AME EAST AFRICA LIMITED

Company No. 08655008

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2016

AME East Africa ltd
a savannah resources group company

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their report with the financial statements for the year ended 31 December 2016.

Principal Activities and incorporation

The principal activity during the year was that of an intermediate holding company. The financial statements are presented for the year to 31 December 2016.

Director

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

Mr D S Archer
Mr C M McGarty

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 Company's auditors are unaware, and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

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

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

On behalf of the board:

C M Mc Garty

C M McGarty
Director
Date: 25 September 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the director has elected to prepare the 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 company and of the profit or loss for that period.

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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AME EAST AFRICA LIMITED FOR THE YEAR ENDED 31 DECEMBER 2016

We have audited the financial statements of AME East Africa Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the 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 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 company's affairs as at 31 December 2016 and of the result for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 directors' report for the financial year [period] for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AME EAST AFRICA LIMITED FOR THE YEAR ENDED 31 DECEMBER 2016

Matters on which we are required to Report by Exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

BDO LLP

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

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Revenue		-	-
Administrative expenses		**(94,934)**	(87,948)
OPERATING LOSS		**(94,934)**	(87,948)
Finance costs		**(56)**	-
LOSS BEFORE TAX		**(94,990)**	(87,948)
Taxation	3	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(94,990)**	(87,948)

All amounts relate to continuing activities.
All recognised gains and losses are included in the statement of comprehensive income.

The notes on pages 9 to 15 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AME EAST AFRICA LIMITED
REGISTERED NUMBER: 08655008
31 DECEMBER 2016

	Notes	2016 £	2015 £
ASSETS			
NON-CURRENT ASSETS			
Investments in subsidiaries	4	**866,301**	754,831
Other non-current assets	5	**-**	11,040
TOTAL NON-CURRENT ASSETS		**866,301**	765,871
CURRENT ASSETS			
Cash		**10,343**	10,190
TOTAL CURRENT ASSETS		**10,343**	10,190
TOTAL ASSETS		**876,644**	776,061
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	6	**100**	100
Retained earnings		**(259,255)**	(164,265)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**(259,155)**	(164,165)
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	**1,135,799**	940,226
TOTAL LIABILITIES		**1,135,799**	940,226
TOTAL EQUITY AND LIABILITIES		**876,644**	776,061

The financial statements were approved and authorised for issue by the Directors on 25 September 2017 and were signed on its behalf by:

C M Mc Garty

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C M McGarty
Director
Company number: 08655008

The notes on pages 9 to 15 form part of these financial statements.

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

	Share capital £	Retained earnings £	Total equity £
At 1 January 2015	100	(76,317)	(76,217)
Total comprehensive expense for the period	-	(87,948)	(87,948)
At 31 December 2015	100	(164,265)	(164,165)
Total comprehensive expense for the year	**-**	**(94,990)**	**(94,990)**
At 31 December 2016	**100**	**(259,255)**	**(259,155)**

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
Retained earnings	Cumulative net gains and losses recognised in the statement of comprehensive income.

The notes on pages 9 to 15 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015
		£	£
Cash flows used in operating activities			
Loss for the year		**(94,990)**	(87,948)
Finance expense		**56**	-
Cash flow from operating activities before changes in working capital		**(94,934)**	(87,948)
Increase in trade and other payables		**7,646**	87,948
Net cash used in operating activities		**(87,288)**	-
Cash flow used in investing activities			
Net cash outflow on investment in subsidiaries	4	**(100,430)**	-
Net cash used in investing activities		**(100,430)**	-
Cash flow from financing activities			
Net cash inflow from parent Company	7	**187,927**	-
Net cash outflow from Interest paid		**(56)**	-
Net cash from financing activities		**187,871**	-
Increase in cash and cash equivalents		**153**	-
Cash and cash equivalents at beginning of the year		**10,190**	10,190
Exchange gains on cash and cash equivalents		**-**	-
Cash and cash equivalents at end of the year		**10,343**	10,190

The notes on pages 9 to 15 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

Basis of Preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards (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 company is itself a subsidiary company and is exempt from the requirement to prepare group accounts as the ultimate parent of the company issues consolidated financial statements available for public use that comply with IFRSs. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The financial statements are presented for the year to 31 December 2016.

The company is domiciled in the UK and has its registered office at Third Floor, 55 Gower Street, London, WC1E 6HQ.

Presentational and Functional Currency
The presentational and functional currency of the Company is Pound Sterling.

Going Concern
During the year the Company incurred a total comprehensive loss of £94,990 and had a net asset deficiency of £259,155 as at 31 December 2016. The Financial Statements have been prepared on a going concern basis on the basis that the Company's parent entity Savannah Resources Plc will provide ongoing financial support to enable the Company to meet its financial obligations as and when they become due and payable.

Investments
Investments in subsidiaries are accounted for at cost. These investments are classified as non-current assets on the Statement of Financial Position.

Financial Instruments
Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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.

Financial Assets
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.

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.

Joint Arrangements
The company 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 company and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Company classifies its interests in joint arrangements as either: (a) Joint ventures: where the company has rights to only the net assets of the joint arrangement; (b) Joint operations: where the company 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 Company 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. This company accounts for the joint arrangement as an investment.

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 required in the preparation of the financial information is the carrying value of investment in subsidiary. The Company assesses at each reporting period whether there is any indication that these investments may be impaired. If such indication exists, the Company estimates the recoverable amount of the investments. When the subsidiary is in the early stages of exploration an indication of impairment of the investment may arise from drilling and assay results or from management's decision to terminate the project in the subsidiary.

The key judgement required in the preparation of the financial information is the Classification of Joint Arrangements. In determining the accounting treatment of the agreement signed between the Company and Rio Tinto (Note 10) 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 Company 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 Company.

2. EMPLOYEES AND DIRECTORS

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

	2016 No	2015 No
Operational	**1**	1
Non-operational	**1**	1
	2	2

Staff Costs (excluding Directors)	**2016 £**	2015 £
Salaries	**115,651**	115,988
Social security	**-**	-
	115,651	115,988

The numbers in the above table includes £22,176 (2015: £18,502) which was paid as an additional investment in subsidiaries and nil (2015: £11,040) which was paid as a prepayment with respect to ongoing resource projects.

No Directors received remuneration during the year.

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

3. INCOME TAX

Analysis of the Tax Charge

No UK corporation tax liability arose on ordinary activities for the year ended 31 December 2016 or 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	**(94,990)**	(87,948)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20%)	**(18,998)**	(17,590)
Effects of:		
Expenses not deductible for tax purposes	**-**	-
Tax losses carried forward	**18,998**	17,590
Total income tax	**-**	-

Deferred Tax

The Group has carried forward losses amounting to £259,255 as at 31 December 2016 (2015: £164,265). 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.

4. INVESTMENTS

	Company undertakings £
At 1 January 2015	735,918
Additional investment in subsidiaries	18,913
At 31 December 2015	**754,831**
Additional investment in subsidiaries	**100,430**
Transfers from Other non-current assets (Note 5)	**11,040**
At 31 December 2016	**866,301**

The additions in 2015 and 2016 represents the investment in Matilda Minerals Limitada and Panda Recursos Limitada and additional funds invested to fund exploration on the subsidiaries licenses in Mozambique.

In September 2013 the Company entered into an agreement to acquire 80% of the share capital of Matilda Minerals Lda ("Matilda"), the owner of a mineral sands exploration project in a world class mineral sands province in Mozambique. In respect of the remaining 20% shareholding in Matilda Minerals Plc, this is free carried at the Company's cost until the point of decision to carry out a Definitive Feasibility Study, or the remaining shareholding is acquired (see note 12). When this point is reached the 20% shareholder can either: (a) contribute in proportion to its shareholding at that time; (b) become diluted in accordance with a pre-determined methodology; or (c) sell its shareholding pro rata to the Project value. In August 2017 the Company acquired an additional 19.99%, paying consideration of AUD 99,950 satisfied by the issue of ordinary shares in its parent company, Savannah Resources plc. See details in Note 12.

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

Subsidiary	Country of Incorporation	Nature of business	Class of share	% Holding
Matilda Minerals Limitada	Mozambique [1]	Mining & exploration	Ordinary	80%
Panda Recursos Limitada	Mozambique [2]	Mining & exploration	Ordinary	99.99%

[1] Damiao de Gois, no 438, Sommerschield, Maputo, Mozambique
[2] Rua 1301, Num 97, Sommerschield, Maputo, Mozambique

5. OTHER NON-CURRENT ASSETS

	2016 £	2015 £
Prepayment - costs incurred on resource projects	-	11,040
	-	11,040

Other non-current assets as at 31 December 2015 represent prepayments with respect to ongoing resource projects. During 2016 these prepayments have been transferred to investments (Note 4) after the execution of the consortium agreement with Rio Tinto Mining and Exploration Limited (Note 10).

6. SHARE CAPITAL

Allotted, issued and fully paid	**2016** **£0.01 ordinary shares number**	**£**	2015 £0.01 ordinary shares number	£
Issued during year:				
Other issue	**10,000**	**100**	10,000	100
At end of year	**10,000**	**100**	10,000	100

On incorporation, 10,000 ordinary shares of £0.01 were issued for £100.

7. TRADE AND OTHER PAYABLES

	2016 **£**	2015 £
Current:		
Trade creditors	**19,712**	12,066
Amounts due to parent undertaking	**1,116,087**	928,160
	1,135,799	940,226

8. RELATED PARTY TRANSACTIONS

	2016 **£**	2015 £
Payables to related parties:		
- Savannah Resources Plc (parent)	**1,116,087**	928,160

Balances with the parent arise due to recharges, payments made to suppliers on the company's behalf by the parent company and funds received by the parent company to be invested in the Company's subsidiaries. The balances are repayable on demand.

9. FINANCIAL INSTRUMENTS

Financial Instruments - Risk Management

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company'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 Company'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.

9. FINANCIAL INSTRUMENTS (Continued)

Principal Financial Instruments
The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:
- cash at bank
- trade and other payables

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

Liquidity Risk
The Company has sufficient funding in place to meet its operational commitments through the support of its parent entity Savannah Resources and is not exposed to any liquidity risk. However, in common with many exploration Groups, the parent company is likely to need to raise funds for its exploration activities. The Company's policy continues to be to ensure that it has adequate liquidity by careful management of its working capital. The Board receives cash flow projections on a regular basis as well as information regarding cash balances. At the reporting date, these projections indicated that the Company expected to have sufficient liquid resources to meet its current obligations under all reasonably expected circumstances, through the support of its parent entity Savannah Resources.

Foreign Exchange Risk
The Company is exposed through its operations to foreign exchange risk which arises because the Company has overseas operations located in Mozambique whose functional currency is MZN. The Company'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 the Company enter into transactions denominated in a currency other than their functional currency. The Company's policy is, where possible, to allow its subsidiaries to settle liabilities denominated in their functional currency (MZN) with the cash remitted to those operations in their functional currency where practical or in USD. Larger contracts in Mozambique are denominated in USD.

10. JOINT ARRANGEMENTS

In October 2016 the Company, 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 the Company owned 10% of the combined Mutamba Project and Rio Tinto own the remaining 90%. The Company 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 a company representative. The Company 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 the Company 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. The Company 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 Company has invested £85,334 in the combined project which have been recognised as an increase in the investment in its subsidiaries in Mozambique.

11. ULTIMATE PARENT UNDERTAKING

The ultimate parent company is Savannah Resources plc, company no. 07307107 registered in England and Wales.

12. EVENTS SINCE THE REPORTING DATE

On 22 March 2017 the Company, Savannah Resources plc, Matilda Minerals Limitada and John Paul O'Donoghue entered into an agreement to transfer 19.99% of the issued share capital of Matilda Minerals Limitada held by John Paul O'Donoghue to the Company and 0.01% to Savannah Resources plc. The transaction concluded in August 2017 after authorisation by the Mozambican authorities. The Group paid an aggregate consideration of AUD 100,000 (~GBP £60,000), satisfied by the issue of ordinary shares in Savannah Resources plc.

On 23 May 2017 the scoping study relating to the Mutamba Project was delivered to the Consortium Committee. Subsequent to this, the Company now holds a 20% interest in the Project.

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTOR:	Mr David Stuart Archer Mr Christopher Michael McGarty
SECRETARY:	Mr Dominic Traynor
REGISTERED OFFICE:	Third Floor 55 Gower Street London WC1E 6HQ
REGISTERED NUMBER:	08655008 (England and Wales)
AUDITORS:	BDO LLP Chartered Accountants & Statutory Auditors 55 Baker Street London W1U 7EU