

ASX ANNOUNCEMENT

9 May 2023

CORPORATE AND OPERATIONS UPDATE

Savannah Goldfields Limited ("Savannah" or "the Company") (ASX:SVG) is pleased to advise of a number of corporate developments and to provide an operational update.

HIGHLIGHTS

- A Deed of Variation to the Share Sale Agreement for the Georgetown Project acquisition has been entered into reducing the final Balance Payment due to the vendors from \$6.95m to \$6.25m. The reduction is on the basis that Savannah pays the reduced amount by way of a cash payment rather than making the payment by combination of cash and up to \$2.25m worth of shares as allowed for under the original Share Sale Agreement.
- Payment of this final payment to the vendors of the Georgetown Project will be made this week with the payment to be funded from a combination of existing cash and a further drawdown on a short term debt facility currently provided by Norfolk Enchants Pty Ltd.
- Payment of this final payment will allow for the release of security interests that the Georgetown Project vendors hold over the Georgetown Gold Processing Plant and associated tenements.
- Mining, ore transportation, crushing and ore processing has returned to pre-wet season productivity levels with processing throughput of Agate Creek ore now averaging over 20 tonnes per hour through the Georgetown Processing Plant.
- Gold production now has reached approximately 7,000 ounces produced and gold and silver sales proceeds of approximately \$19 million have been received to date since commencement of production in September 2022.
- Savannah continues to also advance its strategy of the Georgetown Processing Plant becoming a regional processing hub that can process third party ore on a toll treatment basis with an initial parcel of third party ore transported to the Georgetown Processing Plant in the past few weeks and has now been crushed ready to be processed in coming days.
- The Company will be undertaking an equity capital raising to raise a minimum of \$2.5 million.

Georgetown Project Acquisition Final Payment and Loan Agreement

Savannah has entered into a Deed of Variation to the Share Sale Agreement for the acquisition of the Georgetown Project which provides for a reduction in the remaining consideration payable from \$6.95 million to \$6.25 million.

This final payment due will be paid this week from current Savannah cash reserves together with a further draw down under a current short term loan agreement that the Company has in

place with Norfolk Enchants Pty Ltd. The drawdown under the loan facility is subject to a number of conditions precedent which are expected to be satisfied shortly.

Payment of this final payment to the Georgetown Project vendors will allow for the release of security interests that the Georgetown Project vendors currently hold over the Georgetown Gold Processing Plant and associated mining and exploration tenements.

Proposed Capital Raising

The Company is proposing to undertake a capital raising to partially repay the short term debt facility from Norfolk Enchants Pty Ltd with the balance of the loan to be repaid from operational cashflows. The capital raising will comprise a placement utilising the Company's placement capacity under ASX Listing Rule 7.1 together with a conditional placement subject to receipt of shareholder approval.

Further details of the proposed capital raising will be provided by the Company in due course.

Convertible Note Interest Payment

The Company's convertible notes on issue have an interest payment due for the six month period ended 31 March 2023. Under the terms of issue of the convertible notes, Savannah has the right to elect to issue further convertible notes in payment of the interest and has elected to do so for the current interest payment.

Issue of the convertible notes for the interest payment will be subject to obtaining any necessary shareholder approvals.

Operations Update

The recent completion of the acquisition of the Georgetown Project and the refurbishment and recommissioning of the Georgetown Gold Processing Plant has facilitated the Company's transition from an explorer to a gold producer and will underpin the Company's longer term regional gold production expansion strategy.

Following the production disruptions in the March 2023 Quarter caused by the significant wet weather event and localised flooding, operations at both the Agate Creek mine and at the Georgetown Gold Processing Plant have returned to normal.

Mining, ore transportation, crushing and ore processing has returned to pre-wet season productivity levels with processing throughput of Agate Creek ore now averaging over 20 tonnes per hour through the Georgetown Processing Plant.

Gold production continues from ore mined from the Company's 100% owned Agate Creek gold mine with approximately 7,000 ounces produced to date since commencement of gold production in September 2022.

Gold sales proceeds received to date since commencement of production of approximately \$19 million.

Current quarter gold production and costs expected to approach similar levels to the December 2022 Quarter which produced 4,130 ounces at a cash production cost of A\$1,916 per ounce.

The Company has been making its most recent gold sales at prices in excess of A\$3,000 per ounce.

Savannah has also advanced its strategy of the Georgetown Processing Plant becoming a regional processing hub that can process third party ore on a toll treatment basis with an initial agreement entered into recently to process an initial parcel of ore from a third party project that is located within 50 km of Georgetown. Under the terms of the agreement entered into, Savannah will recover its costs of processing the ore and then receive a percentage of the gold recovered. The ore from this initial third party toll treatment agreement has now been transported to the Georgetown Processing Plant and has been crushed and will be processed in the coming days. Other opportunities to source third party ore are also being actively reviewed.

Savannah's Chairman, Stephen Bizzell, commented:

"We are pleased to have reached the revised agreement with the Georgetown Project vendors and to be able to now make the final payment to complete this acquisition which has been a key enabler of Savannah's transition to becoming a gold producer and which will underpin our longer-term regional gold production expansion strategy. It is also pleasing to see Savannah's mining and production operations quickly return to a steady state following the wet weather disruptions earlier this year".

This Announcement is Authorised by the Board of Directors

For further information, please contact:

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