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Kodal Minerals plc

("Kodal Minerals", "Kodal" or the "Company")

Bougouni Lithium Project Update on Drilling, Engineering Development and Financing

Kodal Minerals, the mineral exploration and development company, is pleased to provide an update on the engineering development and drilling in progress at its Bougouni Lithium Project in southern Mali ("Bougouni" or the "Project"). In addition, the Company provides a general update on the funding package with Hainan Mining Co. Limited ("Hainan" or "Hainan Mining"), announced on 19 January 2023.

Highlights:

- A total of 41 reverse circulation ("RC") and 18 diamond drillholes for 6,360m have been completed at the Bougouni Project.
- Drilling focussed on development and extension at the Ngoulana prospect and exploration drilling at the Kola, Bougouni South and Boumou prospects.
- A total of 3,406 samples have been dispatched for laboratory analysis with initial high-grade assay results up to 2.78% Li₂O returned for individual samples and significant intersections including:
 - 18m at 1.31% Li₂O from 42m and 8m at 1.55% Li₂O from 77m in drill hole KODGW001 at the Ngoulana prospect;
 - 8m at 1.50% Li₂O from 29m in drill hole KLRC185 at the Kola prospect; and
 - 9m at 1.47% Li₂O from 29m in drill hole KLRC186 at the Kola prospect.
- Analytical results from a further 2,606 samples remain pending.
- The Company has continued to progress detailed engineering works for the DMS (dense media separation) plant option (see announcement of 29 September 2022).
- The Company has advanced environmental and social studies for the DMS plant development route, including establishment of a community consultation committee comprising local leaders and representatives from neighbouring communities.
- The Mali Mining Code has provision for issuing a notification of change to the DNGM which will be required to receive formal approval for the DMS development route (the "Change Notification"). The Change Notification has been drafted and is currently undergoing legal review prior to formal submission.
- Hainan Mining has submitted application forms and supporting information to the China National Development and Reform Commission (NDRC) and the Department of Commerce for the China approvals needed to complete its investment in Bougouni and Kodal. Hainan has confirmed that the applications are progressing well and the approvals process is on schedule.

Bernard Aylward, CEO of Kodal Minerals, remarked: *"Kodal has continued to receive overwhelming support from shareholders and stakeholders alike for our funding package of US\$117.75 million from Hainan Mining.*

"We maintain regular dialogue with the key Hainan executives regarding the proposed Bougouni project development and plans to quickly move into a construction phase once the transaction is complete and all funds received. The Hainan team remain confident that all conditions precedent for the funding package will be

satisfied and have advised that all necessary applications to the China NDRC and the Department of Commerce for the approval process are progressing well and remain on schedule.

"In the interim, Kodal's engineering team have continued to make progress on critical project development activities in readiness for receipt of project funding. Detailed design of the DMS modules is nearing completion and importantly, our Change Notification for the Ngoulana DMS plant and infrastructure has been drafted and is undergoing legal review prior to formal submission to the relevant Mali administrations.

"This latest drilling at the Bougouni project continues to highlight the potential for expansion of the existing defined resource base as well as additional prospects to be advanced, as the recent drilling has intersected wide zones of pegmatite at all prospects and all remain open along strike and at depth. This is a great opportunity for the long-term development of the Project, and once the funds from the Hainan funding package are received, further definition and extension drilling will be a priority to expand the life of the Project."

FURTHER INFORMATION

Environmental and Social Governance

Supplemental environmental and social studies required to support the Change Notification are complete. The Company has now established its ongoing environmental monitoring programme at the Project.

The focus of the ESG team has moved to completing key community consultation milestones in advance of commencing construction on site. At the request of the Company, a committee has been established to identify and value properties which fall within the right of way of the Bougouni mine operating permit. This is a standard operating procedure in Mali when establishing the formal process for identifying crops and land directly impacted by the mining operation, and for assessing compensation in accordance with legislation, and associated options for identifying replacement land for affected farmers.

The first meeting of the committee was held on 22 February 2023 and was attended by 57 participants including representatives of the neighbouring communities, local government officials and Kodal management. The Project received overwhelming support from the Prefecture and community leaders, evidenced by the following observations from the meeting:

- All participants thanked the Company for its participatory and transparent approach.
- The committee confirmed commitment of all attending stakeholders to support the Project.
- The participants showed their satisfaction with the sharing of the Company's Project presentation and key dates - this was considered a sign of transparency.
- Stakeholder satisfaction with the establishment of a DMS plant and the future flotation plant installation giving the mine the opportunity to continue beyond 10 years.
- Pleased to receive advice from the Company of its intention to identify strategic community development projects in which it can actively participate for the benefit of stakeholders, starting in 2023 and continuing throughout the operating life of the Project.

Exploration and Development Drilling

The Company has completed a drilling campaign designed to provide key information for the development of the DMS processing plant at the Ngoulana prospect as well as continue exploration and extensions drilling at the Kola, Bougouni South and Boumou prospects. The drilling is summarised below and a brief discussion on each prospect is provided.

Prospect	Hole Type	No. Drill Holes	No. Metres	Target
Ngoulana	Diamond	18	1,949	Infill and Confirmation Metallurgical Geotechnical
Ngoulana	RC	16	1,669	Exploration Groundwater
Kola	RC	11	409	Exploration

Bougouni South	RC	6	989	Exploration
Boumou	RC	8	1,344	Extension and Exploration

Initial assay results have been received for 800 samples, with a further 2,606 samples pending analytical results from the laboratory. No results have been received for the diamond drilling or infill drilling on the main Ngoulana prospect pegmatite, with initial samples for the exploration drilling at Ngoulana and part of Kola received.

The significant intersections received to date are tabled below:

Prospect	Hole_ID	Northing	Easting	RL	Dip/Azi	Depth	From	To	Width	Grade Li ₂ O	
Ngoulana	KLRC174B	1254947	664515	330	-50/30	98	47	52	5	1.09	
							71	75	4	1.40	
Ngoulana	KLRC175	1254981	664414	330	-50/30	108	38	41	3	1.32	
							59	62	3	0.93	
Ngoulana	KLRC176	1254913	664612	330	-50/28	90	62	67	5	0.84	
							<i>Incl.</i>	63	66	3	1.33
								79	82	3	0.98
Ngoulana	KODGW001	1255470	664146	323	-90/000	170	42	60	18	1.31	
								76	87	11	1.21
							<i>Incl.</i>	77	85	8	1.55
Ngoulana	KLRC177	1255086	664473	330	-50/30	102	45	48	3	1.45	
Ngoulana	KLRC179	1255115	664381	330	-50/30	60	42	44	2	1.11	
Kola	KLRC185	1256827	667085	330	-50/30	40	29	37	8	1.50	
Kola	KLRC186	1256825	667069	330	-50/30	41	29	38	9	1.47	
Kola	KLRC192	1256697	666863	330	-50/30	54	25	28	3	1.15	

Notes: Drill holes are RC drill holes. Drill holes have been sampled on a 1.0m basis with samples collected via a riffle split system. Drill hole collars are surveyed using a differential GPS with sub 1-metre accuracy, coordinate system WGS84 - Zone 29N, and all holes are surveyed down-hole for dip and azimuth on approximately 30m intervals. All drill holes are geologically logged, and sampling for analysis is based on geological boundaries. Samples analysed by ALS Global. Assay results are reported as Li% and converted to Li₂O% by a factor of 2.153. Intersections are reported using geological boundaries for logged pegmatite, with a nominal 0.5% Li₂O lower-cut-off and allowing for a maximum of 2m internal dilution.

Ngoulana:

The drilling programme at the Ngoulana prospect comprised diamond drilling to provide geotechnical information and metallurgical samples for engineering design and pit optimisation work. All analysis from this drilling is pending as holes will be logged for geotechnical data for pit wall support, and the metallurgical holes will be sub-sampled for additional metallurgical confirmatory testwork with holes positioned along the strike of the orebody to provide variability assessment.

The exploration and extension drilling has intersected pegmatite bodies outside of the current optimised pit boundary. A groundwater test hole located to the northwest of the proposed pit has intersected pegmatite veins up to 18m in width and returned high grade assay results as set out in the table above for drill hole KODGW001. The high grade, coarse mineralisation has returned individual infill assay results up 2.78% Li₂O and the results confirm high grade pegmatite veins. Additional drilling is planned to define this zone and continue to test extensions that will add to the mining inventory.

Exploration drilling to the south and southeast of the main Ngoulana mineralisation has continued to define additional mineralised pegmatite bodies that require further assessment to determine the economic potential for possible mining.



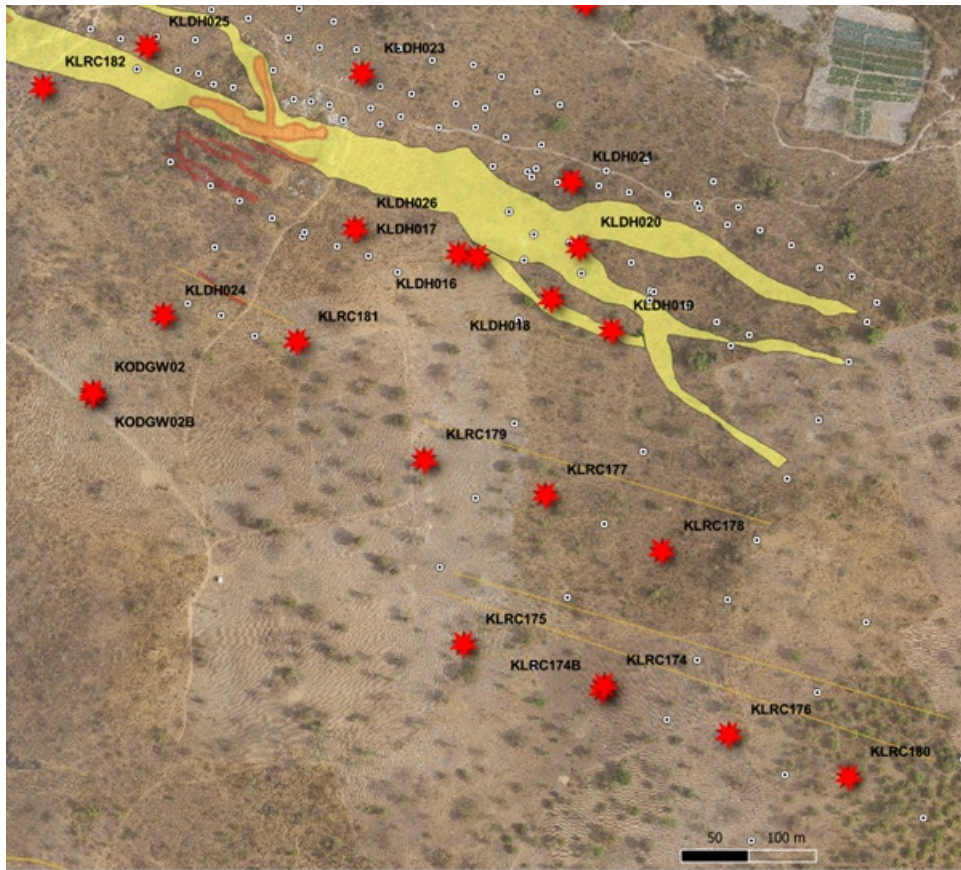


Figure 1: Ngoulana Prospect: All drill hole locations, with 2023 drilling labelled and a red star denoting collar.

Kola:

Drilling at the Kola prospect targeted a coarse-grained outcropping pegmatite vein with shallow RC drilling to determine possible down-dip extension and continuity. The drill holes have confirmed the presence of high-grade mineralisation 9m downhole width and a strike length of over 250m is estimated. The drilling was undertaken as a reconnaissance programme and follow-up drilling is required to define the dip of the ore bodies and further extensions. Geological review indicates that some of these initial holes may have missed the target due to structural complexity and further interpretation is underway.

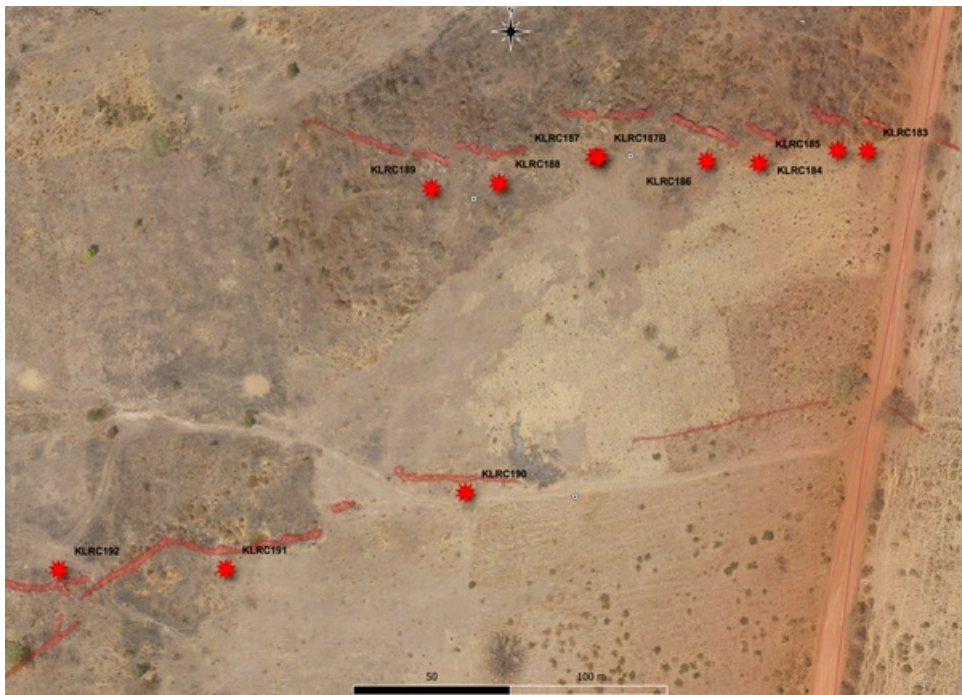


Figure 2: Kola Prospect: All drill hole locations, with 2023 drilling labelled and a red star denoting collar. Outline of outcropping pegmatite body in red colour.

Bougouni South and Boumou Prospects:

Bougouni South and Boumou Prospects:

Exploration drilling at the Bougouni South and Boumou prospects targeted extensions to previously mapped and drilled pegmatite veins. No assay results have been received for the drilling to date, however the geological logging of the drillholes indicates potential for extensions to the prospects with the intersecting of wide pegmatite bodies.

At Bougouni South drilling has intersected consistent wide pegmatite veins with individual veins up to 48m in downhole width and a cumulative thickness of pegmatite in hole up to 91m in drill hole MDRC135. The geological logging indicates fine to medium grained mineralisation possibly most suited to flotation processing. The drilling programme has extended the known pegmatite veins to over 500m in strike length and remains open along strike.

Full assessment of the prospect will be completed when assay results are returned and further drilling can be planned.

The RC drilling at the Boumou prospect targeted extensions to the west of the defined resource zone. The geological logging of the drilling indicates multiple pegmatite bodies intersected with a maximum individual width of 49m continuous pegmatite, and cumulative downhole pegmatite intersections up to 67m in drill hole KLRC198. The Boumou prospect has a current Inferred Resource that remains open along strike, and this recent phase of drilling indicates a potential strike length exceeding 750m and up to 1km, indicating potential for significant growth in the Boumou prospect defined resource.

Full assessment of the prospect will be completed when assay results are returned, and further drilling can be planned.

Confirmatory Metallurgical Testwork

In late 2022, metallurgical testwork samples newly obtained from the Ngoulana deposit were shipped to Hainan's metallurgical testwork consultant laboratory, the Institute of Resources Utilization and Rare Earth Development, Guangdong Academy of Sciences ("GDAS"). GDAS undertook DMS and Flotation recovery testwork on a 100kg sample of Ngoulana material of average head grade 1.6% Li₂O.

The testwork results confirmed DMS recovery of 71% to produce a spodumene concentrate grade of 5.78%. GDAS crushed the sample to a 6mm topsize for the DMS testwork, with the fine material below 0.5mm being screened out and separately treated using flotation processing. GDAS stated that using standard flotation processing and reagents, the testing produced "Li₂O with grade of 5.50%" at an overall "recovery rate of 84.14% spodumene".

These results are comparable to the initial testwork programme of Ngoulana material which estimated DMS recoveries averaging 70% for a 6.0% Li₂O spodumene product (refer RNS of 20 August 2019).

Testwork supervised by Kodal's process engineering consultants (DRA Global) at the Nagrom Laboratories in Perth, Western Australia, has experienced delays due to limited availability. As noted previously (see announcement of 16 December 2022) the Nagrom testwork programme will be used to provide additional supportive data for crushing and plant design, and to confirm the recoveries stipulated in the plant design criteria are achievable. The wider lithium market remains very buoyant and many lithium testwork facilities are overloaded.

However, this delay will not impact on the overall development timeline, given the recent data received from the Hainan testwork coupled with the previous metallurgical testwork conducted on Ngoulana material, which exceeds the Company's DMS plant performance criteria of producing a 5.5% Li₂O spodumene product at a recovery up to 65%. Hence there remains potential upside to spodumene production from higher recoveries.

DMS Plant Engineer

DRA Global South Africa ("DRA") have continued progressing with the detailed design of the DMS modules and ancillary process infrastructure. The process plant layout has been locked down and the design and specifications for key mechanical equipment are complete.

In order to accommodate the 1Mtpa proposed throughput for the DMS operation, the design employs dual

stream modular crushing and dual stream DMS facilities. This is expected to provide some redundancy across the plant, minimise down time and simplify operational and maintenance activities. The design criteria established by the engineering team includes a design factor of safety in order to provide plant processing flexibility and increased throughput potential with an upside of 1.2Mtpa.

DRA have made significant progress with the design aspects of the plant, and the process of finalising quotations for long lead equipment has commenced, so that procurement of the plant and crushing modules can proceed immediately after project financing is received from Hainan.

Mine Design and Key Infrastructure for the DMS Option

The DMS Project at Bougouni is based on processing material from the Ngoulana deposit, via an open cut, truck and shovel contractor mining operation. The mining contractor tender process is progressing well, with eight experienced mining contractors included on the tender list. Formal tenders are due in early Q2 2023.

This will provide the Company with adequate time to review tenders and select a preferred contractor after the Project funds drawdown occurs. In turn it provides opportunity for the mining contractor to mobilise to site at an early stage in the development programme, so that mining can commence well in advance of processing.

The Company continues to work with Knight Piésold in Perth to provide tailings storage facility (TSF) designs and general earthworks pads and roads designs for the DMS development route. During March, Knight Piésold mobilised a specialist civil engineer to site to conduct site investigation works to assess the foundations characteristics at the TSF site, the plant site, the mine services area and the main access road area.

The site investigation is expected to be complete before the end of April and will provide critical design data for finalising detail design of the TSF and other foundations around the site.

Forward Plan

Closure of the Funding Package is scheduled to be achieved before the end of April 2023. Thereafter Kodal intends with support from Hainan to move quickly into the next phase of development and construction of the Project, in order to meet the 12-month development schedule.

Kodal will complete legal review of the Change Notification for submission to the Mali DNGM in the coming weeks.

****ENDS****

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Glossary

JORC - 'Australasian Code for Reporting of Mineral Resources and Ore Reserves' of December 2012 ("JORC Code") as

prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy. Terms including Measured, Indicated and Inferred Resources as defined therein.

1Mtpa - One million tonnes per annum, pertaining to throughput of the proposed plant.

C1 (Brook Hunt) - Under the Brook Hunt definition, C1 costs are direct costs, which include costs incurred in mining and processing (labour, power, reagents, materials) plus local general and administration costs, freight and realisation and selling costs.

Incoterms: FOB - Incoterms are a set of internationally recognized rules which define the responsibilities of sellers and buyers in the export transaction.

DNGM - *Direction Nationale de la Geologies et des Mines* which in English translates to "The National Directorate of Geology and Mines". This Directorate reports to the Minister of Mines, being the administrative body in charge of mining activities in Mali.

Background Information on the Bougouni Lithium Project and DMS Processing development

The Company is proposing development of Bougouni based on the installation of a modular DMS plant to process material from the Ngoulana deposit which, due to its coarse grain properties, delivers high DMS recoveries. Merits of the DMS option as presented in the announcement of 29 September 2022 include:

- Capital development cost for the DMS option at **US\$65 million**, generating an estimated **NPV_{7%} of approximately US\$557 million** (US\$420 million post-tax) and, based on full equity funding, a short **payback of 2 months** from commencement of operations.
- The DMS option is based on:
 - processing material from the Ngoulana deposit feeding **1Mtpa of lithium ore to a DMS processing plant**
 - utilising a conventional circuit to maximise spodumene recovery of **over 130,000 tonnes per annum of spodumene concentrate**
 - an initial 4 year mine life.
- DMS operation revenue forecast to exceed **US\$1.05 billion** in less than 4 years, based on prevailing broker consensus pricing averaging **US\$2,080 per tonne** (FOB basis).
- A JORC Mineral Resource at Ngoulana of 5.1Mt at 1.2% Li₂O with 61% categorised as Indicated, with potential to add DMS tonnes from adjacent prospects across the Project's Mining Licence area.
- DMS recoveries from Ngoulana are much higher than from other deposits at Bougouni (details as announced on 11 May 2020) and recoveries of 71% were achieved from the bulk sample processed by Kodal in 2020 (details as announced on 11 May 2020).
- The DMS proposal at Bougouni is based on an initial mine life of 4 years and processing material from the Ngoulana deposit, based on modified operating assumptions whereby an open cut, truck and shovel contractor mining operation at Ngoulana is retained, but feeding **1Mtpa of lithium ore to a DMS processing plant** utilising a conventional circuit to maximise spodumene recovery.
- The DMS operation targets production of a **5.5% Li₂O spodumene concentrate** product which is consistent with other producers currently active in the market.
- Once financing and Mali Government update and approvals are received, the Company estimates a Construction and commissioning time of 12 months, compared to 22 months for a full flotation plant.

Permitting at Bougouni

The Company holds a mining licence over the Project which remains in force. The Mining Licence is granted under the 2019 Mining Code and extends over 97.2km² covering the proposed open-pit mining and processing operation at Bougouni (as announced on 8 November 2021). The Mining Code has provision for a Change Notification which is required for obtaining approval for the DMS option. Kodal has drafted the Change Notification which is currently undergoing legal review prior to a formal submission to the Mali DNGM.

Kodal was granted an Environmental Permit over the Project in November 2019. Supplemental studies have been ongoing in 2023, including dust and noise monitoring, surface water and hydrogeological assessments, and waste rock geochemistry analysis. These studies also supported preparation of the Change Notification.

Future Flotation Plant Development

The implementation of the DMS development option does not preclude the development of a flotation plant facility, the original pre-feasibility study base case. The Company is confident that the DMS operation will quickly provide the necessary cash flow to expand the operation to install the flotation plant in the future. See the announcement of 29 September 2022 for further information.

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