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Kodal Minerals plc

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

Bougouni Lithium Project Update on Project Development Preparations

Kodal Minerals, the mineral exploration and development company focused on lithium and gold assets in West Africa, is pleased to provide an update on project development activities and general progress at its Bougouni Lithium Project in southern Mali ("Bougouni" or the "Project").

The Company has continued to make good progress with its detailed engineering works for the DMS (dense media separation) plant utilising in part the conditional prepayment received from Hainan Mining Co. Limited ("Hainan") of US\$3,500,000 (see announcement of 3 August 2023), and confirms that the phased development (change) notification has now been formally submitted to the Direction Nationale de la Geologies et des Mines ("DNGM") in accordance with the 2019 Mali Mining Code ("Mali Mining Code") (the "Notification").

Highlights:

- Kodal executives were in Mali to welcome Hainan's key representatives who will be working closely with the Company during the finalisation of the design, construction, commissioning and future operations.
- Kodal and Hainan representatives met with the Director General of the DNGM to discuss the progress of the Bougouni Lithium Project and commencement of site development.
- Following completion of the registration of the Company's new subsidiary mining company in Mali, Le Mines de Lithium de Bougouni SA ("LMLB"), the Company has now submitted the requisite formal Notification which outlines the change to a phased development approach. The Notification details the "Phase 1" DMS development plan at Ngoulana, followed by the future flotation operation ("Phase 2").
- The DMS plant design is close to completion, with procurement specifications finalised in readiness for the drawdown of the US\$100 million funding package from Hainan, which remains subject to final regulatory approvals in Mali (as announced on 31 August 2023).

Bernard Aylward, CEO of Kodal Minerals, remarked:*"Kodal and Hainan continue to work closely together to finalise the major funding package as announced 19 January 2023 and significant progress is being made towards completion. Kodal and key Hainan representatives have met in Mali to meet with government officials and undertake site visits in preparation for the commencement of development.*

"Our engineering team, with assistance from key consultants and support from Hainan, have submitted our Notification to the DNGM, which outlines the Company's phased development approach. The Phase 1 DMS development plan provides a fast-track pathway to lithium concentrate production, at comparatively low capital costs and an expected construction timeline of around 12 months, exploiting the coarse grained spodumene prevalent at the Ngoulana deposit.

"Phase 2 will see the construction and commissioning of a down-stream flotation plant which is expected to be supported by utilising Phase 1 cash flows in order to exploit the finer-grained spodumene resources at Sogola-Baoulé and Boumou, as well as longer term exploration prospects.

"The development of Bougouni continues to receive strong support from Mali Government officials and within the local community, and the Company will be commencing the upgrade of local access roads in the coming weeks in preparation for major development activities to commence on site at Bougouni.

"We also take this opportunity to remind our shareholders of our upcoming Annual General Meeting on Friday, 29 September, and look forward to seeing you there."

FURTHER INFORMATION

As announced on 19 January 2023, the funding package agreed between the Company and Hainan comprises a US\$100 million investment to acquire 51% of the Bougouni project company, Kodal Mining UK Limited, and a further US\$17.75 million subscription for new ordinary shares in Kodal Minerals PLC at 0.5p per ordinary share.

This week in Mali, Kodal welcomed key Hainan representatives that will form part of the LMLB management team for the development and operation of Bougouni. A meeting was held with the DNGM on 19 September 2023 and during that meeting, the DNGM confirmed that the Bougouni Mining Licence having been awarded under the 2019 Mali Mining Code, remains valid and administered in accordance with the 2019 Mali Mining Code.

The Company has completed the full registration of the new mining company, Le Mines de Lithium de Bougouni SA, that is held by Kodal Mining UK Limited ("KMUK" - the Company's UK registered subsidiary formed to be the holder of the Mali lithium assets) and further to the announcement on 16 December 2022, has formally submitted to the DNGM the Notification of the proposed mining phases to commence at Bougouni. Summary details of the Notification are:

- The Company has now formalised and submitted its Notification to the DNGM, explaining its proposed two-phase development plan, with Phase 1 being the fast-track low cost DMS installation and Phase 2 being the larger downstream flotation plant operation.
- DMS plant design is close to completion, with procurement specifications finalised in readiness for drawdown of the Hainan US\$100 million funding package. Once the funding is received and a final investment decision formalised, the Company will promptly proceed to procure long lead equipment items as defined in those specifications.
- Phase 2 development of the large-scale flotation plant is continuing, with design review and metallurgical testing. Immediate focus is on expanding the Boumou deposit and the potential impact of a larger scale operation that may be developed earlier following recent exploration drilling results, further bolstered by the already significant resource at Sogola-Baoulé which alone totals 12.2Mt @ 1.10% Li₂O.

Environmental and Social Governance

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 Notification.

The Company intends to commence the upgrade of local access roads following the end of the rainy season (October 2023), utilising Malian contractors. The upgrade of existing roads in the project area will improve conditions for the local community as they approach the harvest season and will be of benefit to the Company in upgrading access to the Ngoulana deposit for the commencement of the site development activities.

The Company is continuing to work with the local community to prioritise a community development programme, which involves direct consultation with the local communities, in order to document a programme that will jointly establish priority community development projects and identify how the Company can provide support for these initiatives.

****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;** and
 - 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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