SAVANNAH RESOURCES PLC

Company No 07307107

INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2019

CONTENTS

COMPANY INFORMATION

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
	James Leahy	Non-Executive Director
	Manohar Pundalik Shenoy	Alternate Director
	Murtadha Ahmed Sultan	Alternate Director
SECRETARIES:	Dominic Traynor Salisbury House London Wall London EC2M 5PS	Christopher Michael McGarty c/o Salisbury House London Wall London EC2M 5PS
REGISTERED OFFICE:	Salisbury House London Wall London EC2M 5PS	
REGISTERED NUMBER:	07307107 (England and Wales)	
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BANKERS:	NatWest Bank Plc St James' & Piccadilly Branch PO Box 2DG, 208 Piccadilly London W1A 2DG	
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CHAIRMAN'S STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2019

Your company has made significant progress during 2019 in developing its lithium project at Mina do Barroso and has the technical and, following the recent fundraise, financial capacity to finalise the DFS and EIA, which are necessary preconditions to the commencement of mining. Additionally, the Mutamba Joint Venture was awarded two mining licences over the Mutamba heavy mineral sands project (subject to the fulfilment of customary conditions) with a third mining licence understood to be in the final stages of approval, and the Omani Public Authority of Mining has recently confirmed its intention to award the Mining Leases applied for on the Mahab 4 and Maqail South high-grade copper projects.

The multiple external pressures currently being exerted on some of world's major economies and global capital markets has meant that the first nine months of 2019 has been a challenging time for industrial commodity players, particularly for those like Savannah in the development phase. While macro trends are beyond the Company's control, Savannah considers its best means of managing risk is to remain well capitalised and to deliver on its stated goal of focusing on its exposure to the positive market dynamics forecast for lithium through the Mina do Barroso project. Market dynamics for mineral sands are also currently positive and we continue to regard Mutamba as a significantly valuable asset for your company. Hence, our priorities remain to finance, construct and operate the Mina do Barroso lithium project, progress the Pre-Feasibility Study on the Mutamba mineral sands project and complete our strategic review on our Oman copper projects.

Mina do Barroso, Portugal

In our 2018 annual report published in May, I confirmed that Mina do Barroso is now our flagship project. This premier ranking has been driven by the combination of the evaluation success we have enjoyed at the Project to date, the potential for further expansion of the Mineral Resource and the mine life, and the increasing need for sustainable sources of lithium supply to feed the rapidly growing market for lithium ion batteries, particularly in Europe.

Bearing these factors in mind, the acquisitions of the outstanding 25% stake in Mina do Barroso and the adjacent Aldeia Mining Lease Application Blocks represented major milestones. These acquisitions have given Savannah and its shareholders greater exposure to Western Europe's most significant spodumene lithium project and provided management with much enhanced optionality for future transactions and financing related to the Project.

In parallel with these transactions, good progress was also made on the completion of the EIA and the associated DFS for the Project, and these remain the critical deliverables in addition to milestones such as licencing and financing. Headline developments during the period and into Q3 2019 included a further 37% increase in the Project's Mineral Resource to 27Mt incorporating maiden Mineral Resource Estimates for the Pinheiro deposit and the first target drilled on Aldeia Block A; production of battery grade spodumene concentrate from two of the three potential metallurgical processing routes being evaluated; and confirmation of the suitability of both separate and combined quartz and feldspar products from the Project for commercial applications in the glass and ceramics industries.

However, as explained in the recent placing announcement, there remains more work to do to complete the DFS. This has been brought about by the discovery and subsequent delineation of new orebodies which has meant that drilling campaigns have been extended, mine designs have needed to be reworked and pit sequencing plans revised. Our metallurgical test work programme has also been expanded. This is not only to include samples from the newly discovered deposits but also to comprehensively evaluate all ore types which will be treated at the project in the light of the processing challenges reported by the first wave of new spodumene producers in Australia over the past year. Savannah regards a rigorous approach to the DFS as vital to the future success of the Project.

This additional but very necessary work means that delivery of the DFS is now expected to occur in Q2 2020 against our previous target of early 2019 when we successfully raised £12.5m cash in mid-2018. These funds were designed to fund the Company's operations through early 2019, however, with spending discipline, actual expenditures were some 17% less than the use of funds forecast despite the four extra months covered, the one-off costs associated with the acquisition of the remaining 25% of Mina do Barroso and the costs of acquiring and evaluating the Aldeia tenements.

It is worth highlighting what we have achieved:

Mineral Resources:

- Over 18,500m of diamond and RC drilling completed since June 2018 (total on project since 2017 - 30,870m): ✓ +150% total metres drilled since June 2018
- Resources increased: ✓ +93% to 27Mt containing 286kt Li_2O (707kt LCE)
- Orebodies increased: ✓ from 3 to 5
- Average grade maintained above 1%: ✓ 1.06% Li_2O
- Low iron content confirmed: ✓ 0.8% average
- Measured & Indicated Resources increased: ✓+114% to 15Mt (55% of total resource)
- Maiden co-product resource declared: ✓ 14.4Mt at Grandao
- Lithium Exploration Target increased: ✓ +c. 50% (mid-point) to 11-19Mt at 1.0-1.2% Li_2O

Pit scheduling:

- Pit sequencing analysed and confirmed: ✓ Pinheiro, Grandao, Reservatorio, NOA, Aldeia (27Mt total resource at present vs. 14.4Mt in the Scoping Study model)
- Mining rate increase: ✓ Expected 15% increase to 1.5Mtpa – helped by the Mineral Resource increase
- Life of Mine: ✓ Dependent on final reserve estimate, but the initial life of mine should be greater than 11-year Scoping study model having regard to the Mineral Resource increases

Metallurgical Testing:

- Lithium: Large quantity of representative material tested: ✓ 3.8 tonnes
- Targeted recovery rate achieved: ✓ 80%
- Battery grade concentrate produced: ✓
- Test work allowing selection of optimum flowsheet: ✓
- Co-products: Test work confirms suitability for commercial apps: ✓

Processing Plant:

- Alternative process plant sites on C-100 area studied: ✓ Site selected
- Access road route alternatives identified and reviewed: ✓ Route selected
- Total capex estimate should be maintained: ✓ USD$109m excluding contingencies from the scoping study

Commercial:

- Lithium counterparty engagement: ✓ in contact with dozens of groups and as advised to the market these include OEMs, large European industrial groups, battery cell manufacturers and lithium refinery groups
- Multiple term-sheets and MoUs under negotiation: ✓
- Co-products: Engagement with major ceramics groups: ✓ with higher prices and product quality confirmed
- EU funding: ✓ applications made
- Engagement and ongoing discussions with banks and debt providers: ✓

With the lengthened DFS period and the expanded scope of the work required extra funding was required. We raised £5.0m cash to ensure that the enlarged study programme is funded to completion. We continue to closely monitor costs and expenses.

Coincidental to our challenges with the DFS and those of other lithium project developers and new producers, the sector has also been impacted by a decline in the underlying prices of the various lithium raw materials (spodumene, lithium hydroxide, lithium carbonate). As one would expect, these declines have fed through into reduced equity market valuations for lithium companies, but we firmly believe we will see a reversal of the recent lithium price downturn, which is driven by a modest build-up of raw material inventories as a result of delays to lithium conversion plant expansions in Asia, and a reduction in electric vehicle subsidies in the Chinese market. We take comfort from the fact that significant growth in electric vehicles sales continued in H1 2019 (+42% vs. H1 2018) and that medium and long term sales forecasts remain compelling for lithium and lithium battery demand with sales of around 10m vehicles expected in 2025 and around 28m in 2030, equating to approximately one-third of all light vehicles currently sold.

Market commentators such as Roskill continue to forecast that these growth projections for electric vehicles and lithium battery demand will challenge lithium suppliers, leading to a growing market deficit in refined lithium during the 2020s and a recovery in prices from next year. Assuming these forecasts prove to be correct, our target of starting production at Mina do Barroso in H2 2021 could see the Project coming on-line at an ideal time to benefit from this improving market backdrop.

Based on the growing commercial interest we have seen in Mina do Barroso this year, it is clear that downstream lithium participants remain concerned about raw material supply in the medium to longer term, despite the current build-up of inventory. As a result, we have been able to advance our discussions with a number of potential offtake partners ranging from established lithium processors to large scale end users such as Auto industry OEMs, as well as new market participants.

Political interest in the Project has also increased as appreciation has grown for the strategic role that Mina do Barroso could play in anchoring a new lithium industry in Europe, and Portugal in particular. Our team is regularly engaged with the Portuguese administration up to and including Ministerial level, and we have also strengthened our relationships with various EU agencies regarding funding and other forms of support for the Project.

Plans around the financing package for the Project have also been advanced. Work to date on the capital cost continues to indicate that the estimate from the Scoping Study of US$109m (excluding contingency) to US$124.6m (including contingency) remains a realistic range and management believes that this quantum of capital can be secured through a combination of project finance debt, EU/Government funding, offtake-related/partner financing and royalty financing. Hence the Group is confident that further finance for the Project will not be required from existing shareholders and the equity capital markets. Discussions with project finance banks, private equity groups, Government/EU agencies, potential offtake partners, royalty providers, commodity traders and other strategic investors have all been progressed and are continuing.

With the revised DFS timetable now in place and fully funded, we expect to produce regular news flow from the Project as we conclude on the major inputs to the study, complete the EIA and progress our discussions around offtake and financing.

Mineral Sands Projects, Mozambique

In September 2019 a significant milestone was reached on the Mutamba mineral sands project with the Minister of Mineral Resources and Energy in Mozambique awarded two of the three Mining Leases applied for in 2018. With two Leases approved and the outstanding 9228C Lease application reported to be in the final stage of award, we believe the status of this world class mineral sands project, which we are evaluating in partnership with Rio Tinto, has been significantly advanced.

The opportunity presented by Mutamba has also benefited from the improved market dynamics seen in the mineral sands market over the last 12 months. Market commentators such as TZMI have forecast for some time that prices for the key titanium minerals, rutile and ilmenite, as well as for the zircon contained in the sands would increase as existing inventories were consumed and not replaced at a sufficient rate in the face of demand growing in line with global GDP trends. Based on recent comments from existing mineral sands producers, these forecast market dynamics are now playing out. Consumption is expected to continue to grow in-line with the global economy and hence new sources of supply, such as Mutamba, should be required to meet the increased demand as existing operations become depleted and close.

Following formalisation of the leases, Savannah, as the project operator, will continue its preparations for the Pre-Feasibility Study on Mutamba. Completing that study would see our stake in the project rise from the current 20% to 35%.

Copper Projects, Oman

In our 2018 annual report we announced that we would be undertaking a strategic review of our assets in Oman given the delays we had experienced with licence approvals and the diminished status the projects had in our portfolio due to the superior opportunity presented by the Mina do Barroso lithium project.

While the strategic review is continuing, we were heartened by the advice received in August from the Public Authority for Mining in Oman ("PAM") that it intends to grant the mining licences over the Mahab 4 and Maqail South copper deposits which were applied for in 2016. Following the approvals received from a series of government authorities and a rigorous review of the applications by PAM, formal award should take place once licencing fees have been officially set under the new Mining Law which was introduced in March 2019. As with our Mozambique joint venture, we believe that award of these Licences will eliminate one of the main risks of our joint venture projects in Oman, helping us to reach a well-informed conclusion on the best option for our shareholders regarding the projects.

Corporate Social Responsibility (CSR)

Savannah remains fully committed to the CSR programmes which we presented in detail for the first time in our 2018 annual report.

In Portugal we have continued to engage with the communities living around the Project, with the level of interaction expected to increase as finalised information on the Project becomes available, especially from the EIA. A monthly newsletter is issued to local residents, who are also able to discuss the Project with our staff at the new Community Information Centre we opened in April of this year. Our latest community meeting held on

14 August was again well attended. We have also recently appointed a Head of Communication & Community Affairs to help with the full range of stakeholders.

In Mozambique, the new Jangamo Training Centre that Savannah and Rio Tinto created in partnership with the German NGO, GIZ, graduated its first group of 42 technicians. The Centre is tasked with helping to match labour demands with skills development in the Inhambane Province and offers training courses in electrical maintenance, carpentry, plumbing and construction. Savannah and Rio Tinto also worked with GIZ on the provision of approximately 7,000 coconut tree seedlings to the Government of Jangamo district and the Institute of Employment and Vocational Training.

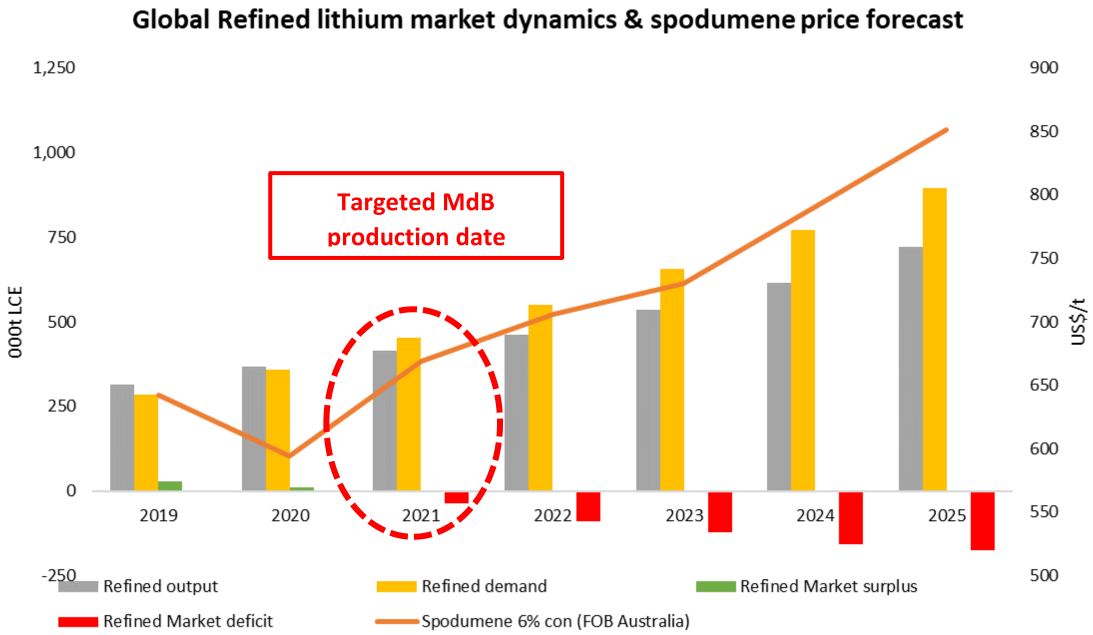
Financial Summary

Savannah is reporting a loss for the period of £1.97m (30 June 2018: £1.17m) (31 December 2018: £3.07m), reflecting the rapid pace of our project developments, primarily around Mina do Barroso. Net assets have increased to £23.76m (30 June 2018: £14.59m) (31 December 2018: £25.42m) due to the increase in exploration activity during the period, predominantly associated with the lithium project in Portugal.

No funds were raised during the reporting period with cash at 30 June 2019 reported at £3.08m following the £14.6m raised in total during 2018. £3.76m was subsequently raised in September 2019 with additional intended commitments of £1.24m from Savannah's major shareholder Al Marjan Limited and another PDMR to ensure that ongoing commitments, including the completion of the DFS on the Mina do Barroso project following the extension to the study's timetable are well funded.

Outlook

We view the recent volatility in the lithium sector as symptomatic of the changes in its supply and demand dynamics over the short term. We believe that the outlook for lithium prices remains positive in the medium and long term with demand driven by ever tightening emissions legislation, the public's growing concern regarding climate change and the reducing cost of ownership of Electric Vehicles. The Mina do Barroso project gives Savannah great exposure to this burgeoning industry and we remain firmly focused on delivery of the DFS on the project in Q2 2020. The table above shows the global refined lithium market dynamics and spodumene price forecast.



(Source: Roskill, 'Lithium 15th Edition, June 2018; 'Lithium 15th Edition – update 3', March 2019; Benchmark Mineral Intelligence, Contract Structures Report, June 2019; and Company)

CHAIRMAN'S STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2019

Following the mining licence awards in Mozambique, we will continue with our preparations for the recommencement of the Pre-Feasibility Study on Mutamba. We will also continue to evaluate the options available to us for value creation around our Oman projects. Given that developments are expected across the portfolio, future meaningful news flow should be generated on a regular basis.

Our efforts would not be possible without the financial support provided by our shareholders. On behalf of the Company I would like to extend my sincere thanks to all our shareholders for their ongoing support and welcome new investors who participated in the September 2019 placing. Particular thanks goes to the Al Marjan Group which remains the Company's largest shareholder, after its £1.2m commitment to the September financing. We were also very pleased to receive further investment from our existing institutional shareholders and to attract additional UK and European institutional investment. This has increased the proportion of our Company held by funds to around 17%. While the placing price of 2p must have been very disappointing to our retail investors in particular, the £5 million raised combined with our existing reserves gives us the cash necessary to complete the DFS and EIA studies on Mina do Barroso and maintain activities on our other projects.

I would also like to add my personal thanks to Savannah's management and staff for their continuing efforts to generate significant value in the Company by progressing our projects towards key milestones.

We look forward to delivering on the next commercial milestones in the coming months.

Matthew King
Chairman

Date: 25 September 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	**Unaudited Six months to 30 June 2019 £**	Unaudited Six months to 30 June 2018 £	Audited Year ended 31 December 2018 £
CONTINUING OPERATIONS				
Revenue		**-**	-	-
Administrative expenses		**(1,998,696)**	(1,126,994)	(3,258,458)
Impairment of intangible assets		**-**	(140,024)	(140,024)
Gain on disposal of investments		**-**	68,717	-
OPERATING LOSS		**(1,998,696)**	(1,198,301)	(3,398,482)
Finance income		**16,560**	342	17,321
Finance costs		**-**	(3,841)	-
LOSS BEFORE AND AFTER TAX ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT		**(1,982,136)**	(1,201,800)	(3,381,161)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss:				
Net change in Fair value through other comprehensive income of Equity Investments		**3,183**	(58,665)	(73,345)
Transfer to realised gain on disposal of investments		**-**	(68,717)	-
Items that will or may be reclassified to profit or loss:				
Exchange gains arising on translation of foreign operations		**12,012**	159,009	384,248
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**15,195**	31,627	310,903
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT		**(1,966,941)**	(1,170,173)	(3,070,258)
Loss per share attributable to equity owners of the parent expressed in pence per share:				
Basic and diluted				
From operations	3	**(0.22)**	(0.18)	(0.44)

The notes form part of this Interim Financial Report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	**Unaudited 30 June 2019**	Unaudited 30 June 2018	Audited 31 December 2018
		£	£	£
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	4	**20,100,187**	12,816,851	17,413,168
Other intangible assets		**7,303**	-	342,881
Property, plant and equipment	5	**1,406,974**	1,195,292	1,437,068
Other receivables	6	**-**	270,876	-
Other non-current assets	7	**242,323**	215,681	253,188
TOTAL NON-CURRENT ASSETS		**21,756,787**	14,498,700	19,446,305
CURRENT ASSETS				
Investments		**9,648**	32,168	18,007
Trade and other receivables	6	**235,387**	191,300	330,774
Other current assets	7	**155,208**	251,752	223,733
Cash and cash equivalents		**3,078,296**	786,764	7,715,435
TOTAL CURRENT ASSETS		**3,478,539**	1,261,984	8,287,949
TOTAL ASSETS		**25,235,326**	15,760,684	27,734,254
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	9	**10,474,598**	7,016,155	8,814,518
Share premium		**37,743,554**	20,020,658	31,060,554
Foreign currency reserve		**591,138**	353,887	579,126
Warrant reserve		**1,000,221**	1,278,846	1,000,221
Share based payment reserve		**391,516**	600,416	508,051
Shares to be issued reserve		**-**	30,000	-
FVTOCI Reserve		**(42,752)**	-	(58,737)
Retained earnings		**(26,398,546)**	(14,713,554)	(16,485,626)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**23,759,729**	14,586,408	25,418,107
LIABILITIES				
NON-CURRENT LIABILITIES				
Loans and borrowings		**17,275**	22,401	25,813
TOTAL NON-CURRENT LIABILITIES		**17,275**	22,401	25,813
CURRENT LIABILITIES				
Loans and borrowings		**16,518**	6,630	16,895
Trade and other payables	8	**1,441,804**	1,145,245	2,273,439
TOTAL CURRENT LIABILITIES		**1,458,322**	1,151,875	2,290,334
TOTAL LIABILITIES		**1,475,597**	1,174,276	2,316,147
TOTAL EQUITY AND LIABILITIES		**25,235,326**	15,760,684	27,734,254

The interim financial report was approved by the Board of Directors on 25 September 2019 and was signed on its behalf by:

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D S Archer
Chief Executive Officer
Company number: 07307107

The notes form part of this Interim Financial Report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Share capital £	Share premium £	Foreign currency reserve £	Warrant reserve £	Share based payment reserve £	Shares to be issued reserve £	FVTOCI reserve £	Retained earnings £	Total equity £
At 1 January 2018	6,358,504	18,105,108	194,878	1,405,958	691,194	-	-	(13,612,758)	13,142,884
Loss for the period	-	-	-	-	-	-	-	(1,201,800)	(1,201,800)
Other comprehensive income	-	-	159,009	-	-	-	-	(127,382)	31,627
Total comprehensive income for the period	-	-	159,009	-	-	-	-	(1,329,182)	(1,170,173)
Issue of share capital (net of expenses)	457,651	1,915,550	-	-	-	-	-	-	2,373,201
Contingent consideration	-	-	-	-	188,950	-	-	-	188,950
Contingent consideration shares issued	200,000	-	-	-	(188,950)	-	-	(11,050)	-
Share based payment charges	-	-	-	-	21,546	-	-	-	21,546
Exercise of options	-	-	-	-	(95,797)	-	-	95,797	-
Lapse of options	-	-	-	-	(16,527)	-	-	16,527	-
Exercise of warrants	-	-	-	(35,972)	-	-	-	35,972	-
Lapse of warrants	-	-	-	(91,140)	-	-	-	91,140	-
Warrants pending exercise	-	-	-	-	-	30,000	-	-	30,000
At 30 June 2018	7,016,155	20,020,658	353,887	1,278,846	600,416	30,000	-	(14,713,554)	14,586,408
Loss for the period	-	-	-	-	-	-	-	(2,179,361)	(2,179,361)
Other comprehensive income	-	-	225,239	-	-	-	(58,737)	112,774	279,276
Total comprehensive income for the period	-	-	225,239	-	-	-	(58,737)	(2,066,587)	(1,900,085)
Issue of share capital (net of expenses)	1,598,363	11,052,054	-	-	-	-		-	12,650,417
Contingent consideration	-	-	-	-	94,333	-	-	-	94,333
Contingent consideration shares issued	200,000	-	-	-	(94,333)	-	-	(105,667)	-
Share based payment charges	-	-	-	-	17,034	-	-	-	17,034
Exercise of options	-	-	-	-	(106,724)	-	-	106,724	-
Lapse of options	-	-	-	-	(2,675)	-	-	2,675	-
Issue of warrants	-	(12,158)	-	12,158	-	-	-	-	-
Exercise of warrants	-	-	-	(290,783)	-	-	-	290,783	-
Warrants pending exercise	-	-	-	-	-	(30,000)	-	-	(30,000)
At 31 December 2018	**8,814,518**	**31,060,554**	**579,126**	**1,000,221**	**508,051**	**-**	**(58,737)**	**(16,485,626)**	**25,418,107**

The notes form part of this Interim Financial Report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Share capital £	Share premium £	Foreign currency reserve £	Warrant reserve £	Share based payment reserve £	Shares to be issued reserve £	FVTOCI reserve £	Retained earnings £	Total equity £
At 31 December 2018	**8,814,518**	**31,060,554**	**579,126**	**1,000,221**	**508,051**	-	**(58,737)**	**(16,485,626)**	**25,418,107**
Loss for the period	-	-	-	-	-	-	-	**(1,982,136)**	**(1,982,136)**
Other comprehensive income	-	-	**12,012**	-	-	-	**15,985**	**(12,802)**	**15,195**
Total comprehensive income for the period	-	-	**12,012**	-	-	-	**15,985**	**(1,994,938)**	**(1,966,941)**
Consideration for acquisition of non-controlling interest	**1,630,000**	**6,683,000**	-	-	-	-	-	**(8,019,000)**	**294,000**
Consideration for settlement deferred consideration	**30,080**	-	-	-	-	-	-	**(30,080)**	-
Lapse of options	-	-	-	-	**(131,098)**	-	-	**131,098**	-
Share based payment charges	-	-	-	-	**14,563**	-	-	-	**14,563**
At 30 June 2019	**10,474,598**	**37,743,554**	**591,138**	**1,000,221**	**391,516**	-	**(42,752)**	**(26,398,546)**	**23,759,729**

The notes form part of this Interim Financial Report.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	**Unaudited Six months to June 2019 £**	Unaudited Six months to June 2018 £	Audited Year ended December 2018 £
Cash flows used in operating activities				
Loss for the period		**(1,982,136)**	(1,201,800)	(3,381,161)
Depreciation and amortisation charges	5	**20,606**	10,427	31,194
Impairment of assets classified as held for sale		**-**	140,024	140,024
Gain on disposal of investments		**-**	(68,717)	-
Share based payments reserve charge		**14,563**	21,546	38,580
Finance income		**(16,560)**	(342)	(17,321)
Finance expense		**-**	3,841	-
Exchange losses		**65,929**	(23,111)	(54,076)
Cash flow from operating activities before changes in working capital		**(1,897,598)**	(1,118,132)	(3,242,761)
Decrease/(Increase) in trade and other receivables		**106,253**	(32,286)	(179,376)
(Decrease)/Increase in trade and other payables		**(100,272)**	(51,903)	562,925
Net cash used in operating activities		**(1,891,617)**	(1,202,321)	(2,859,212)
Cash flow used in investing activities				
Purchase of intangible exploration assets		**(2,619,772)**	(2,487,352)	(6,317,118)
Purchase of other intangible assets		**(64,149)**	-	(131,173)
Purchase of tangible fixed assets		**(13,510)**	(221,885)	(328,768)
Purchase of investments		**-**	-	(695)
Proceeds from sale of investments		**596**	104,283	104,461
Payments for guarantees for mining activity		**-**	(231,741)	-
Guarantees for acquisition of intangible exploration assets		**-**	-	(202,180)
Interest received		**16,560**	342	17,321
Net cash used in investing activities		**(2,680,275)**	(2,836,353)	(6,858,152)
Cash flow from / (used in) financing activities				
Proceeds from issues of ordinary shares (net of expenses)		**-**	2,348,287	14,986,546
Proceeds from warrants pending exercise		**-**	30,000	-
Interest paid		**-**	(3,841)	-
Net cash from financing activities		**-**	2,374,446	14,986,546
(Decrease)/Increase in cash and cash equivalents		**(4,571,892)**	(1,664,228)	5,269,182
Cash and cash equivalents at beginning of period		**7,715,435**	2,455,968	2,455,968
Exchange (losses)/gains on cash and cash equivalents		**(65,247)**	(4,976)	(9,715)
Cash and cash equivalents at end of period		**3,078,296**	786,764	7,715,435

The notes form part of this Interim Financial Report.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. BASIS OF PREPARATION

The financial information set out in this report is based on the consolidated financial statements of Savannah Resources Plc and its subsidiary companies (together referred to as the 'Group'). The interim financial report of the Group for the six months ended 30 June 2019, which is unaudited, was approved by the Board on 25 September 2019. The financial information contained in this interim report does not constitute statutory accounts as defined by s434 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2018 have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006.

The financial information set out in this report has been prepared in accordance with the accounting policies set out in the Annual Report and Financial Statements of Savannah Resources Plc for the year ended 31 December 2018. New standards and amendments to IFRS effective as of 1 January 2019 have been reviewed by the Group and there has been no material impact on the financial information set up on this report as a result of these standards and amendments.

The Group interim financial report is presented in Pound Sterling.

Going Concern

The financial statements have been prepared on a going concern basis. On 16 September 2019, following the share placement amounting to £3.76m (before expenses) (Note 12), and the letters of intent received for additional £1.24m cash subscriptions from a Directors' related party (Al Marjan Ltd), from an alternate Director and from staff for when the Company is not in a closed period, the Group had a pro-forma cash balance of £6.8m. 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.

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 are comprised of exploration and development in Oman, exploration and development in Mozambique, exploration and development in Portugal, 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 Portugal 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**	**Portugal Lithium**	**HQ and Corporate**	**Invest-ments**	**Elimination**	**Total**
	£	**£**	**£**	**£**	**£**	**£**	**£**
Period 30 June 2019							
Revenue	**-**	**28,271**	**-**	**1,301,678**	**-**	**(1,329,949)**	**-**
Interest income	**-**	**81**	**-**	**16,479**	**-**	**-**	**16,560**
Share based payments	**-**	**-**	**-**	**14,563**	**-**	**-**	**14,563**
Loss for the period	**100,476**	**243,730**	**433,621**	**1,204,309**	**-**	**-**	**1,982,136**
Total assets	**5,409,641**	**5,167,824**	**11,215,760**	**3,432,453**	**9,648**	**-**	**25,235,326**
Total non-current assets	**5,265,347**	**5,044,739**	**11,087,748**	**358,953**	**-**	**-**	**21,756,787**
Additions to non-current assets	**248,187**	**116,567**	**1,956,928**	**(11,200)**	**-**	**-**	**2,310,482**
Total current assets	**144,294**	**123,085**	**128,012**	**3,073,500**	**9,648**	**-**	**3,478,539**
Total liabilities	**(86,497)**	**(76,542)**	**(317,467)**	**(995,091)**	**-**	**-**	**(1,475,597)**

	Oman Copper	Mozambique Mineral Sands	Portugal Lithium	Finland Lithium	HQ and Corporate	Invest-ments	Elimination	Total
	£	£	£	£	£	£	£	£
Period 31 December 2018								
Revenue	-	-	-	-	964,073		(964,073)	-
Interest income	-	157	-	-	16,822	-	-	16,979
Share based payments	-	-	-	-	17,034	-	-	17,034
Loss for the period	125,655	397,865	461,595	8,289	1,117,240	68,717	-	2,179,361
Total assets	5,213,999	5,077,253	9,334,988	933	8,089,074	18,007	-	27,734,254
Total non-current assets	5,017,160	4,928,172	9,130,820	-	370,153	-	-	19,446,305
Additions to non-current assets	352,574	298,809	3,694,026	-	351,118	-	-	4,696,527
Total current assets	196,839	149,081	204,168	933	7,718,921	18,007	-	8,287,949
Total liabilities	(116,311)	(50,060)	(933,627)	(2,258)	(1,213,891)	-	-	(2,316,147)

	Oman Copper	Mozambique Mineral Sands	Portugal Lithium	Finland Lithium	HQ and Corporate	Invest-ments	Elimination	Total
	£	£	£	£	£	£	£	£
Period 30 June 2018								
Revenue	-	-	-	-	434,235	-	(434,235)	-
Interest income	-	-	-	-	342	-	-	342
Finance costs	-	(3,841)	-	-	-	-	-	(3,841)
Share based payments	-	-	-	-	21,546	-	-	21,546
(Loss) for the period	(122,251)	(249,791)	(184,437)	(144,196)	(569,842)	68,717	-	(1,201,800)
Total assets	4,632,337	4,928,165	5,467,788	2,343	697,883	32,168	-	15,760,684
Total non-current assets	4,510,283	4,619,171	5,358,046	-	11,200	-	-	14,498,700
Additions to non-current assets	201,272	206,447	2,518,844	-	-	-	-	2,926,563
Total current assets	122,055	308,994	109,741	2,343	686,683	32,168	-	1,261,984
Total liabilities	(100,964)	(105,335)	(734,360)	(2,098)	(231,519)	-	-	(1,174,276)

3. EARNINGS PER SHARE

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

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

Reconciliations are set out below:

	Unaudited Six months to 30 June 2019	Unaudited Six months to 30 June 2018	Audited Year ended 31 December 2018
Basic loss per share:			
Losses attributable to ordinary shareholders (£):			
Total loss for the period (£)	**(1,982,136)**	(1,201,800)	(3,381,161)
Weighted average number of shares (number)	**892,457,852**	667,935,800	766,442,525
Loss per share – total loss for the period from continuing operations (pence)	**0.22**	0.18	0.44

4. INTANGIBLE ASSETS

	Exploration and evaluation assets
	£
Cost	
At 1 January 2018	9,809,994
Additions	2,893,366
Exchange differences	113,491
At 30 June 2018	12,816,851
Additions	4,355,584
Transfer to Assets classified as Held for Sale	137,128
Exchange difference	243,629
At 31 December 2018	17,553,192
Additions	**2,374,015**
Transfer from Other Intangible Assets	**333,353**
Exchange differences	**(20,349)**
At 30 June 2019	**20,240,211**
Depreciation and impairment	
At 1 January 2018	-
At 30 June 2018	-
Impairment charged in the period	140,024
At 31 December 2018	140,024
At 30 June 2019	**140,024**
Net Book Value	
At 1 January 2018	9,809,994
At 30 June 2018	12,816,851
At 31 December 2018	17,413,168
At 30 June 2019	**20,100,187**

In February 2018 the first milestone relating to the acquisition of Slipstream PORT Pty Ltd was triggered and the company paid AUD $ 1,500,000 in cash and issued 20,000,000 ordinary shares in the Company. This consideration was accounted for as an asset acquisition increasing the value of the exploration and evaluation assets by GBP £2,122,018. In accordance with IFRS 2 the deferred consideration paid in shares is required to be accounted for as a share based payment. At 31 December 2018 after application of IFRS 2 an adjustment was registered decreasing the exploration and evaluation assets by GBP £1,091,050, the share premium by GBP £1,080,000 and the retain earnings by GBP £11,050. The 30 June 2018 figures in this report reflect these adjustments.

5. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Office Equipment	Plant and Machinery	Land	Total
					£
Cost					
At 1 January 2018	75,363	23,912	1,094,465	46,275	1,240,015
Additions	-	7,853	590	-	8,443
Exchange difference	557	354	1,430	(170)	2,171
At 30 June 2018	75,920	32,119	1,096,485	46,105	1,250,629
Additions	72,419	(2,677)	163,589	9,361	242,692
Exchange difference	3,074	1,756	17,440	879	23,149
At 31 December 2018	151,413	31,198	1,277,514	56,345	1,516,470
Additions	**-**	**4,594**	**-**	**-**	**4,594**
Exchange differences	**(304)**	**(126)**	**(15,605)**	**(199)**	**(16,234)**
At 30 June 2019	**151,109**	**35,666**	**1,261,909**	**56,146**	**1,504,830**
Depreciation					
At 1 January 2018	31,644	12,287	-	-	43,931
Charge for the period	9,290	1,137	-	-	10,427
Exchange difference	774	205	-	-	979
At 30 June 2018	41,708	13,629	-	-	55,337
Charge for the period	12,062	8,705	-	-	20,767
Exchange difference	1,445	1,853	-	-	3,298
At 31 December 2018	55,215	24,187	-	-	79,402
Charge for the year	**14,350**	**4,066**	**-**	**-**	**18,416**
Exchange differences	**111**	**(73)**	**-**	**-**	**38**
At 30 June 2019	**69,676**	**28,180**	**-**	**-**	**97,856**
Net Book Value					
At 30 June 2018	34,212	18,490	1,096,485	46,105	1,195,292
At 31 December 2018	96,198	7,011	1,277,514	56,345	1,437,068
At 30 June 2019	**81,433**	**7,486**	**1,261,909**	**56,146**	**1,406,974**

6. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2019 £	Unaudited 30 June 2018 £	Audited 31 December 2018 £
Non-Current			
Other receivables - VAT	**-**	270,876	-
	-	270,876	-
Current			
VAT recoverable	**142,601**	96,880	133,728
Other receivables	**92,786**	94,420	197,046
	235,387	191,300	330,774

7. OTHER CURRENT AND NON-CURRENT ASSETS

	Unaudited 30 June 2019 £	Unaudited 30 June 2018 £	Audited 31 December 2018 £
Non-Current			
Guarantees	**213,847**	202,237	213,645
Other	**28,476**	13,444	39,543
	242,323	215,681	253,188
Current			
Guarantees	**134,321**	251,752	202,180
Other	**20,887**	-	21,553
	155,208	251,752	223,733

8. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2019 £	Unaudited 30 June 2018 £	Audited 31 December 2018 £
Current			
Trade payables	**812,144**	647,636	1,027,100
Other payables	**98,158**	30,403	82,571
Accruals and deferred income	**531,502**	467,206	1,163,768
	1,441,804	1,145,245	2,273,439

9. SHARE CAPITAL

Allotted, issued and fully paid

	Six months to 30 June 2019 £0.01 ordinary shares number	**£**	Six months to 30 June 2018 £0.01 ordinary shares number	£	Six months to 31 December 2018 £0.01 ordinary shares number	£
At beginning of period	**881,451,795**	**8,814,518**	635,850,386	6,358,504	701,615,540	7,016,155
Issued during the period:						
Share placement	**-**	**-**	38,181,818	381,818	139,458,367	1,394,584
Exercise of share options	**-**	**-**	4,708,336	47,083	8,271,776	82,718
Exercise of warrants	**-**	**-**	1,875,000	18,750	12,106,112	121,061
In lieu of cash for acquisition of assets	**-**	**-**	20,000,000	200,000	20,000,000	200,000
Issued as condition of JV agreement	**-**	**-**	1,000,000	10,000	-	-
In lieu of cash for acquisition of minority interest	**163,000,000**	**1,630,000**	-	-	-	-
Settlement deferred consideration Oman (note 10)	**3,008,025**	**30,080**	-	-	-	-
At end of period	**1,047,459,820**	**10,474,598**	701,615,540	7,016,155	881,451,795	8,814,518

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

10. GROUP 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 at the reporting date they have not been triggered, it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

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

In June 2019 the Company entered into an agreement with Gentor Resources Inc to settle the deferred consideration that was related to the original acquisition of the Block 5 licence in April 2014 as part of the strategic review of the Oman portfolio. The deferred consideration of UDS $3,000,000 (payable 50% in cash / 50% in shares) relating to the share purchase agreement between the parties was cancelled in full return for the issue of USD $200,000 (~GBP £158,000) worth of Ordinary Shares in the Company, which are subject to a six month orderly market agreement; and a cash payment of USD $100,000 (~GBP £79,000).

Consideration payable in relation to the acquisition of Mining Lease Application for lithium, feldspar and quartz (Portugal lithium project)

In June 2019 the Company exercised its option to acquire a Mining Lease Application for lithium, feldspar and quartz from private Portuguese company, Aldeia & Irmão, S.A.. The total purchase price for the acquisition is EUR €3,250,000 (~ GBP £2,910,000), which will only become due once the Mining Lease Application has been granted and the Mining Rights transferred to an entity within the Group, at which point the agreed payment schedule will consist of an initial EUR €55,000 (~ GBP £49,000) payment with the balance due in 71 equal monthly instalments.

11. 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.

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

At 30 June 2019

	Quantity at 1 Jan 2019	Quantity granted during the period	Exercised /Lapsed during the period	Options / Warrants at 30 Jun 2019	Exercise price	Date of the grant	First date of exercise	Final date of exercise
Share Options								
Dale Ferguson	**2,000,000**	**-**	**-**	**2,000,000**	**7.59p**	**01/03/17**	**01/03/17**	**28/02/21**
Dale Ferguson	**-**	**3,000,000**	**-**	**3,000,000**	**10.0p**	**11/03/19**	**11/03/22**	**10/03/24**
Matthew King	**1,500,000**	**-**	**-**	**1,500,000**	**2.76p**	**16/03/16**	**16/03/16**	**15/03/20**
David Archer	**7,000,000**	**-**	**-**	**7,000,000**	**7.59p**	**01/03/17**	**01/03/17**	**28/02/21**
Investor Warrants								
David Archer	**2,857,143**	**-**	**-**	**2,857,143**	**6.0p**	**14/07/17**	**14/07/17**	**14/07/20**

At 31 December 2018

	Quantity at 30 June 2018	Quantity granted during the period	Exercised / Lapsed during the period	Options / Warrants at 31 Dec 2018	Exercise price	Date of the grant	First date of exercise	Final date of exercise
Share Options								
Dale Ferguson	5,321,776	-	(5,321,776)	-	3.0p	21/07/13	20/07/14	20/07/18
Dale Ferguson	2,000,000	-	-	2,000,000	7.59p	01/03/17	01/03/17	28/02/21
Matthew King	1,500,000	-	-	1,500,000	2.76p	16/03/16	16/03/16	15/03/20
David Archer	7,000,000	-	-	7,000,000	7.59p	01/03/17	01/03/17	28/02/21
Warrants								
David Archer	11,111,112	-	(11,111,112)	-	3.0p	24/09/13	24/09/13	19/07/18
David Archer	2,857,143	-	-	2,857,143	6.0p	14/07/17	14/07/17	14/07/20

At 30 June 2018

	Quantity at 1 Jan 2018	Quantity granted during the period	Exercised / Lapsed during the period	Options / Warrants at 30 Jun 2018	Exercise price	Date of the grant	First date of exercise	Final date of exercise
Share Options								
Dale Ferguson	5,321,776	-	-	5,321,776	3.0p	21/07/13	20/07/14	20/07/18
Dale Ferguson	2,000,000	-	-	2,000,000	7.59p	01/03/17	01/03/17	28/02/21
Matthew King	1,500,000	-	-	1,500,000	2.76p	16/03/16	16/03/16	15/03/20
David Archer	7,000,000	-	-	7,000,000	7.59p	01/03/17	01/03/17	28/02/21
Investor Warrants								
David Archer	11,111,112	-	-	11,111,112	3.0p	24/09/13	24/09/13	19/07/18
David Archer	2,857,143	-	-	2,857,143	6.0p	14/07/17	14/07/17	14/07/20

12. EVENTS AFTER THE REPORTING DATE

In September 2019 the Company approved a share placement of £3.76m (before expenses) through the issue of 161,400,000 ordinary shares at an issue price of 2 pence per share. Additionally, the Company received letters of intent for additional £1.24m cash subscriptions from a Directors' related party (Al Marjan Ltd), from an alternate Director and from staff for when the Company is not in a closed period.