SAVANNAH RESOURCES PLC

Company No 07307107

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2016

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CHAIRMAN'S STATEMENT

The mineral resource sector opens 2017 with a much more favourable outlook compared to 2016, with higher commodity prices promoting greater optimism. At Savannah we are feeling particularly energised for the year ahead, having successfully strengthened our asset base in order to create a clear development pipeline portfolio, offering the potential for both near and longer term value accretion.

At the fore of this portfolio is our Mutamba Heavy Mineral Sands Project in Mozambique, which is being developed under a Consortium Agreement with Rio Tinto. This provides us with the opportunity to earn a 51% interest in a world-class heavy mineral sands project in Mozambique. We established our credentials in the country via our existing Jangamo licence and the tie-up with Rio Tinto stands as an endorsement of our highly active development strategy, as evidenced by having delineated a substantial Mineral Resource Estimate for the enlarged project within less than a month of signing the agreement with Rio Tinto in October 2016. We remain committed to expediting the development of the project.

To this end, a drilling programme has already been completed targeted at increasing the current Mineral Resource Estimate and defining areas of high grade mineralisation for potential early development. Additionally, a scoping study is nearing completion. A pilot plant is due to be commissioned mid-year so that a proof of concept bulk sampling programme can be undertaken. Furthermore, the resource looks amenable to dry mining techniques, and of supporting phased mining development, which will allow us to commence mining operations in the near term.

Alongside this, in Oman, we have a notably high grade copper Indicated and Inferred Mineral Resource at Block 5, which is our main focus for an initial mine development. Mining licence applications for the Mahab 4 and Maqail South deposits have been submitted, targeting an operational start in late 2017, which I believe strategically positions the Company to take advantage of stronger copper prices expected in late 2017 and into 2018. Ahead of this, work will be undertaken to determine the best processing route and finalise feasibility studies. This will build upon the recent metallurgical work conducted at Mahab 4, which confirmed the significant commercial appeal of our projects by indicating that a saleable copper concentrate with recoveries of over 90% can be produced from a relatively simple float process.

Block 4 offers further upside potential; the licence hosts a number of previously producing copper mines and initial exploration has identified the potential for these assets to host resources to supplement those already defined at Block 5. The Dog's Bone target at Aarja in particular is recognised for its resource potential and, looking ahead, the existing underground access from historical mining activities should enable rapid development with low capital expenditures. We will continue to undertake strategic exploration work at Block 4 in order to further prove up the licence prospectivity whilst we simultaneously centre our efforts on achieving production at Block 5 later this year. As a result of the significant progress that has been made on both Blocks 4 and 5, and as part of an ongoing portfolio review process, Savannah has terminated its interest in Block 6 in Oman, which was at a very early stage of exploration.

Finally, a major development for the year under review was the expansion of our asset portfolio through the addition of two new licences in Finland, which are prospective for lithium. Lithium is popular with investors at present and the emergence of the Electric Vehicle is powering a surge in lithium-ion batteries and the battery energy storage on a grid-, industrial-, commercial- and consumer-scale is reaching commercial viability, suggesting that the Energy Storage sector could grow materially over the next 10 years, leading to significant demand and a favourable pricing environment for lithium.

The exploration tenements are at an early stage of evaluation and initial groundwork has already identified seven pegmatites with anomalous lithium – two on Somero and five on Erajarvi. The addition to our portfolio of these highly prospective assets provides Savannah with the potential for longer-term growth, with a steady flow of operational activity over the coming years. Accordingly, we intend to undertake work to improve our understanding of the resource potential of these areas, but would like to affirm that our primary focus for 2017 will be on our Mozambique and Omani assets.

CHAIRMAN'S STATEMENT

Corporate Update
We are delighted that Al Marjan Ltd ('Al Marjan') increased its investment in the Company at the start of 2016, taking its interest in Savannah to 29.99% in March 2016. In light of Al Marjan becoming our largest shareholder and underpinning their intention to remain a supportive investor going forward, Mr. Maqbool Ali Sultan (former Minister of Commerce and Industry in Oman) and Mr. Imad Kamal Abdul Redha Sultan joined the Board in July 2016 as representatives of Al Marjan, assuming the roles of Non-Executive Directors of the Company, with Mr. Manohar Pundalik Shenoy and Mr. Murtadha Ahmed Sultan appointed as their respective alternates. We are pleased to welcome them to the Board and they have already materially contributed to the Company thanks to their proven operating experience both in Oman and internationally.

Financial Overview
As is to be expected with an active exploration group, the Group is reporting a loss for the year of £1.76m (2015: £3.11m). The significant driver was staff costs amounting to £1.02m. Other Comprehensive Income for the year amount of £0.48m (2015: £0.69m) was primarily due to the foreign exchange gain from the retranslation of the financial statements of subsidiaries with functional currencies not denominated in the presentation currency, GBP, and to the revaluation of loans to subsidiaries which have seen the translated value increase due to the weakness of GBP against major currencies in 2016 following the UK's referendum on membership of the EU. Net assets have increased to £6.07m (2015: £3.58m) predominantly due to the increase in the exploration activity during the year with additions in Exploration and evaluation assets of £1.46m as at 31 December 2016, and the increase in Cash and cash equivalents by £0.80m as a result of well supported capital raisings during the year.

In February and March 2016 Al Marjan increased their investment in the Company, further endorsing its support of Savannah's growth strategy, with the placing of 98,295,329 new ordinary shares at a placement price of 1.78p per ordinary share. This raised a total of £1.75 million (before expenses), resulting in Al Marjan becoming the Company's largest shareholder with a holding of 29.99% in the Company's issued share capital. In September 2016 the Company raised a further £1.42m cash (before expenses) through the placing of 40,708,973 new ordinary shares at a significantly increased placing price of 3.5p per ordinary share. Following this placement the Company issued 23,576,741 new ordinary shares at a price of 3.5p to Al Marjan, David Archer and Matthew King, with both Al Marjan and David Archer restoring their respective shareholding percentages in the Company to those prior to the placement in September which was undertaken whilst the Company was in a close period. This raised a total of £0.83m cash (before expenses). Finally in November 2016 1,500,000 new ordinary shares at a price of 3.0p were issued in the exercise of share options by a former employee.

As of 31 December 2016, the Group had a cash position of £1.17 million. On 21 February 2017 the Company agreed a cash subscription of £2.24 million cash (before expenses). The Company will have a pro-forma cash balance of approximately £3.02 million following the receipt of the Placing and Subscription proceeds. This is expected to be increased by a further £1.01 million cash from Directors and their related parties (Al Marjan Ltd) when the Company is not in a "close period", with letters of intent received to this effect.

Social Responsibility
Maintaining positive relationships with the communities in which we operate, supporting regional development, and ensuring high social and environmental standards remains a priority for Savannah and our operating partners. We have developed a very active programme of engagement with the communities close to our operations in Oman and this has already paid dividends via support for our mining lease applications with a letter of no objection from the community being received already for the mine development at Maqail South. We will adopt a similar process of engagement in Mozambique, focusing on positive interaction with all parties and honest, timely and transparent communication with all our stakeholders.

Outlook
Savannah has strategically positioned itself for growth having established a portfolio of assets offering both near and longer term prospects in three commodities, each of which have a favourable pricing outlook at present, albeit this must be tempered somewhat by the uncertain outlook for global trade growth.

2017 is expected to be a significant year for the Company in which we transform from a development to a production company, with copper mining operations scheduled to commence in Oman towards the end of the year.

In the medium term and of greater significance is the potential of bringing the globally significant Mutamba Heavy Mineral Sands Deposit into development via our Consortium Agreement with Rio Tinto.

Longer term, our lithium assets may enable us to participate in the renewable energy market.

Our plans are to develop the Omani and Mozambique assets in sequence – something we are able to achieve thanks to the experienced operating teams we have established and are developing in Oman and Mozambique respectively, supported by a well-credentialed executive management team and Board of Directors.

We look forward to keeping shareholders updated with our active development strategy and I would like to take this opportunity to thank all our stakeholders for their continued support. I would also like to thank our team for their ever consistent hard-work. We anticipate making further additions to our team to match the needs of our growing company in the coming year and alongside this we are using a well-respected consulting group to help develop a long-term incentive scheme. I look forward to the opportunities ahead.

Matthew King
Chairman

Date: 23 February 2017

CHIEF EXECUTIVE'S REPORT

Savannah has established a multi-commodity development portfolio spanning heavy mineral sands in Mozambique, copper in Oman and lithium in Finland. Operations in Oman and Mozambique offer near to mid-term development potential whilst Finland provides a longer term development opportunity. By establishing a portfolio of assets that are at a strategically staged point of their development, the Company is positioned to have consistently active news flow and clear and demonstrable value accretive milestones.

Heavy Mineral Sands, Mozambique (Consortium Agreement with Rio Tinto)

October 2016 saw a landmark achievement for Savannah Resources; the signing of a new Consortium arrangement with Rio Tinto covering Savannah's Jangamo Project and Rio Tinto's Chilubane and Mutamba Projects, including the Jangamo, Dongane and Ravene heavy mineral sands deposits. The unified project, known as the Mutamba Project ('Mutamba'), marks a significant step in the evolution of these mineral sands assets, creating an amalgamated project comprising a globally significant resource.

Savannah operates the Mutamba Project and has an initial 10% beneficial interest in the combined mineral sands project, with the potential to increase this up to a 51% beneficial interest on the achievement of the following milestone developments: delivery of a scoping study - 20%; delivery of a pre-feasibility study - 35%; and delivery of a feasibility study - 51%. Additionally, the Consortium Agreement includes an offtake agreement on commercial terms for the sale of 100% of production to Rio Tinto (or an affiliate).

Our focus at Mutamba is to define a potential dry mining operation for staged, early development. In line with this fast-paced development approach, within less than a month of finalising the agreement with Rio Tinto, a major milestone was achieved with the delineation of an initial Indicated and Inferred Mineral Resource Estimate of 3.5 billion tonnes at 3.8% Total Heavy Minerals ('THM'), containing 81 million tonnes ('Mt') of ilmenite, 2.2Mt rutile and 3.8Mt zircon, with 52% in the Indicated Category and 48% in the Inferred Category. This is a significant Mineral Resource, and highlights the project's potential to be a key producer of titanium feedstocks.

While Mutamba is already a globally significant accumulation of heavy mineral sands there is potential to increase the overall Mineral Resource Estimate for the combined deposits. The initial Mineral Resource was defined at the Jangamo and Dongane deposits and a Mineral Resource estimation in respect of the Ravene and Chilubane deposits is yet to be completed. Drilling has been completed at Ravene, and data compilation and a detailed review of the Chilubane is to be undertaken.

Results from drilling at Ravene, together with the Mineral Resource Estimate will form the focus for the current scoping study for the evaluation of an initial phase, low capex, long life, dry mining operation around a potential 200Mt well graded resource. This will centre on, in particular, large areas of >5%THM that have been defined. Mineral sands industry expert TZ Minerals International ('TZMI') has been commissioned to conduct the study, with completion expected by the end of Q1 / early Q2 2017. Alongside this, leading Mozambican environmental consultants ERM and IMPACTO have been appointed to conduct environmental studies for, respectively, the Mutamba Project North and Chilubane deposit; an environmental study is a key document which is required for the lodging of a mining concession for any potential mine development. Furthermore, by appointing two contractors we are able to ensure the timely completion of these studies, which are expected to be finalised by the end of Q1 / early Q2 2017.

The completion of these studies will enable the commencement of a number of other value accretive initiatives, including marketing, pre-feasibility and feasibility studies. The Consortium partners intend to apply for a mining concession later this year. We are planning to commission a pilot plant which is already on site and which will enable a proof-of-concept bulk sampling programme to be undertaken. This bulk sampling programme will help to determine commercially viable processing routes ahead of commencing mine construction, which is targeted to commence in 2018.

The Mozambique coastline hosts some of the largest ilmenite dominant heavy mineral sands deposits in the world. The deposits that comprise the Mutamba Project are favoured in being close to existing road, grid power, water and port infrastructure – the ENI 1 highway, the electricity grid and sub-station at Lindela and the sheltered harbour at Inhambane. The Project also benefits from the Jangamo and Chilubane camp facilities and equipment. As part of the Consortium Agreement Rio Tinto's former project team has been employed by Savannah and integrated into Savannah's existing in-country team, meaning the Company is ideally poised to deliver on its targeted development goals.

CHIEF EXECUTIVE'S REPORT

Copper with additional gold upside, Oman

In Oman we hold a highly prospective asset portfolio covering 1,006km^2 across Block 4 and Block 5. Our focus is on building a resource inventory to support high margin, low cost copper production, with mining targeted to commence in late 2017.

Block 5 is the most advanced of our licences in Oman. The project hosts the Mahab 4 and Maqail South deposits, which collectively have a current Indicated and Inferred Mineral Resource of 1.7Mt at 2.2% copper. These targets remain open and drill work was undertaken during the period to extend the high-grade portions of both deposits. Results received are consistent and underscore the high-grade nature of the deposits, including 10.05m at 10.51% copper, 2.67% zinc and 0.4g/t gold from 34.95m at Mahab 4 and 5.8m at 4.42% copper and 0.2g/t gold from 58.6m at Maqail South, which should lead to an updated Mineral Resource estimate in Q1 2017. Subject to licensing, we continue to target a start to mining operations in late-2017 in order to produce first copper concentrate in 2018.

The results of the drilling will feed into feasibility studies and ultimately Ore Reserves, which will be our focus of development this year, alongside defining final processing routes. At Maqail South, an open-cut mine development is planned, whilst at Mahab 4, where the larger resource is located, underground mining will be conducted. Whilst underground mining is more expensive than open-pit mining, the surface area required associated with an underground development is much smaller and easier to manage, meaning there is less impact on our neighbours and the environmental impact is far smaller. Mining licences, based on these proposed development plans, have been submitted and work has begun relating to the requisite Environmental Impact Assessment ('EIA'). Commencement of the EIA is a key milestone towards commencing copper mining and leading Omani Environmental Consultant, Geo Resources Consultancy, has been contracted to oversee the work. Discussions with a total of eight Government ministries have commenced and finalisation of the EIA is expected in Q2 2017.

Results from preliminary metallurgical test work at Mahab 4, received post-period end in February 2017, are encouraging in highlighting the commercial appeal of the deposit, confirming that floatation test copper recoveries exceeding 90% and that a saleable copper concentrate can be produced. Importantly, test work points towards Mahab being a soft ore, with chalcopyrite identified as the sole copper bearing mineral, which should mean that copper produced ought to benefit from favourable overall processing costs with work suggesting a relatively simple float process is required to produce a clean and desirable copper concentrate. Such a product is likely to be keenly sought after by off-takers and smelters. Adding to this, there is potential for both gold and silver by-product credits. There is also the possibility for a zinc co-product to be produced, but further work is required to explore this opportunity. Additional test work is also underway to further refine the recovery process and try to improve the overall copper concentrate grades.

Block 4 offers additional upside to our Block 5 production prospects. This licence hosts four targets – Aarja, Bayda and Lasail – which were part of previously producing mines commercially mined between 1980 and 1994. Underground access is still present, which would facilitate rapid development. During the year under review, work has been undertaken to better determine the resource potential of these assets. At Aarja, three primary mineralised areas have been identified, with Dog's Bone emerging as the principle zone of specific interest. Drilling at Dog's Bone has confirmed the location and continuity of known mineralisation, with results including 5.75m at 1.84% copper and 0.8g/t gold from 109.3m, which we expect could lead to the delineation of a JORC compliant Mineral Resource. Alongside this, at Bayda, work to date has identified a significant volume of disseminated sulphide mineralisation, with a broad mineralised zone of 33.4m at 0.69% copper, including 4m at 1.56% copper and 5.1m at 1.22% copper. We believe this prospect could be developed as a larger tonnage, lower grade operation.

A high-powered ground electromagnetic ('EM') survey commenced at Lasail and Bayda in November 2016. The surveys were designed to cover high priority exploration areas adjacent to known mineralisation to test for depth extensions or repeats. The results are expected in Q1 2017 and will form the basis for future development plans, including a potential resource drilling programme. Alongside this, further drilling is planned at Aarja in order to better determine the resource potential of Dog's Bone. We look forward to proving up the resource potential of these assets, but I would like to affirm that our primary focus and goal is on realising near term copper production from the development of the Block 5 deposits, with the development of Block 4 offering second stage development opportunities.

CHIEF EXECUTIVE'S REPORT

As shareholders will be aware, we previously held an interest Block 6 in Oman. Alongside finalising the development strategy for our Omani assets, during the year under review we took the decision to terminate our interest in this licence area. Block 6 was at a very early stage of exploration and as Block 4 and 5 are more advanced, and, we believe, more prospective, we deemed it prudent for us to relinquish our interests in Block 6 so that we can dedicate our efforts to the Blocks 4 and 5 developments.

Lithium, Finland

In June 2016 Savannah was granted Reservation Permits over two new lithium projects, Somero and Erajarvi, covering an area of 159km² of highly prospective lithium terrain in Finland. These assets, which Savannah holds a 100% interest in through its newly established Finnish subsidiary, Finkallio Oy, mark a strategic development in Savannah's growth strategy, strengthening the Company's pipeline portfolio.

Finland was ranked number one by the Fraser Institute in its 2014 survey of 122 mining jurisdictions around the world highlighting its attractiveness as an investment destination. Further to this, the lithium carbonate price rose from around US$8/kg to over US$25kg in 12 months due to supply shortages and demand is forecast to continue to rise, with Deutsche Bank predicting it to rise from 184,000 tonnes per annum in 2015 to 534,000 tonnes per annum by 2025. This is largely fuelled by the burgeoning battery market, which is experiencing exponential growth due largely to the lithium-ion battery's critical use in electric vehicles. In addition to this, new forms of energy storage are emerging, which are again reliant on lithium; energy storage represents a small part of current lithium demand, but growth potential is high, with renewable sources set to potentially rival electric vehicle growth rates. It is this favourable operating market combined with compelling market dynamics, which attracted our attention to Finland and lithium.

Finland is a favourable exploration destination for lithium opportunities. The country has access to good geological and exploration data, has a favourable tectonic history for the formation of Lithium-Cesium-Tantalum ('LCT') pegmatites, and despite having a history of lithium mining, management believe that, to date, lithium has been under explored. Our attraction to these assets appeared justified; initial rock chip sampling has already proven the resource potential, with seven pegmatites containing anomalous lithium identified (two on Somero and five on Erajarvi). At Somero, assays of up to 4.47% lithium oxide ('Li2O') at the Torkkamaki prospect have been returned, with mineralisation traced over 150m along strike and remaining open. At Erajarvi, prospective pegmatites with assays of up to 1.56% Li2O have been recorded at the Viitaniemi prospect, and mineralisation was traced for over 350m before it was covered by glacial till. Crucially, key lithium minerals petalite, spodumene and lepidolite were all identified in hand specimens and follow up work is now being planned for Q2 2017, following winter, to further expand and define the seven anomalous pegmatites in readiness for drilling. To support our Finnish activity, we are delighted to have retained the services of experienced Finnish geological consulting groups.

Whilst these assets are still at a very early stage of development, it is important to note that both projects have excellent access to high quality infrastructure and are located close to potential final customers, including battery producers. This will prove extremely beneficial to production, positively impacting capital and operating expenditure.

Outlook

Savannah is poised for growth. With mining expected to commence in Oman and the achievement of value accretive milestones on track in Mozambique, including further Mineral Resource Estimate increases and development studies, 2017 is set to be an important year in the Company's development. Oman is planned to mark our Company's first venture into production, and I believe Mozambique has the potential to establish Savannah as a significant mineral sands producer, due to the importance of the Mutamba Project which we are evaluating in partnership with Rio Tinto.

Our commitment is for the timely delivery of the outlined milestone targets. We have a terrific team of industry professionals who have demonstrated their abilities in delivering a high tempo of activity over the last year. We have seen commodity prices continue to improve. Copper is a key Energy Metal and will continue to play a crucial role in the fast-evolving global energy matrix. Ilmenite prices have made a strong recovery and we are looking for further price increases during 2017. Meanwhile we are seeing increased corporate activity in the mineral sands sector which underscores the increasing appeal of the sector to investors.

CHIEF EXECUTIVE'S REPORT

All that we have achieved to date is testament to the skill set of our Directors, management and operational teams, and support of our shareholders, and for this I give my thanks. I look forward to us continuing to work together to build our Company into a significant mining group.

David S Archer
Chief Executive Officer

Date: 23 February 2017

STRATEGIC REPORT

Section 414A of the Companies Act 2006 (the 'Act') requires that the Group inform members as to how the Directors have performed their duty to promote the success of the Company, by way of a Strategic Report.

Set out below are the applicable reporting requirements under the Act for the purposes of the Strategic Report, together with guidance to other applicable sections of the 2016 Annual Report, which are incorporated by reference into the Company's Strategic Report.

Principal Activities
The principal activity of the Group in the year under review was resource development for its copper projects in Oman, and commencement of a consortium with Rio Tinto in Mozambique for heavy mineral sands in Mozambique, and the acquisition of two lithium projects in Finland. Going forwards the Company's focus will be on developing its portfolio towards near term production.

Fair Review of the Business
The loss of the Group as set out on page 16 amount to £1,759,250 (2015: £3,110,112), of which £1,669,203 (2015: £1,372,509) was related to administrative costs, £nil (2015: £1,071,374) was due to impairment of the Group's investments, £128,505 (2015: £nil) was due to loss on disposal of assets and £42,871 (2015: loss £666,154) was due to realised gain on disposal of investments. Additionally the Company invested £1,464,373 (2015: £1,264,638) on mineral exploration and evaluation on the licences it owns and operates, this is capitalised as an intangible asset as set out in Note 9 in the Financial Statements.

A review of the Group's prospects are included in the Chairman's Statement on pages 1 to 3 and the Chief Executive's Report on pages 4 to 7.

Future Development
This information is contained in the Chairman's Statement on pages 1 to 3 and the Chief Executive's Report on pages 4 to 7 under the heading "Outlook".

Principal Risks and Uncertainties
The Board has identified various risk factors which taken individually or together may have a materially adverse effect on the Company's business. The principal risks and how they are managed are as follows:

General Resource Development Risk
Although mineral exploration can be a high risk undertaking for which there can be no guarantee that resource development will result in the discovery of an economically viable ore body, the Company is focusing its activity primarily on brownfield locations and existing resources. The exploration tenements have been carefully selected by experienced experts in regions of proven prospective geology for Blocks 4 and 5 in Oman and Somero and Erajarvi in Finland, with the area covered by the Consortium with Rio Tinto being supported by substantial historical exploration databases. As the Company progresses its projects to mine development it is necessary to go through licencing processes with government departments and secure rights for related infrastructure. The company engages qualified consultants and in-house expertise to manage this.

Attraction and Retention of Key People
The success of the Company is dependent on the expertise and experience of the Directors and senior management and the loss of one or more could have a material adverse effect on the Company. The Board has put in place a remuneration policy which includes a share option scheme in order to motivate and retain key personnel and the introduction of a long term incentive plan is underway.

Future Funding Requirements
The Company has an ongoing requirement to fund its development activities and may need to obtain finance from the equity markets and access debt finance for mine development in the future. Senior management and the Board closely monitor the cashflows of the Group. Cashflow projections are presented regularly to the Board for review and this assists in ensuring expenditure is focussed on areas of greatest exploration potential. Overheads and administration costs are carefully managed.

Exploration Licence Titles
The licences will be subject to applications for renewal and any renewal is usually at the discretion of the relevant government authority. The licences in the Company's portfolio have been the subject of legal due diligence in order to establish valid legal title and regular communication is maintained with the relevant government authority in both Mozambique and Oman.

Country Risk
At the reporting date, the Company carried out a combination of geological and mine planning development work in Oman, Mozambique and Finland. Each of these countries presents a very different risk profile. However, this also means the Company benefits from a diversification of country risk. Country risk is further mitigated by ensuring the Company maintains active geological programmes, that it prioritises local in-country employment and that it maintains good relationships at all levels with government, administrative bodies and other stakeholders. The Board actively monitors relevant political and regulatory developments.

Commodity Price Risk
The Group’s commodity focus is mineral sands, copper, gold and lithium. The market prices for these commodities fluctuate widely. These fluctuations are caused by numerous factors beyond the Company’s control. A sustained period of significant price volatility may adversely affect the Group operations in the future. Commodities risk is mitigated by ensuring the Group maintain a diverse portfolio of projects.

Analysis of the Development and Performance of the Business
This information is contained in the Chairman’s Statement on pages 1 to 3, and the Chief Executive’s Report on pages 4 to 7.

Analysis of the Position of the Business
This information is contained in the Chairman’s Statement on pages 1 to 3, and the Chief Executive’s Report on pages 4 to 7.

Analysis Using Key Financial Performance Indicators and Milestones
At the reporting date the Group’s cash balance was £1,172,347 (2015: £359,296). The Company raised gross proceeds of £4,042,473 (2015: £1,112,060) cash via issuance of ordinary shares, this included a total of £2,572,659 to the Board and its related parties (2015: £339,060). The Company raised a further £2,241,708 post year end through the issue of 42.7m shares in February 2017. The trading volumes in the Company’s shares averaged 1.8 million shares per day in 2016 (2015: 1.9 million).

Analysis Using Other Key Performance Indicators and Milestones
In October 2016 the Company announced a significant Consortium Agreement with mining major, Rio Tinto (‘Rio’), to combine the Company’s Jangamo Heavy Mineral Sands Project with Rio’s Mutamba Project, with the objective of developing a significant dry mining project in a world-class mineral sands’ province in Mozambique with good access to the nearby ports of Inhambane and Maxixie. This resulted in the establishment of an initial Indicated and Inferred Mineral Resource Estimate of 3.5 billion tonnes at 3.8% THM over the Jangamo and Dongane deposits in November 2016. Additionally, the Company undertook resource drilling on Block 5 to target an expansion of the high grade portion as it works towards mine development in 2017.

Approval of the Board
This Strategic Report contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with a mineral development business. While the Directors believe the expectation reflected herein to be reasonable in view of the information available up to the time of the Board’s approval of this Strategic Report, the actual outcome may be materially different owing to factors either beyond the Group’s control or otherwise within the Group’s control but, for example, resulting from a change of strategy. Accordingly, no reliance may be placed on the forward-looking statements.

On behalf of the Board:

David S Archer
Chief Executive Officer

Date: 23 February 2017

REPORT OF THE DIRECTORS

The Directors present their report with the Financial Statements of the Company and the Group for the year ended 31 December 2016.

Dividends
The Directors do not recommend the payment of a dividend (2015: £nil).

Events Since the Reporting Date
On 21 February 2017 the Company agreed a cash Placing (£1.55m) and a cash Subscription (£0.69m) totalling £2.24m (before expenses) through the issue of 42,699,200 ordinary shares at an issue price of £0.0525 per share. Additionally the Company received letters of intent for additional £1.01m cash subscriptions from Directors and their related parties (Al Marjan Ltd) for when the Company is not in a "close period". In connection with the Placing the Company has granted 1,480,952 warrants with an exercise price of 7.45p to Beaufort Securities.

Directors
The Directors who have held office during the period from 1 January 2016 to the date of this report (unless otherwise stated) are as follows:

David S Archer
Dale J Ferguson
Matthew J King
Maqbool Ali Sultan (appointed 11 July 2016)
Imad Kamal Abdul Redha Sultan (appointed 11 July 2016)
Manohar Pundalik Shenoy (appointed 11 July 2016)[1]
Murtadha Ahmed Sultan (appointed 11 July 2016)[1]

[1] Alternate Director

Directors' Indemnity
The Group has agreed to indemnify its Directors against third party claims which may be brought against them and has in place a Directors and Officers' insurance policy.

Financial Instruments Risk
This information is contained in Note 18 to the Financial Statements.

Future Development
This information is contained in the Chairman's Statement on pages 1 to 3 and the Chief Executive's Report on pages 4 to 7 under the heading "Outlook".

Going Concern
The Financial Statements have been prepared on a going concern basis. Following the receipt of the Placing and Subscription proceeds, which are contractually committed, the Group will have a pro-forma cash balance of £3.02m and letters of intent from directors and related parties for a further £1.01m cash subscriptions. The Directors have reviewed the cashflow projection for the Group and consider that it has sufficient ability to meet its financial commitments for at least 12 months.

Statement as to Disclosure of Information to Auditors
So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors
The auditors, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

The Directors' beneficial interests (including the beneficial interests of their immediate family) in the ordinary shares of the Company are as follows:

	No. of shares held at 31 December 2016	No. of shares held at 31 December 2015
David S Archer	**25,931,251**	22,222,224
Matthew J King	**913,552**	627,838
Dale J Ferguson	**266,078**	266,078
Maqbool Ali Sultan*	**-**	-
Imad Kamal Abdul Redha Sultan*	**-**	-
Manohar Pundalik Shenoy*	**-**	-
Murtadha Ahmed A Sultan*	**-**	-

* The Directors indicated are representatives of Al Marjan Ltd which held 134,830,329 shares at the reporting date (2015: 16,953,000 shares).

Details of Directors' remuneration are disclosed in Note 3.

Details of Directors' interests in the share options and warrants are disclosed in Note 22.

On behalf of the Board:

D S Archer
Chief Executive Officer

Date: 23 February 2017

CORPORATE GOVERNANCE STATEMENT

The Company, being listed on AIM, is not required to comply with the UK Corporate Governance Code ("the Code") issued in September 2014. Although the Company does not comply with the Code, it has given consideration to the provisions set out in Section 1 of the Code annexed to the Financial Conduct Authority Listing Rules. The Directors support the objectives of the Code and intend to comply with those aspects that they consider relevant to the Group's size and circumstances. Details of these are set out below.

The Board of Directors

The Board currently comprises two executive, three non-executive Directors and two alternate Directors. The Board formally meets approximately every quarter and is responsible for setting and monitoring Group strategy, reviewing budgets and financial performance, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to the shareholders.

Internal Financial Control

The Board is responsible for establishing and maintaining the Group's system of internal financial controls. Internal financial control systems are designed to meet the particular needs of the Group and the risk to which it is exposed, and by its very nature can provide reasonable, but not absolute, assurance against material misstatement or loss. The Directors have reviewed the effectiveness of the procedures presently in place and consider that they are appropriate to the nature and scale of the operations of the Group. The Directors have implemented necessary controls and procedures to comply with the UK Bribery Act 2010.

The Audit Committee

An Audit Committee has been established which comprises one non-executive and one alternate Director – Matthew King (who chairs the Committee) and Manohar Shenoy. It is responsible for ensuring that the financial performance of the Group is properly reported on and monitored, and for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal controls. The Committee also reviews the Group's annual and interim Financial Statements before submission to the Board for approval.

The Remuneration Committee

The Remuneration Committee comprises one non-executive and one alternate Director – Matthew King (who chairs the Committee) and Manohar Shenoy. It is responsible for reviewing the performance of the executive Directors and for setting the scale and structure of their remuneration, paying due regard to the interests of shareholders as a whole and the performance of the Group. The remuneration of the Chairman and any non-executive Director is determined by the Board as a whole, based on a review of the current practices in other companies.

AIM Rule Compliance Committee

The AIM Rule Compliance Committee comprises one non-executive and one executive Director – Matthew King (who chairs the Committee) and David Archer, the CEO. It is responsible for ensuring that resources and procedures are in place to ensure the Company is at all times in compliance with the AIM Rules for Companies and ensured the timely implementation of the Market Abuse Regulations in 2016. The Committee is also responsible for ensuring that the executive Directors are communicating effectively with the Company's Nominated Advisor.

Anti-Bribery and Corruption

It is the Company's policy to conduct business in an honest way, and without the use of corrupt practices or acts of bribery to obtain an unfair advantage in line with the UK Bribery Act 2010. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates and implementing and enforcing effective systems to counter bribery.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Report of the Directors and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group and Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare Financial Statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website Publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF SAVANNAH RESOURCES PLC

We have audited the financial statements of Savannah resources Plc for the year ended 31 December 2016 which comprise the consolidated statement of comprehensive income, the consolidated and Company Statement of Financial Position, the consolidated and Company statement of changes in equity, the consolidated and Company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent Company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic and Directors' reports for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are Required to Report by Exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained during the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stuart Barnsdall (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU
United Kingdom
Date 23 February 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
CONTINUING OPERATIONS			
Revenue		**-**	-
Administrative expenses		**(1,669,203)**	(1,372,509)
Gain / (Loss) on disposal of investments	11	**42,871**	(666,154)
Impairment of investments	11	**-**	(1,071,374)
Loss on disposal of assets	4	**(128,505)**	-
OPERATING LOSS		**(1,754,837)**	(3,110,037)
Finance income		**-**	2,371
Finance costs		**(4,413)**	(2,446)
LOSS BEFORE TAX	5	**(1,759,250)**	(3,110,112)
Taxation	6	**-**	-
LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT		**(1,759,250)**	(3,110,112)
OTHER COMPREHENSIVE INCOME			
Items that will or may be reclassified to profit or loss:			
Change in market value of investments	11	**44,840**	(930,213)
Transfer to realised (gain) / loss on disposal of investments	11	**(42,871)**	666,154
Transfer to impairment loss of investments	11	**-**	1,071,374
Exchange gains / (losses) arising on translation of foreign operations		**476,018**	(120,191)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**477,987**	687,124
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT		**(1,281,263)**	(2,422,988)
Loss per share attributable to equity owners of the parent expressed in pence per share:			
Basic and diluted			
From Operations	8	**(0.46)**	(1.27)

The notes form part of these Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	2016	2015
		£	£
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	**5,066,750**	3,155,242
Property, plant and equipment	10	**16,170**	21,892
Other receivables	13	**33,171**	23,778
Other non-current assets	15	-	225,668
TOTAL NON-CURRENT ASSETS		**5,116,091**	3,426,580
CURRENT ASSETS			
Investments	11	**124,472**	149,922
Trade and other receivables	13	**126,557**	82,472
Cash and cash equivalents	14	**1,172,347**	359,296
TOTAL CURRENT ASSETS		**1,423,376**	591,690
TOTAL ASSETS		**6,539,467**	4,018,270
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	16	**4,509,465**	2,858,658
Share premium		**11,226,706**	9,156,284
Foreign currency reserve		**391,998**	(84,020)
Warrant reserve		**386,794**	362,252
Share based payment reserve		**455,309**	473,178
Retained earnings		**(10,900,327)**	(9,187,216)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**6,069,945**	3,579,136
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	**469,522**	439,134
TOTAL LIABILITIES		**469,522**	439,134
TOTAL EQUITY AND LIABILITIES		**6,539,467**	4,018,270

The Financial Statements were approved by the Board of Directors on 23 February 2017 and were signed on its behalf by:

D S Archer
Chief Executive Officer

Company number: 07307107

The notes form part of these Financial Statements

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	2016	2015
		£	£
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	**290,750**	55,078
Investments	11	**281**	820,655
Other receivables	13	**6,685,753**	3,121,824
Other non-current assets	15	-	214,628
TOTAL NON-CURRENT ASSETS		**6,976,784**	4,212,185
CURRENT ASSETS			
Investments	11	**124,472**	149,922
Trade and other receivables	13	**43,007**	41,970
Cash and cash equivalents	14	**1,029,765**	316,328
TOTAL CURRENT ASSETS		**1,197,244**	508,220
TOTAL ASSETS		**8,174,028**	4,720,405
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Called up share capital	16	**4,509,465**	2,858,658
Share premium		**11,226,706**	9,156,284
Warrant reserve		**386,794**	362,252
Share based payment reserve		**455,309**	473,178
Retained earnings		**(8,699,890)**	(8,452,829)
TOTAL EQUITY		**7,878,384**	4,397,543
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	**295,644**	322,862
TOTAL LIABILITIES		**295,644**	322,862
TOTAL EQUITY AND LIABILITIES		**8,174,028**	4,720,405

The Company total comprehensive loss for the financial year was £291,231 (2015: £1,864,595) (Note 7).

The Financial Statements were approved by the Board of Directors on 23 February 2017 and were signed on its behalf by:

D S Archer
Chief Executive Officer

Company number: 07307107

The notes form part of these Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £	Share premium £	Foreign currency reserve £	Warrant reserve £	Share based payment reserve £	Retained earnings £	Total equity £
At 1 January 2015	2,231,697	8,539,626	36,171	362,252	619,423	(7,034,355)	4,754,814
Loss for the year	-	-	-	-	-	(3,110,112)	(3,110,112)
Other comprehensive income	-	-	(120,191)	-	-	807,315	687,124
Total comprehensive income for the year	-	-	(120,191)	-	-	(2,302,797)	(2,422,988)
Issue of share capital (net of expenses)	626,961	616,658	-	-	-	-	1,243,619
Issue of share options	-	-	-	-	3,691	-	3,691
Lapse of options	-	-	-	-	(149,936)	149,936	-
At 31 December 2015	2,858,658	9,156,284	(84,020)	362,252	473,178	(9,187,216)	3,579,136
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(1,759,250)**	**(1,759,250)**
Other comprehensive income	**-**	**-**	**476,018**	**-**	**-**	**1,969**	**477,987**
Total comprehensive income for the year	**-**	**-**	**476,018**	**-**	**-**	**(1,757,281)**	**(1,281,263)**
Issue of share capital (net of expenses)	**1,650,807**	**2,094,964**	**-**	**-**	**-**	**-**	**3,745,771**
Issue of share options	**-**	**-**	**-**	**-**	**26,301**	**-**	**26,301**
Exercise of options	**-**	**-**	**-**	**-**	**(36,600)**	**36,600**	**-**
Lapse of options	**-**	**-**	**-**	**-**	**(7,570)**	**7,570**	**-**
Issue of warrants	**-**	**(24,542)**	**-**	**24,542**	**-**	**-**	**-**
At 31 December 2016	**4,509,465**	**11,226,706**	**391,998**	**386,794**	**455,309**	**(10,900,327)**	**6,069,945**

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.
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, lapsed and forfeited.
Retained earnings	Cumulative net gains and losses recognised in the consolidated Statement of Comprehensive Income.

The notes form part of these Financial Statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £	Share premium £	Warrant reserve £	Share based payment reserve £	Retained earnings £	Total equity £
At 1 January 2015	2,231,697	8,539,626	362,252	619,423	(6,738,170)	5,014,828
Loss for the year	-	-	-	-	(2,671,910)	(2,671,910)
Other comprehensive income	-	-	-	-	807,315	807,315
Total comprehensive income for the year	-	-	-	-	(1,864,595)	(1,864,595)
Issue of share capital (net of expenses)	626,961	616,658	-	-	-	1,243,619
Issue of share options	-	-	-	3,691	-	3,691
Lapse of options	-	-	-	(149,936)	149,936	-
At 31 December 2015	2,858,658	9,156,284	362,252	473,178	(8,452,829)	4,397,543
Loss for the year	**-**	**-**	**-**	**-**	**(859,042)**	**(859,042)**
Other comprehensive income	**-**	**-**	**-**	**-**	**567,811**	**567,811**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(291,231)**	**(291,231)**
Issue of share capital (net of expenses)	**1,650,807**	**2,094,964**	**-**	**-**	**-**	**3,745,771**
Issue of share options	**-**	**-**	**-**	**26,301**	**-**	**26,301**
Exercise of options	**-**	**-**	**-**	**(36,600)**	**36,600**	**-**
Lapse of options	**-**	**-**	**-**	**(7,570)**	**7,570**	**-**
Issue of warrants	**-**	**(24,542)**	**24,542**	**-**	**-**	**-**
At 31 December 2016	**4,509,465**	**11,226,706**	**386,794**	**455,309**	**(8,699,890)**	**7,878,384**

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.
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, lapsed and forfeited.
Retained earnings	Cumulative net gains and losses recognised in the consolidated Statement of Comprehensive income.

The notes form part of these Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Cash flows used in operating activities			
Loss for the year		**(1,759,250)**	(3,110,112)
Depreciation and amortisation charges	10	**9,536**	-
Impairment of investments	11	**-**	1,071,374
(Gain) / Loss on disposal of investments	11	**(42,871)**	666,154
Share based payment reserve charge	3, 22	**26,301**	3,691
Shares issued in lieu of payments to extinguish liabilities	3,16	**20,992**	119,521
Finance income		**-**	(2,371)
Finance expense		**4,413**	2,446
Exchange losses	5	**96,036**	-
Loss on disposal of assets	4	**128,505**	-
Cash flow from operating activities before changes in working capital		**(1,516,338)**	(1,249,297)
(Increase) / Decrease in trade and other receivables		**(53,476)**	29,317
Increase in trade and other payables		**46,089**	105,380
Net cash used in operating activities		**(1,523,725)**	(1,114,600)
Cash flow used in investing activities			
Purchase of intangible exploration assets		**(1,557,087)**	(1,245,818)
Purchase of other non-current assets		**-**	(133,824)
Purchase of investments	11	**(24,363)**	(63,004)
Proceeds from sale of investments	11	**94,653**	109,415
Interest received		**-**	2,371
Net cash used in investing activities		**(1,486,797)**	(1,330,860)
Cash flow from financing activities			
Interest paid		**(4,413)**	(2,446)
Proceeds from issues of ordinary shares (net of expenses)		**3,724,778**	1,023,514
Net cash from financing activities		**3,720,365**	1,021,068
Increase / (Decrease) in cash and cash equivalents		**709,843**	(1,424,392)
Cash and cash equivalents at beginning of year		**359,296**	1,778,338
Exchange gains on cash and cash equivalents		**103,208**	5,350
Cash and cash equivalents at end of year		**1,172,347**	359,296

The notes form part of these Financial Statements

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Cash flows used in operating activities			
Loss for the year		**(859,042)**	(2,671,910)
Impairment of investments	11	**76,147**	1,071,374
(Gain) / Loss on disposal of investments	11	**(42,871)**	666,154
Share based payment reserve charge	3, 22	**26,301**	3,691
Shares issued in lieu of payments to extinguish liabilities	3, 16	**20,992**	119,521
Finance income		**-**	(2,371)
Finance expense		**4,377**	2,446
Exchange Gains		**(89,175)**	-
Cash flow from operating activities before changes in working capital		**(863,271)**	(811,095)
(Increase) / Decrease in trade and other receivables		**(1,037)**	20,079
Increase in trade and other payables		**28,159**	116,043
Net cash used in operating activities		**(836,149)**	(674,973)
Cash flow used in investing activities			
Investment in subsidiaries	11	**(672,355)**	(820,374)
Loans to subsidiaries		**(1,610,058)**	(762,076)
Purchase of investments	11	**(24,363)**	(63,004)
Purchase of intangible exploration assets		**(61,900)**	(7,687)
Purchase of other non-current assets		**-**	(122,783)
Proceeds from sale of investments	11	**94,653**	109,415
Interest received		**-**	2,371
Net cash used in investing activities		**(2,274,023)**	(1,664,138)
Cash flow from financing activities			
Interest paid		**(4,377)**	(2,446)
Proceeds from issues of ordinary shares		**3,724,778**	1,023,514
Net cash from financing activities		**3,720,401**	1,021,068
Increase / (Decrease) in cash and cash equivalents		**610,229**	(1,318,043)
Cash and cash equivalents at beginning of year		**316,328**	1,634,371
Exchange gains on cash and cash equivalents		**103,208**	-
Cash and cash equivalents at end of year		**1,029,765**	316,328

The notes form part of these Financial Statements

1. ACCOUNTING POLICIES

Basis of Preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards, International Accounting standards and Interpretations (collectively "IFRSs") as adopted by the EU and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements have been prepared under the historical cost convention.

The consolidated Financial Statements have been prepared by the merger method of accounting on the historical cost basis except, as explained in the accounting policies below. Historical cost is generally based on the consideration given in exchange for assets. The principal accounting policies are set out below.

Presentational and Functional Currency

The functional currency of the Company is Pound Sterling. Each entity in the Group determines its own functional currency and items included in the Financial Statements of each entity are measured using that functional currency. The presentational currency of the Group is Pound Sterling.

Going Concern

The Financial Statements have been prepared on a going concern basis. Following the receipt of the Placing and Subscription proceeds, which are contractually committed, the Group will have a pro-forma cash balance of £3.02m and letters of intent from directors and related parties for a further £1.01m cash subscriptions. The Directors have reviewed the cashflow projection for the Group and consider that it has sufficient ability to meet its financial commitments for at least 12 months.

Basis of Consolidation

The Group accounts consolidate the accounts of Savannah Resources Plc and its domestic and foreign subsidiaries, refer to Note 11. The foreign subsidiaries have been consolidated in accordance with IFRS 10 "Consolidated Financial statements" and IAS 21 "The effects of Foreign Exchange Rates."

Inter-company transactions and balances between Group companies are eliminated in full.

Equity Investments

Equity investments, excluding subsidiaries, are accounted for as available for sale financial instruments and included on the Statement of Financial Position at fair value with value changes being recognised in other comprehensive income. All equity investments, excluding subsidiaries, held are quoted and traded in an active market. The variability in the range of reasonable fair value estimated for these instruments is not significant, therefore, when there are no active market for these equity investments the fair value will be estimated using historical market data. The change in market value represents the fair value of shares held at the reporting date less the cost or fair value at the start of the financial year.

When equity investments are disposed of the cumulative value changes recognised in other comprehensive income are transferred to the income statement as a realised profit or loss on disposal. Their change in market value is up to the date of disposal.

An impairment is recognised for equity investments where there is a significant and sustained decrease in the market value of the investment.

Investments in Subsidiaries and Associates

Investments in subsidiaries, associates and jointly controlled entities are accounted for at cost within the individual accounts of the parent Company. These investments are classified as non-current assets on the Statement of Financial Position of the parent Company.

Foreign Currencies

Transactions in foreign currencies are initially recorded in the functional currency by applying spot exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

The income statements of individual Group companies with functional currencies other than Pound Sterling are translated into Pound Sterling at the average rate for the period, on the basis the average rate is a reasonable approximation of the spot rates throughout the year, and the Statement of Financial Position translated at the rate of exchange ruling on the reporting date. Exchange differences which arise from retranslation of the opening net assets and results of such subsidiary undertakings are taken to equity (“foreign currency reserve”). On disposal of such entities, the deferred cumulative amount recognised in equity relating to that particular operation is transferred to the consolidated Statement of Comprehensive income as part of the profit or loss on disposal.

Intangible Assets

Exploration and evaluation assets

Once an exploration licence or an option to acquire an exploration licence has been obtained, all costs associated with mineral property development and investments are capitalised on a project-by-project basis pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If a mining property development project is successful, the related expenditures will be transferred to property, plant and equipment and subsequently amortised over the estimated life of the commercial ore reserves on a unit of production basis. Where a licence is relinquished, a project is abandoned, or is considered to be of no further commercial value to the Savannah Resources Group, the related costs will be written off.

Unevaluated mineral properties are assessed annually at reporting date for indicators of impairment in accordance with the policy set out below. For the purposes of assessing indicators of impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units) as disclosed in Note 9.

If commercial reserves are developed, the related deferred development and exploration costs are then reclassified as development and production assets within property, plant and equipment.

Acquisitions of Mineral Exploration Licences

Acquisitions of Mineral Exploration Licenses through acquisition of non-operational corporate structures that does not represent a business, and therefore do not meet the definition of a business combination, are accounted for as the acquisition of an asset. Related future consideration is contingent and is not recognised as an asset or liability.

Property, Plant and Equipment

Tangible non-current assets used in exploration and evaluation are classified within tangible non-current assets as property, plant and equipment. To the extent that such tangible assets are consumed in exploration and evaluation the amount reflecting that consumption is recorded as part of the cost of the intangible asset.

Depreciation is provided on all items of property, plant and equipment in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant & Machinery	4 – 10 years
Office Equipment	4 years
Motor Vehicles	4 years

Financial Instruments

Financial assets and financial liabilities are recognised in the Group’s Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the differences between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. When a financial asset is derecognised, the cumulative gain or loss in equity (if any) is transferred to the consolidated income statement.

There is no significant difference between carrying value and fair value of trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances held with banks. Cash equivalents are short term, highly liquid accounts that are readily converted to known amounts of cash.

Financial Liabilities

Other liabilities

Other liabilities consist of trade and other payables, which are initially recognised at fair value and subsequently carried at amortised cost, using the effective interest method.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or has expired. When a financial liability is derecognised, the cumulative gain or loss in equity (if any) is transferred to the consolidated income statement.

There is no significant difference between the carrying value and fair value of other liabilities.

Taxation

Current taxes are based on the results shown in the Financial Statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which timing differences can be utilised.

Operating Leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Share-based Payments

Where equity settled share options are awarded to Directors and employees, the fair value of the options at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the change in the fair value of the options, measured immediately before and after the modification, is also charged to the Consolidated Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees for goods and services received, the Consolidated Statement of Comprehensive Income is charged with the fair value of goods and services received or where this is not possible at the fair value of the equity instruments granted. Fair value is measured by use of an option pricing model.

Joint Arrangements

The group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either: (a) Joint ventures: where the group has rights to only the net assets of the joint arrangement; (b) Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers: (a) The structure of the joint arrangement; (b) The legal form of joint arrangements structured through a separate vehicle; (c) The contractual terms of the joint arrangement agreement; and (d) Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

Key Accounting Estimates and Judgements

The preparation of financial information in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial information and the reported amounts of expenses during the reporting periods. Although these estimates are based on management's best knowledge of the amounts, event or actions, actual results ultimately may differ from those estimates.

The key accounting estimates and assumptions are set out below:

(a) *Carrying value of exploration and evaluation assets*

The Group assesses at each reporting period whether there is any indication that these assets may be impaired. If such indication exists, the Group estimates the recoverable amount of the asset. In the early stages of exploration an indication of impairment may arise from drilling and assay results or from management's decision to terminate the project. The recoverable amount is assessed by reference to the higher of 'value in use', where a project is still expected to be developed into production (being the net present value of expected future cash flows of the relevant cash generating unit) and 'fair value less cost to sell'. Further details are set out in Note 9.

(b) *Share-based payments*

In determining the fair value of share-based payments made during the period, a number of assumptions have been made by management. The details of these assumptions are set out in Note 22.

(c) Going concern
In determining the Group's ability to continue as a going concern the Directors consider a number of factors including cashflow forecasts prepared by management. The detail of these factors are set out in Note 1 Going Concern heading.

The key judgements are set out below:

(a) *Exploration and evaluation costs*
The Group has to apply judgement in determining whether exploration and evaluation expenditure should be capitalised within intangible assets as exploration and evaluation costs or expensed. The Group has a policy of capitalising all costs which relate directly to exploration and evaluation costs (as set out above). The total value of exploration and evaluation costs capitalised as at each of the reporting dates is set out in Note 9.

(b) Impairment of investments
When assessing the Group's equity investments for impairment, it must be determined whether a decline in the market value of the investment represents a fair value decline or an impairment. The group determines an impairment to be where there is a significant and sustained decline in the market value of an investment below cost and it is considered unlikely that the value will recover. A fair value decline however, is determined to be either insignificant or short term in nature.

(c) Classification of Joint Arrangement
In determining the accounting treatment of the agreement signed between the Group and Rio Tinto (Note 12) management need to determine if joint control exists from both and therefore apply IFRS 11 Joint Arrangements. Also, when applying IFRS 11 it is necessary to evaluate the rights and obligations relating to the agreement to conclude if it is a Joint Operation or a Joint Venture.

Accounting Developments During 2016

The accounting policies adopted are consistent with those of the previous financial year. New standards and amendments to IFRS effective as of 1 January 2016 have been reviewed by the Group and there has been no material impact on the Financial Statements as a result of these standards and amendments.

Accounting Developments Not Yet Adopted

Various new standards and amendments have been issued by the IASB up to the date of this report which are not applicable until future periods and some have not yet been endorsed by the European Union. The Directors do not expect these will have a material impact on the Financial Statements of the Group or Company.

2. SEGMENTAL REPORTING

The Group complies with IFRS 8 Operating Segments, which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, which the Company considers to be the Board of Directors. In the opinion of the Directors, the operations of the Group comprise of exploration and development in Oman, exploration and development in Mozambique, exploration in Finland, headquarter and corporate costs and the Company's third party investments.

Based on the Group's current stage of development there are no external revenues associated to the segments detailed below. For exploration and development in Oman, Mozambique and Finland the segments are calculated by the summation of the balances in the legal entities which are readily identifiable to each of the segmental activities. In the case of the Investments, this is calculated by analysis of the specific related investment instruments. Recharges between segments are at cost and included in each segment below. Inter-Company loans are eliminated to zero and not included in each segment below.

	Oman Copper	**Mozambique Mineral Sands**	**Finland Lithium**	**HQ and corporate**	**Investments**	**Elimination**	**Total**
	£	**£**	**£**	**£**	**£**	**£**	**£**
2016							
Revenue	**-**	**-**	**-**	**442,984**	**-**	**(442,984)**	**-**
Finance costs	**-**	**(36)**	**-**	**(4,377)**	**-**	**-**	**(4,413)**
Gain on disposal of investments	**-**	**-**	**-**	**-**	**42,871**	**-**	**42,871**
Loss on disposal of assets	**(128,505)**	**-**	**-**	**-**	**-**	**-**	**(128.505)**
Share based payments	**20,992**	**-**	**-**	**26,301**	**-**	**-**	**47,293**
(Loss) / Gain for the year	**(657,598)**	**(230,113)**	**(5,844)**	**(908,566)**	**42,871**	**-**	**(1,759,250)**
Total assets	**3,667,380**	**1,546,750**	**128,486**	**1,072,379**	**124,472**	**-**	**6,539,467**
Total non-current assets	**3,558,424**	**1,438,862**	**118,805**	**-**	**-**	**-**	**5,116,091**
Additions to non-current assets	**1,366,465**	**204,241**	**118,805**	**-**	**-**	**-**	**1,689,511**
Total current assets	**108,956**	**107,495**	**9,682**	**1,072,771**	**124,472**	**-**	**1,423,376**
Total liabilities	**(135,754)**	**(34,553)**	**(12,304)**	**(286,911)**	**-**	**-**	**(469,522)**

	Oman Copper	Mozambique Mineral Sands	HQ and corporate	Investments	Elimination	Total
	£	£	£	£	£	£
2015						
Revenue	-	-	353,132	-	(353,132)	-
Finance costs	-	-	(2,446)	-	-	(2,446)
Interest income	-	-	2,371	-	-	2,371
Loss on disposal of investments	-	-	-	(666,154)	-	(666,154)
Impairment of investments	-	-	-	(1,071,374)	-	(1,071,374)
Share based payments	-	-	123,212	-	-	123,212
Loss for the year	(274,795)	(137,539)	(960,250)	(1,737,528)	-	(3,110,112)
Total assets	2,250,258	1,259,691	358,399	149,922		4,018,270
Total non-current assets	2,191,959	1,234,621	-	-	-	3,426,580
Additions to non-current assets	1,237,610	167,549	-	-	-	1,405,159
Total current assets	58,299	25,071	358,398	149,922	-	591,690
Total liabilities	(129,122)	(24,437)	(285,575)	-	-	(439,134)

3. EMPLOYEES AND DIRECTORS

The average monthly number of employees during the year was as follows:

	Group		Company	
	2016	2015	**2016**	2015
	No	No	**No**	No
Operational	**12**	6	**1**	1
Non-operational	**12**	11	**3**	4
	24	17	**4**	5

Staff Costs (excluding Directors)	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Salaries	**946,731**	637,981	**338,218**	280,348
Bonus	**66,243**	10,000	**29,051**	10,000
Social security	**38,187**	32,678	**13,225**	4,545
Share based payment expense (see Note 22)	**9,651**	3,691	**9,651**	3,691
	1,060,812	684,350	**390,145**	298,584

The Group numbers in the above table includes £486,101 (2015: £294,872) which was capitalised as an intangible asset.
The Group bonus in 2016 includes £20,992 (2015: £nil) paid in Company shares.

Directors' Remuneration	**2016**	2015
	£	£
Salaries	**336,892**	312,470[1]
Bonus	**118,318**	26,395
Social security	**45,326**	29,212
Share based payment expense (see Note 22)	**16,650**	-
	517,186	368,077

[1] Includes £15,000 relating to a Director who resigned in 2015 and therefore is not included in the Directors' remuneration detail below.

The numbers in the above table include £74,663 (2015: £29,797) of Directors' Remuneration which was capitalised as an intangible asset in relation to the provision of specific technical services.

The Directors' remuneration is paid by the Company.

The Directors are considered to be the key management of the Group.

The remuneration of Directors who held office during the year was as follows:

	Directors' emoluments 2016				Directors' emoluments 2015			
	Salary	**Bonus**	**Non-cash share options**	**Total**	Salary	Bonus	Non-cash share options	Total
Executive Directors								
Dale J Ferguson	**106,892**	**23,318[3]**	**-**	**130,210**	73,675	7,395[1]	-	81,070
David S Archer	**190,000**	**95,000[3]**	**-**	**285,000**	190,000	19,000	-	209,000
Non-Executive Directors								
Matthew J King	**40,000**	**-**	**16,650**	**56,650**	33,795[2]	-	-	33,795
Maqbool Ali Sultan (appointed 11 July 2016)	**-**	**-**	**-**	**-**	-	-	-	-
Imad Kamal Abdul Redha Sultan (appointed 11 July 2016)	**-**	**-**	**-**	**-**	-	-	-	-
Manohar Pundalik Shenoy (appointed 11 July 2016)	**-**	**-**	**-**	**-**	-	-	-	-
Murtadha Ahmed A Sultan (appointed 11 July 2016)	**-**	**-**	**-**	**-**	-	-	-	-
	336,892	**118,318**	**16,650**	**471,860**	297,470	26,395	-	323,865

[1] Bonus unpaid as at 31 December 2015
[2] £16,667 of M J King's Director fees were paid in shares
[3] Bonuses unpaid as at 31 December 2016

The Remuneration Committee undertook a benchmarking survey of the remuneration packages of the Company's senior executives. This included an analysis of short term incentives such as bonuses to help determine an appropriate maximum potential bonus as a percentage of total salary. The bonuses as determined by the Remuneration Committee fell well within these ranges. The factors considered by the Remuneration Committee in the determination of bonuses included the increase in the market capitalisation of the company since 1 January 2016; the introduction of a cornerstone shareholder to the company; successful capital raisings; securing the world class Mutamba Heavy Mineral Sands Project in Mozambique; establishing a fast paced development programme for the development of the Oman copper deposits; the lithium initiative in Finland; the development of a highly professional management team with superior technical, commercial and corporate abilities; and maintaining a cohesive, collaborative and collegiate corporate culture.

No Directors accrued pension benefits during any of the periods presented.

4. LOSS ON DISPOSAL

	2016
	£
Consideration	**-**
Net assets disposed	**(128,505)**
	(128,505)

There were no disposal of subsidiaries in 2015.

On 21 September 2016 the Group withdrew from the joint operation relating to Al Zuhra Mining LLC for the exploration of Block 6 in Oman. The Group has not received consideration from the existing shareholders, all existing loans payables by Al Zuhra Mining LLC to the Savannah Resources Group in relation to this were cancelled and the rights of Savannah Resources Group to a 40% shareholding in Al Zuhra Mining LLC were waived.

The net assets at the date of disposal comprised:

	2016
	£
Intangible assets	**127,535**
Cash	**970**
	128,505 [1]

[1] The net assets in the table above do not include the loans payable to Group companies. These loans were cancelled and registered a loss in the Group companies that is eliminated in the Consolidated Group Accounts.

5. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging

	2016	2015
	£	£
Depreciation and amortisation	**9,536**	8,700
Auditors' remuneration:		
- Statutory audit of the Group Financial Statements	**35,000**	32,000
- Tax advice	**15,100**	10,325
Fees payable to associated firms of the auditor for audit of subsidiaries	**7,252**	8,900
Fees payable to associated firms of the auditor for tax advice	**2,997**	3,246
Fees payable to other firms for audit of subsidiaries	**9,549**	-
Foreign exchange loss / (gain)	**96,036**	(11,789)
Operating lease payments	**46,620**	103,990
Share based payments	**26,301**	3,691
Bonus paid in shares	**20,992**	-

6. INCOME TAX

Analysis of the Tax Charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2016 nor for the year ended 31 December 2015.

Factors Affecting the Tax Charge

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to the result for the year are as follows:

	2016	2015
	£	£
Loss on ordinary activities before tax	**(1,759,250)**	(3,110,112)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015- 20%)	**(351,850)**	(622,022)
Effects of:		
Expenses not deductible for tax purposes	**88,390**	372,437
Different tax rates applied in overseas jurisdictions	**45,058**	-
Tax losses carried forward	**218,402**	249,585
Total income tax	**-**	-

Deferred Tax

The Group has carried forward losses amounting to £5,147,260 as at 31 December 2016 (2015: £4,148,430). As the timing and extent of taxable profits are uncertain, the deferred tax asset arising on these losses has not been recognised in the Financial Statements.

7. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent Company is not presented as part of these Financial Statements. The parent Company's total comprehensive loss for the financial year was £291,231 (2015: £1,864,595).

8. EARNINGS PER SHARE

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

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

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

Reconciliations are set out below.

	2016	2015
	£	£
Basic Loss Per Share		
Losses attributable to ordinary shareholders:		
Total loss for the year	**(1,759,250)**	(3,110,112)
Weighted average number of shares	**385,212,275**	243,925,351
Loss per share – total loss for the year from continuing operations	**0.0046**	0.0127

9. INTANGIBLE ASSETS (Group)

	Exploration and evaluation £
Cost	
At 1 January 2015	1,974,128
Additions	1,264,638
Exchange differences	(83,524)
At 1 January 2016	3,155,242
Additions	**1,464,373**
Disposals of assets (Note 4)	**(127,535)**
Transfers from Other non-current assets (Note 15)	**225,668**
Exchange differences	**349,002**
At 31 December 2016	**5,066,750**
Amortisation and impairment	
At 1 January 2015	-
At 1 January 2016	-
At 31 December 2016	**-**
Net Book Value	
At 31 December 2016	**5,066,750**
At 31 December 2015	3,155,242
At 1 January 2015	1,974,128

The exploration and evaluation assets referred to in the table above comprise expenditure in relation to exploration licences in Oman, Mozambique and Finland. The Directors consider that for the purposes of assessing impairment, the above exploration and evaluation expenditure is allocated to the following licence areas, representing the Group's Cash Generating Units ("CGUs").

	2016 £	2015 £
Mozambique Minerals Sands	**1,404,964**	983,783
Oman Copper	**3,542,982**	2,171,459
Finland Lithium	**118,804**	-
	5,066,750	3,155,242

The Directors have reviewed the carrying value of the intangible assets and have not identified any indicators of impairment. Therefore have not included an impairment charge in 2016 and 2015. In 2016 a loss of £127,535 (2015: nil) has been registered due to the disposal of Al Zuhra Minerals LLC (Note 4).

The Directors consider that the remaining carrying value of the intangible assets is not impaired based on an assessment of the recoverable amount of each of the Group's CGUs.

INTANGIBLE ASSETS (Company)

	Exploration and evaluation £
Cost	
At 1 January 2015	47,391
Additions	7,687
At 1 January 2016	55,078
Additions	**21,044**
Transfers from Other non-current assets (Note 15)	**214,628**
At 31 December 2016	**290,750**
Amortisation and impairment	
At 1 January 2015	-
At 1 January 2016	-
At 31 December 2016	-
Net Book Value	
At 31 December 2016	**290,750**
At 31 December 2015	55,078
At 1 January 2015	47,391

10. PROPERTY, PLANT AND EQUIPMENT (Group)

	Motor vehicles £	Office Equipment £	Total £
Cost			
At 1 January 2015	29,083	10,784	39,867
Additions	-	-	-
Exchange differences	1,391	(386)	1,005
At 1 January 2016	**30,474**	**10,398**	**40,872**
Additions	**-**	**-**	**-**
Exchange differences	**6,133**	**1,003**	**7,136**
At 31 December 2016	**36,607**	**11,401**	**48,008**
Depreciation			
At 1 January 2015	2,272	7,350	9,622
Charge for year	7,389	1,311	8,700
Exchange differences	352	306	658
At 1 January 2016	**10,013**	**8,967**	**18,980**
Charge for year	**9,152**	**384**	**9,536**
Exchange differences	**1,999**	**1,323**	**3,322**
At 31 December 2016	**21,164**	**10,674**	**31,838**
Net Book Value			
At 31 December 2016	**15,443**	**727**	**16,170**
At 31 December 2015	20,461	1,431	21,892

11. INVESTMENTS

Group

	Shares in Listed investments £
At 1 January 2015	1,129,602
Additions at cost	63,004
Disposals	(112,471)
Change in market value of investment	(930,213)
At 31 December 2015	149,922
Additions at cost	**24,363**
Disposals	**(94,653)**
Change in market value of investment	**44,840**
At 31 December 2016	**124,472**

In 2016 the Company disposed of 35million (2015: 70.4million) shares in Alecto and recognised a realised gain on disposal of £1,266 (2015: loss of £666,154) which was transferred from Other Comprehensive Income. On 21 December 2016 Alecto's shares were suspended in AIM pending the publication of an admission document, expect to be before July 2017. At 31 December 2016 there was not an active market for these shares, therefore the management analysed the historical market price and the conditions under the suspension in AIM and concluded that the quoted price at the suspension date was a reliable fair value at the reporting date. The fair value hierarchy in 2016 is level 2 as the valuation is based in other observable inputs. In 2015 the fair value hierarchy was level 1 as the valuation was based wholly on quoted prices at the reporting date.

In 2016 the Company disposed of 5.2million (2015: nil) shares in a listed company and recognised a realised gain on disposal of £41,605 (2015: £nil) which was transferred from Other Comprehensive Income. The fair value of the shares is the quoted value at the reporting date. The fair value hierarchy in 2016 and 2015 is level 1 as the valuation is based wholly on quoted prices.

At 31 December 2015 an impairment was recognised for shares where the market value was significantly below cost for a sustained period, the impairment expense of £1,071,374 was transferred from Other Comprehensive Income.

Company	**Shares in subsidiaries**
	£
Non Current	
At 1 January 2015	281
Additions	820,374
At 31 December 2015	**820,655**
Additions	**672,355**
Disposal to Group company	**(1,492,729)**
At 31 December 2016	**281**

	Shares in listed investments
	£
Current	
At 1 January 2015	1,129,602
Additions	63,004
Disposals	(112,471)
Change in market value of investment	(930,213)
At 31 December 2015	149,922
Additions	**24,363**
Disposals	**(94,653)**
Change in market value of investment	**44,840**
At 31 December 2016	**124,472**

On 11 May 2016 the Group through its subsidiary African Mining & Exploration Limited acquired 100% of Finkallio Oy, paying a consideration of EUR 6,000 (~£4,754). The Group subsequently obtained through Finkallio Oy licenses for lithium exploration projects in Finland.

In October 2016 Savannah Resources plc, through its subsidiary AME East Africa Limited ("AME"), entered into a Consortium Agreement ("CA") with Rio Tinto Mining and Exploration Limited ("Rio Tinto") whereby both parties would combine their respective projects in Mozambique to form an unincorporated consortium. On signing of this CA AME own 10% of the combined Mutamba Project and Rio Tinto own the remaining 90%. AME can earn into up to 51% in the Project by achieving prescribed milestones. Based on the terms of the CA both AME and Rio Tinto have joint control, and therefore this is a joint arrangement under IFRS. Detailed information about the CA is included in Note 12 and the Chairman's Statement and CEO Report.

In November 2014 the Group entered into an earn-in agreement ("Earn-in") to acquire up to a 65% interest in Al Thuraya LLC ("Al Thuraya") which wholly owns the highly prospective Block 4 Copper Project in Oman. In order for the Group to achieve a 51% shareholding in Al Thuraya, they are required to make a capital contribution of USD $2,000,000 (~GBP £1,620,000) within two years of entering the earn-in agreement and a further USD $2,600,000 (~GBP £2,106,000) cash within four years to receive a further 14% shareholding in Al Thuraya. These funds will be used for geological development activities. During the 2016 financial year the Group made capital contributions of USD $984,454 (GBP £726,126) (2015: USD $1,490,936), being the total contribution as at 31 December 2016 of USD $2,475,390 (GBP £2,004,998). In September 2016 the Group acquired the 51% in Al Thuraya after achieving the capital contribution of USD $2,000,000 as per the Earn-in agreement.

In October 2016 a novation agreement was executed between Savannah Resources plc, Savannah Resources B.V. ("SRBV"), Al Thuraya and the existing shareholders of Al Thuraya, in which Savannah Resources plc assigned to SRBV its rights and obligations pursuant to the Earn-In agreement to acquire up to 65% interest in Al Thuraya. The consideration to be paid by SRBV for this assignment amount to EUR 1,909,403 (£1,701,983), was calculated based on the capital contributions made by Savannah Resources Plc to Al Thuraya in USD at that date of executing the novation agreement of the contract. As the capital contributions were made in USD and Savannah Resources plc recognised the contributions in GBP a gain arose due to foreign exchange of £209,254 that has been recognised in Other Comprehensive Income.

In 2014 a new 100% subsidiary Company, SRBV was set up to be the immediate parent Company of Gentor Resources Limited ("GRL") with an initial investment of €100 (~£81) in the ordinary share capital. On 10 April 2014 the Group entered into an agreement to acquire 100% of Gentor Resources Inc.'s subsidiary, GRL, which in turn holds interests in Al Fairuz Mining Co LLC ("Al Fairuz"), Sohar Mining LLC (formerly Gentor Resources LLC), and Al Zuhra Mining LLC ("Al Zuhra") (subsequently disposed in 2016) through its subsidiary, SRBV.

GRL has a 65% interest in Al Fairuz (Block 5). In September 2016 SRBV terminated its interest in Al Zuhra (Block 6). In 2016 Savannah Resources Plc recognised an impairment amounting GBP £76,147 (2015: £nil) in relation to the loan owed by Al Zuhra.

In 2014 as consideration for acquiring 100% of the issued share capital of GRL, the Company initially paid cash consideration of USD $800,000. Additionally milestone payments, to be satisfied (up to 50% payable in ordinary shares in the Company) as follows: (a) USD $1,000,000 (~GBP £810,000) upon a formal final investment decision for the development of the Block 5 Licence; (b) USD $1,000,000 (~GBP £810,000) upon the production of the first saleable concentrate or saleable product from ore derived from the Block 5 Licence; (c) USD $1,000,000 (~GBP £810,000) within six months of the payment of the Deferred Consideration in (b). The Company will be responsible for all of the funding of the projects. This funding will be in the form of loans which would be reimbursed prior to any dividend distribution to shareholders (Note 19).

The Company had the following subsidiary undertakings, either directly or indirectly, at 31 December 2016, which have been included in the Consolidated Financial Statements.

Subsidiary	Registered office	Nature of business	Class of share	% Holding
AME East Africa Limited[4]	United Kingdom[8]	Holding Company	Ordinary	100%
Matilda Minerals Limitada[5]	Mozambique[9]	Mining & exploration	Ordinary	80%[3]
Panda Recursos Limitada[5]	Mozambique[10]	Mining & exploration	Ordinary	99.99%
Savannah Resources B.V.[4]	The Netherlands[11]	Holding Company	Ordinary	100%
Gentor Resources Limited[5]	British Virgin Is.[12]	Holding Company	Ordinary	100%
Al Fairuz Mining L.L.C.[5]	Oman[13]	Mining & exploration	Ordinary	65%[3]
Sohar Mining L.L.C[5,6]	Oman[13]	Dormant	Ordinary	70%[3]
Al Zuhra Mining L.L.C.[1]	Oman[14]	Mining & exploration	Ordinary	0%[1]
Al Thuraya Mining L.L.C.[7]	Oman[15]	Mining & exploration	Ordinary	51%[2, 3]
Finkallio Oy[5]	Finland[16]	Mining & exploration	Ordinary	100%
African Mining & Exploration Limited[4]	United Kingdom[8]	Dormant	Ordinary	100%

[1] The Group disposed of its interest in Al Zuhra in September 2016. The results of Al Zuhra were consolidated 100% up until the date of disposal (Note 4).
[2] Al Thuraya was consolidated at 31 December 2015 despite the Group owning 0% as the Group had controlling rights to the Project via the Earn-in. In 2016 the Group achieved the capital contribution to earn a right to 51%, the formalities to complete the registration was in process at the reporting date.
[3] These entities have been consolidated 100% despite the Group owning less than 100% of the voting rights. This is due to the Company having earn-in contracts whereby the Company is the only contributing party and has the ability to control the operations.
[4]Directly held by Savannah Resources Plc
[5]Indirectly held by Savannah Resources Plc
[6]Formerly Gentor Resources L.L.C

[7]Directly held by Savannah Resources Plc until 25 October 2016, afterward Indirectly held by Savannah Resources Plc
[8]55 Gower Street, London WC1E 6HQ, United Kingdom
[9]Damiao de Gois, no 438, Sommerschield, Maputo, Mozambique
[10]Rua 1301, Num 97, Sommerschield, Maputo, Mozambique
[11]Teleportboulevard 140, 1043 EJ Amsterdam, The Netherlands
[12]Trident Chambers, P.O. Box 146, Road Town, Tortola, VG1110, Virgin Islands, British
[13]P.O.Box 1053,P.C.130, Azaiba, Muscat, Sultanate of Oman
[14]P.O.Box 1880, P.C.112,Muscat, Sultanate of Oman
[15]P.O.Box 54, P.C.100,Muscat, Sultanate of Oman
[16]c/o Bokf.byrå Mattans Ab, Storalånggatan 57 A 1, 65100 VASA, Finland

12. JOINT ARRANGEMENTS

In October 2016 Savannah Resources plc, through its subsidiary AME East Africa Limited (AME), entered into a consortium agreement ("Consortium Agreement") with Rio Tinto Mining and Exploration Limited (Rio Tinto) whereby both parties would combine their respective projects in Mozambique to form an unincorporated consortium. On signing of this Consortium Agreement AME own 10% of the combined Mutamba Project and Rio Tinto own the remaining 90%. AME can earn into up to 51% in the Project by achieving the following milestones:

(a) Upon Savannah Group completing the Phase 1 work programme (Scoping Study) it will have a 20% participating interest in the Project;
(b) Upon Savannah Group completing Phase 2 of the work programme (Pre-Feasibility study) it will have a 35% participating interest in the Project;
(c) Upon Savannah completing Phase 3 of the work programme (Feasibility study) it will have a 51% participating interest in the Project.

The Consortium is managed by a Consortium committee with two representatives from each party, and chaired by an AME representative. AME is the operator of the Project, and it is responsible for preparing and implementing the work programme and budget approved by the Consortium committee. Based on the terms of the agreement both AME and Rio Tinto have joint control, and therefore this is a joint arrangement under IFRS.

The Consortium is currently unincorporated and each party have rights to the assets, and obligations to the liabilities, relating to the arrangement, therefore it is considered a Joint Operation. AME is responsible for all funding related to the combined Project up until the delivery of a Feasibility Study. Since the execution of the Consortium Agreement the Group has capitalised £309,820 relating to the combined project.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Non-Current:				
Other receivables - VAT	**33,171**	23,778	**-**	-
Amounts due from subsidiaries	**-**	-	**6,685,753**	3,121,824
	33,171	23,778	**6,685,753**	3,121,824
Current:				
VAT recoverable	**24,364**	27,188	**22,311**	27,188
Other receivables	**102,193**	55,284	**20,696**	14,782
	126,557	82,472	**43,007**	41,970

The loans to subsidiaries are interest free and are repayable on demand. Repayment of loans is subject to the Directors' assessment of the Group's requirements and availability of appropriate liquid resources.

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Cash at bank and in hand	**1,172,347**	359,296	**1,029,765**	316,328

15. OTHER NON-CURRENT ASSETS

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Prepayment - costs incurred on resource projects	**-**	225,668	**-**	214,628

Other non-current assets represented prepayments with respect to ongoing resource projects in Mozambique. These have been reclassified to Intangible Assets after the Consortium Agreement with Rio Tinto was executed in October 2016 (Notes 9 and 12).

16. SHARE CAPITAL

	2016		2015	
Allotted, issued and fully paid	**£0.01 ordinary shares number**	**£**	£0.01 ordinary shares number	£
At beginning of year	**285,865,770**	**2,858,658**	223,169,714	2,231,697
Issued during year:				
Share placements	**162,581,043**	**1,625,811**	52,117,706	521,177
Bonus paid in shares	**999,642**	**9,996**	-	-
Exercise of share options	**1,500,000**	**15,000**	-	-
In lieu of cash for professional services[1]	**-**	**-**	10,578,350	105,784
At end of year	**450,946,455**	**4,509,465**	285,865,770	2,858,658

[1] The shares issued in lieu of cash for professional services were valued at the fair value of the services received, £nil (2015: £114,322) has been recorded in share premium for these transactions.

Refer to Note 3 for details of bonus paid in shares.

Refer to Note 22 for details of share options exercised.

The par value of the Company's shares is £0.01.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Current:				
Trade payables	**155,077**	291,298	**41,827**	194,715
Other payables	**44,414**	11,179	**38,844**	11,177
Accruals and deferred income	**270,031**	136,657	**206,238**	79,682
Amounts owing to subsidiaries	**-**	-	**8,735**	37,288
	469,522	439,134	**295,644**	322,862

18. FINANCIAL INSTRUMENTS

Financial Instruments - Risk Management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these Financial Statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal Financial Instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- loan receivables
- trade and other receivables
- cash at bank
- trade and other payables
- investments

Trade and other payables fall due for payment within 3 months from the reporting date.

Liquidity Risk

The Group has sufficient funding in place to meet its operational commitments and is not exposed to any liquidity risk but in common with many non-revenue generating companies, the Company is likely to need to raise funds for its development activities. The Group's policy continues to be to ensure that it has adequate liquidity by careful management of its working capital. The Board receives rolling 18-month cash flow projections on a regular basis as well as information regarding cash balances. At the reporting date, these projections indicated that the Group expected to have sufficient liquid resources to meet its financial obligations.

Foreign Exchange Risk

The Group is exposed through its operations to foreign exchange risk which arises because the Group has overseas operations located in Mozambique whose functional currency is MZN, in Oman whose functional currency is OMR which is pegged to the USD at a rate of 1 OMR to 2.6 USD and in Finland whose functional currency is Euro. The Group's net assets arising from overseas operations are exposed to currency risk resulting in gains or losses on retranslation into Pound Sterling.

Foreign exchange risk also arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency (Euro, OMR, MZN or Pound Sterling) with the cash remitted to their own operations in that currency where practical. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group. To further mitigate foreign exchange risk, larger contracts in Mozambique are denominated in USD.

Market Risk
The Group holds equity investments in companies traded on active markets (see Note 11). The Directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances.

The effect of a 10% increase in the value of the equity investments held at the reporting date would, all other variables held constant, have resulted in an increase in other comprehensive income and net assets of £11,713 (2015: increase of the income statement and net assets of £14,992). A 10% decrease in their value would, on the same basis, have decreased other comprehensive income and net assets by the same amount.

Credit Risk
The Company is exposed to credit risk on its receivables from its subsidiaries. The subsidiaries are exploration and development companies with no current revenue and therefore, whilst the receivables are due on demand, they are not expected to be paid until there is a successful outcome on a development project resulting in revenue being generated by a subsidiary.

Financial instruments by category (Group)

	Cash at bank	Available for sale	Total
	£	£	£
As at 31 December 2016			
Investments	**-**	**124,472**	**124,472**
Cash and cash equivalents	**1,172,347**	**-**	**1,172,347**
	1,172,347	**124,472**	**1,296,819**
As at 31 December 2015			
Investments	-	149,922	149,922
Cash and cash equivalents	359,296	-	359,296
	359,296	149,922	509,218

Available for sale assets are measured at fair value. See review of the fair value hierarchy in Note 11.

	Financial liabilities at amortised cost	Total
	£	£
As at 31 December 2016		
Trade and other payables	**469,522**	**469,522**
At 31 December 2015		
Trade and other payables	439,134	439,134

As of 31 December 2016 the Group's net exposure to foreign exchange risk was as follows:

	Functional Currency of Entity		
	GBP	**MZN**	**Total**
	2016	**2016**	**2016**
	£	**£**	**£**
Foreign currency financial assets			
USD	**524,348**	**49,612**	**573,960**
EUR	**30,461**	**-**	**30,461**
AUD	**37**	**-**	**37**
Total	**554,846**	**49,612**	**604,458**

	Functional Currency of Entity			
	GBP	**MZN**	**OMR**	**Total**
	2016	**2016**	**2016**	**2016**
	£	**£**	**£**	**£**
Foreign currency financial liabilities				
USD	**7,258**	**3,568**	**45,950**	**56,776**
AUD	**47,626**	**-**	**48,603**	**96,229**
Total	**54,884**	**3,568**	**94,553**	**153,005**

In 2015 the impact of foreign currency exposure was immaterial and therefore a detail showing exposure against each functional currency was not provided, however, we provided a table below stating the balances denominated in foreign currency as at 31 December 2015:

	GBP	USD	AUD	OMR	MZN	Euro	Total
	£	£	£	£	£	£	£
At 31 December 2015							
Cash and cash equivalents	192,791	144,335	-	16,933	5,237	-	359,296
Trade and other payables	243,274	87,804	53,565	37,732	12,371	4,388	439,134

The effect of a 10% strengthening of the USD against GBP at the reporting date on the USD denominated cash and equivalents carried at that date would, all other variables held constant, have resulted in an increase in pre-tax loss for the year and decrease of net assets of GBP £52,178. A 10% weakening in the exchange rate would, on the same basis, have decreased pre-tax loss and increased net assets by GBP £63,773.

Capital Disclosures

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company currently does not have any debt.

19. 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 it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Deferred consideration payable in relation to the acquisition of 80% shareholding in Matilda Minerals Lda (Mozambique mineral sands project)

In consideration for acquiring 80% shareholding in Matilda Minerals Lda, the Company paid initial consideration of AUD$400,000 (~GBP £233,000) in ordinary shares and a cash payment for cost reimbursements of AUD$125,000 (~GBP £73,000). Additionally milestone payments, to be satisfied by the issue of ordinary shares in the Company are payable as follows: (a) AUD$500,000 (~GBP £290,000) upon the establishment of a JORC Inferred Resource of 150Mt @ 3% THM; (b) AUD$500,000 (~GBP £290,000) upon the establishment of a JORC Indicated Resource of 350Mt @ 3% THM; (c) AUD$500,000 (~GBP £290,000) upon the establishment of a JORC Indicated Resource of 500Mt @ 3% THM.

Deferred consideration payable in relation to the acquisition of Gentor Resources Ltd (Oman copper project)

On 15 July 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 £650,000) 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 £810,000) upon a formal final investment decision for the development of the Block 5 Licence;
   (b) a milestone payment of USD $1,000,000 (~GBP £810,000) 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 £810,000) 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.

In September 2016 Savannah Resources B.V. terminated its interest in Al Zuhra Mining LLC (Block 6). This has not impacted the aforementioned deferred consideration.

20. RELATED PARTY DISCLOSURES

Details of Directors' remuneration are disclosed in Note 3. During the year £116,051 (2015: £68,547) was payable to Blue Bone Consulting Pty Ltd (a Company controlled by Dale Ferguson) for consultancy fees and bonus of which £31,795 (2015: £17,482) remained unpaid. The amounts payable to Blue Bone Consulting Pty Ltd have been included in the Directors' remuneration in Note 3.

During the year £nil (2015: £4,763) was payable to Slipstream Resources Pty Ltd (a Company which Dale Ferguson is a Director and Shareholder) for the provision of business development support. No amounts remained unpaid.

During the year £6,910 (2015: £17,620) was payable to Lautner Group Limited (a Company which David Archer's close family member is a Director) for the provision of office support of which nil (2015: £2,550) remain unpaid.

These transactions were entered into on an arms-length basis.

21. COMMITMENTS

	2016	2015
	£	£
Operating Lease Commitments		
No later than 1 year	**89,044**	15,737
Later than 1 year and no later than 5 years	**-**	-
Later than 5 years	**-**	-
	89,044	15,737

The operating lease commitments are for business premises in Oman, Mozambique and the UK.

Other Commitments

In 2014 the Group entered into an agreement to acquire shares in Al Thuraya LLC ("Al Thuraya"), owner of the highly prospective Block 4 Copper Project. During the 2016 and 2015 financial year the Group made contributions of USD $2,475,390 (£2,004,998) and therefore achieved the right to a 51% shareholding, at the reporting date the process to register this was in progress. A further USD $2,124,610 (~GBP £1,720,875) cash contribution within two years need to be done to receive a further 14% shareholding in Al Thuraya.

These funds have been and will continue to be used for geological activities.

In October 2016 Savannah Resources plc, through its subsidiary AME East Africa Limited (AME), entered into a consortium agreement ("CA") with Rio Tinto Mining and Exploration Limited whereby both parties would combine their respective projects in Mozambique to form an unincorporated consortium. See details of the CA in Note 12.

22. SHARE OPTIONS AND WARRANTS

Share options and warrants to subscribe for Ordinary Shares in the Company are granted to certain employees, Directors and investors. Some of the options issued vest immediately and others over a vesting period and may include performance conditions. Options are forfeited if the employee leaves the group before the options vest.

	2016			2015		
	Number	**Weighted average exercise price**	**Weighted remaining life**	Number	Weighted average exercise price	Weighted remaining life
Share Options						
Opening Balance	**22,523,443**	**4.8p**	**-**	24,523,443	5.2p	-
Granted	**3,600,000**	**4.8p**	**3.53**	-	-	-
Lapsed	**(100,000)** [1]	**10.4p**	**-**	(2,000,000) [2]	10.0p	-
Exercised	**(1,500,000)** [3]	**3.0p**	**-**	-	-	-
Closing Balance	**24,523,443**	**4.8p**	**1.70**	22,523,443	4.8p	2.40
Share Warrant Options						
Opening Balance	**-**	**-**	**-**	363,260	12.5p	-
Lapsed	**-**	**-**	**-**	(363,260)	12.5p	-
Closing Balance	**-**	**-**	**-**	-	-	-
Investor Warrants						
Opening Balance	**13,911,112**	**4.6p**	**-**	13,911,112	4.6p	-
Granted	**1,410,449**	**5.0p**	**2.75**	-	-	-
Closing Balance	**15,321,561**	**4.6p**	**1.61**	13,911,112	4.6p	2.50

[1] Share Options expired on 26 April 2016
[2] Share Options expired on 21 October 2015
[3] Share Options exercised on 28 November 2016

Share schemes outstanding at 31 December 2016 are as follows:

	Outstanding 31 December 2016	**Exercisable 31 December 2016**	Outstanding 31 December 2015	Exercisable 31 December 2015	**Exercise Price**	**Expiry Date**
Share Options						
April 2011	**-**	**-**	100,000	100,000	**10.4p**	**28/04/16**
February 2013	**3,726,667**	**3,726,667**	3,726,667	3,726,667	**4.6p**	**31/01/18**
July 2013	**5,321,776**	**5,321,776**	5,321,776	5,321,776	**3.0p**	**20 /07/18**
September 2013	**3,000,000**	**4,500,000**	4,500,000	4,500,000	**3.0p**	**21/09/18**
September 2013	**1,575,000**	**1,575,000**	1,575,000	1,575,000	**4.6p**	**30 /09/18**
February 2014	**3,000,000**	**3,000,000**	3,000,000	3,000,000	**8.8p**	**25/02/19**
July 2014	**3,300,000**	**3,300,000**	3,300,000	3,300,000	**5.0p**	**3 /07/17**
September 2014	**1,000,000**	**1,000,000**	1,000,000	700,000	**7.0p**	**12/09/17**
March 2016	**2,100,000**	**2,100,000**	-	-	**2.8p**	**15/03/20**
December 2016	**1,500,000**	**-**	-	-	**7.6p**	**21/12/20**
	24,523,443	**23,523,443**	22,523,443	22,223,443		
Investor Warrants						
September 2013	**11,111,112**	**11,111,112**	11,111,112	11,111,112	**3.0p**	**19 /07/18**
April 2014	**2,800,000**	**2,800,000**	2,800,000	2,800,000	**11.0p**	**17/04/18**
September 2016	**1,410,449**	**1,410,449**	-	-	**5.0p**	**30/09/19**
	15,321,561	**15,321,561**	13,911,112	13,911,112		

All of the options and warrants granted attract a share based payment charge. The grants have been measured using the Black-Scholes pricing model that takes into account factors such as the option life, share price volatility and the risk free rate. Volatility was calculated with reference to the Company's historical share price volatility up to the grant date to reflect a term approximate to the expected life of the option.

The Directors' interests in the share options and warrants of the Company are as follows:

At 31 December 2016

	Quantity at 1 Jan 2016	**Quantity granted during the year**	**Lapsed during the year**	**Options / Warrants at 31 Dec 2016**	**Exercise price**	**Date of the grant**	**First date of exercise**	**Final date of exercise**
Share Options								
Dale J Ferguson	**5,321,776**	**-**	**-**	**5,321,776**	**3.0p**	**21/07/13**	**20/07/14**	**20/07/18**
Matthew J King	**-**	**1,500,000**	**-**	**1,500,000**	**3.0p**	**16/03/16**	**16/03/16**	**15/03/20**
Warrants								
David S Archer	**11,111,112**	**-**	**-**	**11,111,112**	**3.0p**	**24/09/13**	**24/09/13**	**19/07/18**

At 31 December 2015

	Quantity at 1 Jan 2015	Quantity granted during the year	Lapsed during the year	Options / Warrants at 31 Dec 2015	Exercise price	Date of the grant	First date of exercise	Final date of exercise
Share Options								
Dale J Ferguson	5,321,776	-	-	5,321,776	3.0p	21/07/13	20/07/14	20/07/18
Warrants								
David S Archer	11,111,112	-	-	11,111,112	3.0p	24/09/13	24/09/13	19/07/18

The range of inputs of the options and warrants granted in the financial year were as follows:

Share Options	**March 2016**	**December 2016**
Stock price	2.1p	5.7p
Fair value of option	1.1p	3.2p
Exercise Price	2.8p	7.6p
Expected volatility	78%	85%
Expected life	4 years	4 years
Risk free rate	2.5%	0.5%
Dividend yield	-	-

Investor Warrants	**September 2016**
Stock price	3.9p
Fair value of option	1.7p
Exercise Price	5.0p
Expected volatility	76%
Expected life	3 years
Risk free rate	2.5%
Dividend yield	-

This fair value is the cost that is charged to the Statement of Comprehensive Income and is spread over the expected vesting period which, for non-market vesting conditions (as noted above), is revised at each period end. If the issue was a share issue cost, the charge is to the Share Premium account.

Share options granted
During the 2016 financial year 3,600,000 share options were issued to employees and Directors to assist with the recruitment, reward and retention of key employees. Some of the options vest immediately and some vest upon the employee meeting service and/or performance conditions. No share options were issued during the 2015 financial year.

Investor warrants issued
During the 2016 financial year 1,410,449 warrants were issued to Beaufort Securities in accordance with the placement in September 2016. The warrants were issued with an exercise price of 5.0p, equal to 43% of the price of the placement in September 2016. No investor warrants were issued during the 2015 financial year.

23. EVENTS SINCE THE REPORTING DATE

On 21 February 2017 the Company agreed a cash Placing (£1.55m) and a cash Subscription (£0.69m) totalling £2.24m (before expenses) through the issue of 42,699,200 ordinary shares at an issue price of £0.0525 per share. Additionally the Company received letters of intent for additional £1.01m cash subscriptions from Directors and their related parties (Al Marjan Ltd) for when the Company is not in a “close period”. In connection with the Placing the Company has granted 1,480,952 warrants with an exercise price of 7.45p to Beaufort Securities.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Savannah Resources Plc ('the Company') will be held at the Collingwood Room at the Company's office at 1 Northumberland Avenue, Trafalgar Square, London, WC2N 5BW, on 26 April 2017 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions in the cases of resolutions 1-8 and as a special resolution in the case of resolution 9.

ORDINARY BUSINESS

1 To receive the report of the Directors and the audited Financial Statements of the Company for the year ended 31 December 2016.

2 To re-appoint Maqbool Sultan who retires as a Director in accordance with article 23.2(a) of the Articles of Association at the conclusion of the meeting and, being eligible, offering himself for re-election as a Director of the Company.

3 To re-appoint Imad Sultan who retires as a Director in accordance with article 23.2(a) of the Articles of Association at the conclusion of the meeting and, being eligible, offering himself for re-election as a Director of the Company.

4 To re-appoint Manohar Shenoy who retires as an Alternate Director in accordance with article 23.2(a) of the Articles of Association at the conclusion of the meeting and, being eligible, offering himself for re-election as a Director of the Company.

5 To re-appoint Murtadha Sultan who retires as an Alternate Director in accordance with article 23.2(a) of the Articles of Association at the conclusion of the meeting and, being eligible, offering himself for re-election as a Director of the Company.

6 To re-appoint David Archer who retires as a Director in accordance with article 23.2(b) of the Articles of Association at the conclusion of the meeting and, being eligible, offering himself for re-election as a Director of the Company.

7 To re-appoint BDO LLP as auditors of the Company to act until the conclusion of the next Annual General Meeting and to authorise the Directors to determine the remuneration of the auditors.

ORDINARY RESOLUTION

8 That in substitution for all existing and unexercised authorities, the Directors of the Company be and they are hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 ('the Act') to exercise all or any of the powers of the Company to allot equity securities (within the meaning of Section 560 of the Act) up to a maximum nominal amount of £2,910,000 provided that this authority shall, unless previously revoked or varied by the Company in general meeting, expire on the earlier of the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of this Resolution, unless renewed or extended prior to such time except that the Directors of the Company may before the expiry of such period make an offer or agreement which would or might require equity securities to be allotted after the expiry of such period and the Directors of the Company may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTION

9 That in substitution for all existing and unexercised authorities and subject to the passing of the immediately preceding Resolution, the Directors of the Company be and they are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred upon them by the preceding Resolution as if section 561(1) of the Act did not apply to any such allotment provided that the power conferred by the Resolution, unless previously revoked or varied by special resolution of the Company in general meeting, shall be limited:

(a) to the allotment of ordinary shares arising from the exercise of options, warrant options and warrants outstanding at the date of this resolution;

(b) to the allotment of equity securities in connection with a rights issue or open offer in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all such shareholders are proportionate (as nearly as may be) to the respective numbers of the ordinary shares held by them subject only to such exclusions or other arrangements as the Directors of the Company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory;

(c) the grant of a right to subscribe for, or to convert any equity securities into Ordinary Shares otherwise than under sub-paragraph (a) above, up to a maximum aggregate nominal amount of £300,000;

(d) pursuant to the letters of intent received from Al Marjan Ltd in February 2017, to issue Ordinary Shares up to a maximum aggregate nominal value of £111,901; and

(e) to the allotment (otherwise than pursuant to sub-paragraphs (a), (b), (c) and (d) above) of equity securities up to an aggregate nominal amount of £1,660,000 (approximately 30% of the Company's issued share capital following the issue of ordinary shares pursuant to sub-paragraph (d) above) in respect of any other issues for cash consideration;

and shall expire on the earlier of the date of the next Annual General Meeting of the Company or 15 months from the date of the passing of this Resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

If you are a registered holder of Ordinary Shares in the Company, whether or not you are able to attend the meeting, you may use the enclosed form of proxy to appoint one or more persons to attend and vote on a poll on your behalf. A proxy need not be a member of the Company.

A form of proxy is provided.

This may be sent by facsimile transfer to 01252 719 232 or by mail using the reply paid card to:

The Company Secretary
Savannah Resources Plc
c/o Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey GU9 7DR

In either case, the signed proxy must be received no later than 48 hours (excluding non-business days) before the time of the meeting, or any adjournment thereof.

Registered Office:

Third Floor
55 Gower Street
London WC1E 6HQ

By order of the Board

Stephen Ronaldson
Company Secretary

23 February 2017

Registered in England and Wales Number: 07307107

NOTICE OF ANNUAL GENERAL MEETING

Notes to the Notice of Annual General Meeting

Entitlement to Attend and Vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members 48 hours before the time of the Meeting shall be entitled to attend and vote at the Meeting.

Appointment of Proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of Proxy Using Hard Copy Proxy Form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:

   - Completed and signed;
   - Sent or delivered to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by facsimile transmission to 01252 719 232; and
   - Received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

   In the case of a member which is a Company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of Proxy by Joint Members

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing Proxy Instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

   Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821 390.

   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of Proxy Appointments

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

   By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by facsimile transmission to 01252 719 232. In the case of a member which is a Company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

   In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

   If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

   Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

   Issued shares and total voting rights

10. As at 23 February 2017, the Company's issued share capital comprised 450,946,455 ordinary shares of £0.01 each (to be increased to 493,645,655 ordinary shares following admission of 42,699,200 ordinary shares on 8 March 2017). Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 23 February 2017 is 450,946,455 (to be increased to 493,645,655 ordinary shares following admission of 42,699,200 ordinary shares on 8 March 2017).

Communications with the Company

11. Except as provided above, members who have general queries about the Meeting should telephone the Company Secretary, Stephen Ronaldson, on (020) 7580 6075 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

CREST

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.

    CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

    In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via euroclear.com/CREST).

The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: 7RA36) by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of Instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of CREST by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS:	Matthew James Wyatt King	Chairman
	David Stuart Archer	Executive Director
	Dale John Ferguson	Executive Director
	Maqbool Ali Sultan	Non-Executive Director
	Imad Kamal Abdul Redha Sultan	Non-Executive Director
	Manohar Pundalik Shenoy	Alternate Director
	Murtadha Ahmed Sultan	Alternate Director

SECRETARY:
S F Ronaldson
55 Gower Street
London
WC1E 6HQ

REGISTERED OFFICE:
Third Floor
55 Gower Street
London
WC1E 6HQ

REGISTERED NUMBER: 07307107 (England and Wales)

AUDITORS:
BDO LLP
Chartered Accountants & Statutory Auditors
55 Baker Street
London
W1U 7EU

BANKERS:
NatWest Bank Plc
St James' & Piccadilly Branch
PO Box 2DG
208 Piccadilly
London
W1A 2DG

NOMINATED ADVISOR:
Northland Capital Partners Ltd
60 Gresham Street,
4th Floor,
London
EC2V 7BB

BROKER:
Beaufort Securities Ltd
63 St Mary Axe
London
EC3A 8AA

SOLICITORS:
Ronaldsons LLP
55 Gower Street
London
WC1E 6HQ

REGISTRARS:
Share Registrars
The Courtyard, 17 West Street
Farnham
Surrey, GU9 7DR

WEBSITE: www.savannahresources.com