months following the restart of the required fieldwork, so in H2 2024.

Importantly, the process flowsheet for the concentrator plant was finalised in Q1 2022. Based on industry standard equipment and processing techniques and an environmentally friendly reagent regime, which complies with all relevant regulations and allows both mica and spodumene flotation to operate at near neutral pH, the plant will be capable of producing a high quality, spodumene concentrate grading  $\geq 5.5\%$  Li<sub>2</sub>O with low levels of impurities.

### **Decarbonisation Study:**

We are excited and committed to decarbonising the Project and achieving our goal of net zero carbon over the life of the Project. The first phase of the Decarbonisation Study took longer than we had expected, but we have been pleased by its findings, including the 54% reduction in the calculated Scope 2 emissions the Project before we initiate any changes. We have also been very pleased by the interest we have generated with a number of OEMs (vehicle manufacturers), which are developing new zero emissions surface mining vehicles. As we announced in early 2023, we will be further investigating some of the key recommendations from the first phase of the study in the second phase, with the assistance of our consultants and ABB. This will include our options around increasing the renewable power supply to the Project and forging commercial partnerships with one or more of the OEMs which has expressed interest in working with Savannah. We look forward to providing further updates on the study during the year and incorporating its final recommendations into our DFS and subsequent operations.

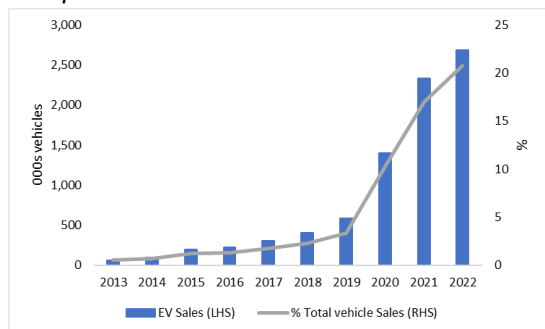
### **Commercial discussions:**

With our focus on the EIA in recent months, we have not been looking to finalise offtake agreements during the period. Equally, for most of the counterparties we have been in discussions with, the uncertainty regarding the EIA has checked their own willingness to commit to a long term commercial arrangement. Importantly though, the level of underlying interest in Savannah's future production of spodumene concentrate has not waned, despite the EIA process. We continued to receive new commercial inquiries throughout the year and that has also continued into 2023. This is clear evidence, along with the persistent high price levels, that sourcing of lithium raw materials, particularly from low risk jurisdictions remains a significant challenge for downstream users.

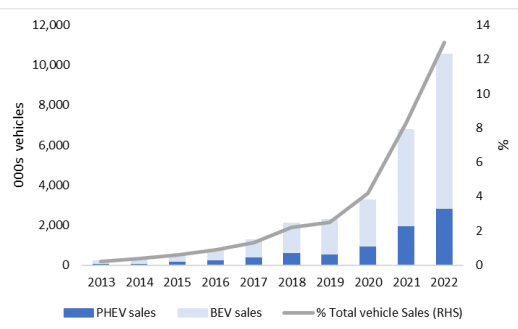
EV sales have remained very strong with European EV sales growing again to 2.7m units (+15%) as part of global sales of 10.5m (+55%, source EV-volumes.com). Hence, when Savannah is in a position to proceed

to finalise commercial arrangements, which we expect to do next year, we will be pushing hard to secure deals which meet our criteria including working with a partner or partners committed to using Savannah’s product within the European battery value chain, willing to talk about pricing levels in line with reported spot prices at the time, and prepared to contribute significantly towards the CAPEX of our Project as part of the offtake’s financial arrangements.

*European Electric Vehicle Sales*



*Global Electric Vehicle Sales*



Source: EV-volumes.com

**Construction & Production: 2025, 2026 and beyond:**

If the above timetable can be met, Savannah should be in a position to make its final investment decision on the Project in late 2024 / early 2025 and move on with securing the finance required to construct the Project. Construction could then begin in H2 2025, and is expected to take approximately 15 months. Commissioning of the plant, ramp up of production, and delivery of Savannah’s first product to a European customer could then all take place in H2 2026.

**Outlook**

Getting Savannah to this point, where we are just a few weeks away from receiving a DIA decision that we have waited for since 2020, has been a huge effort for everyone in the Company. I would like to take this opportunity to thank them for their hard work and resolve. My thanks also go to our shareholders for their patience and support, and to those stakeholders who have been willing to engage with us over the past year. Savannah hopes to bring benefits to all as it looks to make its contribution to Europe’s efforts to tackle climate change through the provision of responsibly sourced, low carbon, European lithium.

**Dale Ferguson**

Chief Executive Officer

Date: 4 April 2023

The Financial Statements below should be read in conjunction with the Notes contained within the full Annual Report which is available online at the Company's website at: <https://www.savannahresources.com/investors/corporate-documents/>



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER  
2022**

	2022 £	2021 £
<b>CONTINUING OPERATIONS</b>		
Revenue	-	-
Other Income	-	-
Administrative Expenses	(3,531,894)	(3,305,649)
Foreign Exchange Gain/(Loss)	<u>814,468</u>	<u>(213,088)</u>
<b>OPERATING LOSS</b>	<b>(2,717,426)</b>	<b>(3,518,737)</b>
Finance Income	34,695	671
Finance Costs	<u>(265)</u>	<u>(139)</u>
<b>LOSS FROM CONTINUING OPERATIONS BEFORE TAX</b>	<b>(2,682,996)</b>	<b>(3,518,205)</b>
Tax expense	-	-
<b>LOSS FROM CONTINUING OPERATIONS AFTER TAX</b>	<b>(2,682,996)</b>	<b>(3,518,205)</b>
<b>(LOSS)/GAIN ON DISCONTINUED OPERATIONS NET OF TAX</b>	<b><u>(176,396)</u></b>	<b><u>2,371</u></b>
<b>LOSS AFTER TAX ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT</b>	<b><u>(2,859,392)</u></b>	<b><u>(3,515,834)</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Net change in Fair Value Through Other Comprehensive Income of Equity Investments	(19,598)	82,006
<b>Items that will or may be reclassified to profit or loss:</b>		
Exchange Gains arising on translation of foreign operations	<u>665,656</u>	<u>154,815</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>646,058</u></b>	<b><u>236,821</u></b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT</b>	<b><u>(2,213,334)</u></b>	<b><u>(3,279,013)</u></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	(0.17)	(0.22)
From Continued Operations	(0.16)	(0.22)
From Discontinued Operations	<u>(0.01)</u>	<u>0.00</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	2022	2021
	£	£
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible Assets	16,459,599	14,137,817
Right-of-Use Assets	17,627	5,390
Property, Plant and Equipment	1,583,944	676,536
Other Receivables	454,651	-
Other Non-Current Assets	77,667	69,542
<b>TOTAL NON-CURRENT ASSETS</b>	<b>18,593,488</b>	<b>14,889,285</b>
<b>CURRENT ASSETS</b>		
Equity instruments at FVTOCI	11,977	31,575
Trade and Other Receivables	560,060	962,058
Other Current Assets	1,036	19,300
Cash and Cash Equivalents	7,202,334	13,002,084
<b>TOTAL CURRENT ASSETS</b>	<b>7,775,407</b>	<b>14,015,017</b>
<b>TOTAL ASSETS</b>	<b>26,368,895</b>	<b>28,904,302</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital	16,889,598	16,889,598
Share Premium	41,693,178	41,693,178
Merger Reserve	6,683,000	6,683,000
Foreign Currency Reserve	626,930	(38,726)
Share Based Payment Reserve	403,749	305,095
FVTOCI Reserve	(41,035)	(21,437)
Retained Earnings	(40,999,879)	(38,284,665)
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>25,255,541</b>	<b>27,226,043</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Lease Liabilities	12,263	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>12,263</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>		
Lease Liabilities	5,364	1,132
Trade and Other Payables	1,085,778	1,677,127
Other Current Liabilities	9,949	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,101,091</b>	<b>1,678,259</b>
<b>TOTAL LIABILITIES</b>	<b>1,113,354</b>	<b>1,678,259</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26,368,895</b>	<b>28,904,302</b>

The Financial Statements were approved and authorised for issue by the Board of Directors on 4 April 2023 and were signed on its behalf by:

**Dale Ferguson**

Chief Executive Officer

Company number: 07307107

## COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	2022	2021
	£	£
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Investments in Subsidiaries	333,740	333,831
Other Receivables	31,877,211	26,184,402
Other Non-Current Assets	6,776	6,776
<b>TOTAL NON-CURRENT ASSETS</b>	<b>32,217,727</b>	<b>26,525,009</b>
<b>CURRENT ASSETS</b>		
Equity instruments at FVTOCI	11,977	31,575
Trade and Other Receivables	238,189	207,129
Cash and Cash Equivalents	6,241,356	11,085,944
<b>TOTAL CURRENT ASSETS</b>	<b>6,491,522</b>	<b>11,324,648</b>
<b>TOTAL ASSETS</b>	<b>38,709,249</b>	<b>37,849,657</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital	16,889,598	16,889,598
Share Premium	41,693,178	41,693,178
Merger Reserve	6,683,000	6,683,000
Share Based Payment Reserve	403,749	305,095
FVTOCI Reserve	(41,035)	(21,437)
Retained Earnings	(27,442,644)	(28,707,640)
<b>TOTAL EQUITY</b>	<b>38,185,846</b>	<b>36,841,794</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and Other Payables	523,403	1,007,863
<b>TOTAL LIABILITIES</b>	<b>523,403</b>	<b>1,007,863</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>38,709,249</b>	<b>37,849,657</b>

The Company total comprehensive income for the financial year was £1,101,220 (2021: loss £7,851,723).

The Financial Statements were approved and authorised for issue by the Board of Directors on 4 April 2023 and were signed on its behalf by:

**Dale Ferguson**

Chief Executive Officer

Company number: 07307107

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share Capital	Share Premium	Merger Reserve	Foreign Currency Reserve	Warrant Reserve	Share Based Payment Reserve	FVTOCI Reserve	Retained Earnings	Total Equity
	£	£	£	£	£	£	£	£	£
At 1 January 2021	14,309,910	34,474,884	6,683,000	(193,541)	12,157	393,865	276,712	(35,450,713)	20,506,274
Loss for the year	-	-	-	-	-	-	-	(3,515,834)	(3,515,834)
Other Comprehensive Income	-	-	-	154,815	-	-	82,006	-	236,821
<b>Total Comprehensive Income for the year</b>	-	-	-	154,815	-	-	82,006	(3,515,834)	(3,279,013)
Issue of Share Capital (net of expenses)	2,579,688	7,218,294	-	-	-	-	-	-	9,797,982
Share based payment charges	-	-	-	-	-	200,800	-	-	200,800
Lapse of options	-	-	-	-	-	(289,570)	-	289,570	-
Lapse of warrants	-	-	-	-	(12,157)	-	-	12,157	-
Disposal of FVTOCI investments	-	-	-	-	-	-	(380,155)	380,155	-
At 31 December 2021	16,889,598	41,693,178	6,683,000	(38,726)	-	305,095	(21,437)	(38,284,665)	27,226,043
<b>Loss for the year</b>	-	-	-	-	-	-	-	(2,859,392)	(2,859,392)
<b>Other Comprehensive Income</b>	-	-	-	665,656	-	-	(19,598)	-	646,058
<b>Total Comprehensive Income for the year</b>	-	-	-	665,656	-	-	(19,598)	(2,859,392)	(2,213,334)
<b>Share based payment charges</b>	-	-	-	-	-	242,832	-	-	242,832
<b>Lapse of options</b>	-	-	-	-	-	(144,178)	-	144,178	-
<b>At 31 December 2022</b>	<b>16,889,598</b>	<b>41,693,178</b>	<b>6,683,000</b>	<b>626,930</b>	<b>-</b>	<b>403,749</b>	<b>(41,035)</b>	<b>(40,999,879)</b>	<b>25,255,541</b>

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

Reserve	Description and purpose
Share Capital	Amounts subscribed for share capital at nominal value.
Share Premium	Amounts subscribed for share capital in excess of nominal value less costs of fundraising.
Merger Reserve	Amounts subscribed for share capital in excess of nominal value in respect of the consideration paid in an acquisition arrangement, when the issuing company takes its interest in another company from below 90% to 90% or above equity holding.
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 asset acquired and share options granted by Savannah Resources Plc, less transfers to retained losses in respect of options exercised, lapsed and forfeited.
FVTOCI Reserve	Cumulative changes in fair value of equity investments classified at fair value through other comprehensive income (FVTOCI).
Retained Earnings	Cumulative net gains and losses recognised in the Consolidated Statement of Comprehensive Income and other transactions recognised directly in Retained Earnings.

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share Capital	Share Premium	Merger Reserve	Warrant Reserve	Share Based Payment Reserve	FVTOCI Reserve	Retained Earnings	Total Equity
	£	£	£	£	£	£	£	£
At 1 January 2021	14,309,910	34,474,884	6,683,000	12,157	393,865	276,712	(21,455,793)	34,694,735
Loss for the year	-	-	-	-	-	-	(7,933,729)	(7,933,729)
Other Comprehensive Income	-	-	-	-	-	82,006	-	82,006
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	82,006	(7,933,729)	(7,851,723)
Issue of Share Capital (net of expenses)	2,579,688	7,218,294	-	-	-	-	-	9,797,982
Share based payment charges	-	-	-	-	200,800	-	-	200,800
Lapse of options	-	-	-	-	(289,570)	-	289,570	-
Lapse of warrants	-	-	-	(12,157)	-	-	12,157	-
Disposal of FVTOCI investments	-	-	-	-	-	(380,155)	380,155	-
At 31 December 2021	16,889,598	41,693,178	6,683,000	-	305,095	(21,437)	(28,707,640)	36,841,794
<b>Profit for the year</b>	-	-	-	-	-	-	<b>1,120,818</b>	<b>1,120,818</b>
<b>Other Comprehensive Income</b>	-	-	-	-	-	<b>(19,598)</b>	-	<b>(19,598)</b>
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	<b>(19,598)</b>	<b>1,120,818</b>	<b>1,101,220</b>
<b>Share based payment charges</b>	-	-	-	-	<b>242,832</b>	-	-	<b>242,832</b>
<b>Lapse of options</b>	-	-	-	-	<b>(144,178)</b>	-	<b>144,178</b>	-
<b>At 31 December 2022</b>	<b>16,889,598</b>	<b>41,693,178</b>	<b>6,683,000</b>	<b>-</b>	<b>403,749</b>	<b>(41,035)</b>	<b>(27,442,644)</b>	<b>38,185,846</b>

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

Reserve	Description and purpose
Share Capital	Amounts subscribed for share capital at nominal value.
Share Premium	Amounts subscribed for share capital in excess of nominal value less costs of fundraising.
Merger Reserve	Amounts subscribed for share capital in excess of nominal value in respect of the consideration paid in an acquisition arrangement, when the issuing company takes its interest in another company from below 90% to 90% or above equity holding.
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 asset acquired and share options granted by Savannah Resources Plc, less transfers to retained losses in respect of options exercised, lapsed and forfeited.
FVTOCI Reserve	Cumulative changes in fair value of equity investments classified at fair value through other comprehensive income (FVTOCI).
Retained Earnings	Cumulative net gains and losses recognised in the Consolidated Statement of Comprehensive Income and other transactions recognised directly in Retained Earnings.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
<b>Cash flows used in operating activities</b>		
Loss for the year	(2,859,392)	(3,515,834)
Depreciation and amortisation charges	23,456	35,369
Impairment of Other Assets	-	5,948
Share based payment charge	242,832	200,800
Finance Income	(34,695)	(671)
Finance Costs	265	139
Foreign Exchange (Gains)/Losses	(858,679)	213,088
Gain on relinquishment of the rights and obligations of discontinued operations	-	(627,078)
<b>Cash flow used in operating activities before changes in working capital</b>	<b>(3,486,213)</b>	<b>(3,688,239)</b>
Increase in Trade and Other receivables	(78,217)	(267,267)
(Decrease)/Increase in Trade and Other Payables	(538,972)	451,801
Net cash used in operating activities	<b>(4,103,402)</b>	<b>(3,503,705)</b>
<b>Cash flow used in investing activities</b>		
Purchase of Intangible Exploration Assets	(1,771,821)	(1,603,208)
Purchase of Right-of-Use Assets	-	(798)
Purchase of Tangible Fixed Assets	(852,127)	(633,090)
Proceeds from sale of Investments	-	654,347
Interest received	28,438	671
Proceeds from relinquishment of the rights and obligations of discontinued operations	89,981	6,506,852
Net cash (used in)/from investing activities	<b>(2,505,529)</b>	<b>4,924,774</b>
<b>Cash flow from financing activities</b>		
Proceeds from issues of ordinary shares (net of expenses)	-	9,797,982
Proceeds from exercise of share options	-	-
Principal paid on Lease Liabilities	(5,022)	(11,607)
Interest paid on Lease Liabilities	(265)	(139)
Net cash (used in)/from financing activities	<b>(5,287)</b>	<b>9,786,236</b>
<b>(Decrease)/Increase in Cash and Cash Equivalents</b>	<b>(6,614,218)</b>	<b>11,207,305</b>
<b>Cash and Cash Equivalents at beginning of year</b>	<b>13,002,084</b>	<b>2,000,209</b>
Exchange gains/(losses) on Cash and Cash Equivalents	814,468	(205,430)
<b>Cash and Cash Equivalents at end of year</b>	<b>7,202,334</b>	<b>13,002,084</b>

## COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	£	£
<b>Cash flows used in operating activities</b>		
Gain/(loss) for the year	1,120,818	(7,933,729)
Impairment Investment in Subsidiaries	17,821	-
Impairment of Financial Assets	102,988	39,215
Impairment of Other Assets	-	5,948
Share based payment reserve charge	242,832	200,800
Dividends Income	(811,572)	-
Finance Income	(34,695)	(671)
Foreign Exchange (Gains)/Losses	(2,274,357)	1,756,702
Loss on relinquishment of the rights and obligations of discontinued operations	-	4,439,229
<b>Cash flow used in operating activities before changes in working capital</b>	<b>(1,636,165)</b>	<b>(1,492,506)</b>
Decrease/(Increase) in Trade and Other Receivables	168,209	(181,160)
(Decrease)/Increase in Trade and Other Payables	(488,024)	34,184
Net cash used in operating activities	<b>(1,955,980)</b>	<b>(1,639,482)</b>
<b>Cash flow used in investing activities</b>		
Loans to subsidiaries	(5,204,762)	(4,784,700)
Proceeds from repayment of loans to subsidiaries	799,772	6,014,021
Proceeds from sale of Investments	-	654,347
Proceeds from dividends from subsidiaries	811,572	-
Interest received	28,438	671
Net cash (used in)/from investing activities	<b>(3,564,980)</b>	<b>1,884,339</b>
<b>Cash flow from financing activities</b>		
Proceeds from issues of ordinary shares (net of expenses)	-	9,797,982
Net cash from financing activities	-	9,797,982
<b>(Decrease)/Increase in Cash and Cash Equivalents</b>	<b>(5,520,960)</b>	<b>10,042,839</b>
<b>Cash and Cash Equivalents at beginning of year</b>	<b>11,085,944</b>	<b>1,237,876</b>
Exchange gains/(losses) on Cash and Cash Equivalents	676,372	(194,771)
<b>Cash and Cash Equivalents at end of year</b>	<b>6,241,356</b>	<b>11,085,944</b>

**\*\*ENDS\*\***