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Kodal Minerals Plc / Index: AIM / Epic: KOD / Sector: Mining

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**Kodal Minerals plc**

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

**Bougouni Lithium Project Development Update**

Kodal Minerals, the mineral exploration and development company, 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"). As announced on 15 November 2023, Kodal has received all funds related to the funding transaction for US\$117.75 million agreed between the Company and Hainan Mining Co. Limited ("Hainan"), comprising a US\$100 million investment from Hainan to acquire 51% of the Bougouni project company, Kodal Mining UK Limited ("KMUK"), and a further US\$17.75 million received for the subscription for new ordinary shares in Kodal Minerals plc at 0.5p per share.

**Highlights:**

- KMUK Management team established and completed review of project development plan, confirming US\$65 million capital expenditure estimate for Bougouni Lithium Project Stage 1 (using a dense media separation ("DMS") approach).
- Long lead items of DMS units and dual stream crushing modules ordered and work commenced on build of items.
- Mining contract finalised with a consortium consisting of Malian mining contractor EGTF Mining SARL ("EGTF") and Auxin Mining Services Mali SARL ("Auxin"), with costs consistent with feasibility study.
- The Mali Minister for Environment visited the Bougouni Lithium Project and endorsed the Company's development programme and development of the DMS processing site.
- All weather access roads to the Ngoulana open pit and DMS processing site are complete.
- Mining contractor to mobilise to site in March to commence the earthwork and civil engineering works.
- Updated ESIA for Bougouni Project Phase 1 DMS approved by Mali's Department of the Environment in February; negotiations with local community groups on land compensation also progressing well.
- Bougouni Project on track to commence production in Q4 '24 following the achievement of key milestones in Q1 '24.
- Bougouni Stage 1 (DMS) is fully financed with all permitting in place, including environmental and social permits, with Kodal's Community Development Plan also recently approved by Mali's Environment Ministry.

**Bernard Aylward, CEO of Kodal Minerals, remarked:** *"The first quarter of 2024 has seen major progress as we push ahead with the development of our flagship Bougouni Lithium Project. The integration of the Hainan and Kodal groups within KMUK has been very pleasing; this positive collaboration is very important to keep our development momentum moving forward. The new management team has worked together very effectively to review and improve the development plan for Bougouni and, positively, confirmed the capital expenditure estimate of US\$65 million for Stage 1 of the project development.*

*"This month we also signed contracts for the supply of the crushing circuit and DMS modules from experienced suppliers in China and expect these long lead items will be available on site in time to maintain our expectation of first production in Q4 2024.*

*"With the main access road fully complete, the Mali Minister for Environment, Professor Tiémoko Sangaré, visited the site late last month. During the visit our project team presented the features and plans for the Phase 1 DMS Operation at Bougouni, with specific focus on the environment, the social aspects and the draft of the Community Development Plan. I'm pleased to confirm that the Minister has since followed up on his visit with a formal letter, confirming his approval of the proposed plan for the Phase 1 DMS project."*

*"Significantly, the team has finalised negotiations for the award of a mining contract. The mining contractor will mobilise to site in the coming weeks and will commence with site clearing works in early April along with other key site establishment activities."*

*"These are all major milestones for the Company and underpins our target of moving into production at Bougouni before the end of 2024. We look forward to updating the market in the months ahead as we advance this exciting West African Lithium asset."*

## **FURTHER INFORMATION**

### ***Long Lead Equipment***

Hainan's Vice President for the development phase, Jerry Gao, has spent a number of weeks this year in China finalising competitive bids for the long lead process equipment. Working with Steve Zaninovich, Kodal's Director of Operations, the project team has now signed contracts for the purchase of the two main long lead equipment packages: the crushing circuit and the DMS processing equipment. Both packages are within budget forecasts and the team remains on track to meet the overall project budget of US\$65 million for project stage 1.

### ***Crushing Modules***

The dual crushing circuit modules have been awarded to Beijing High Dynamic Technology Co., Ltd. ("BHD") in China. BHD will provide a turnkey design and supply package for the dual crushing equipment modules, including all ancillary equipment, in accordance with the detailed design concept established with DRA Projects in South Africa. The contract price is under budget and includes one year of strategic maintenance spares. The delivery time ex-works is just 3 months, which is around 2 months quicker than other bidders.

In the past 10 years, BHD has supplied crushing equipment of similar and much larger capacity to numerous projects in China and worldwide, including the DRC, Namibia, Malaysia, Australia, the UK, the USA and South Africa.

### ***DMS Processing Plant Equipment***

The supply of DMS equipment has been awarded to Haiwang Technology Group ("Haiwang") in Shandong Province, China. Haiwang's scope of work includes the provision of final detailed design services to provide a fully integrated DMS processing plant, the supply of all processing equipment required for the DMS operation, and the associated electrical, instrumentation and process controls. The overall contract price is within budget, and includes plant commissioning services, one year of strategic maintenance spares and ongoing operational support.

Importantly, Haiwang have provided a superior performance guarantee for the DMS plant based on exceeding the Company's throughput target and achieving concentrate grade above the Company's 5.5% target for the production of 125,000 - 130,000 tonnes per annum of spodumene. The Haiwang DMS plant throughput guarantee is based on achieving 4,848 tonnes per day of ore feed over a continuous seven-day period. This translates to an annualised throughput rate of 1.2 million tonnes per annum (after allowances for routine maintenance and downtime), which provides the Company with major potential production upside.

The delivery time ex-works is just 3 months, which means that all equipment will be on site within 6 months (allowing for shipping time). This is around 2 months quicker than other bidders and provides sufficient time for the Company to complete civil construction works on site in advance of receiving the Haiwang package, to underpin our goal of becoming a producer before the end of 2024.

Haiwang is a leading provider of classifying equipment with a focus on cyclone separation, a key factor in DMS processing. In the past 10 years, Haiwang has supplied DMS equipment of similar capacity to numerous DMS projects worldwide, including China, Namibia and Zimbabwe.

### ***Minina Contract Award***

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The project team has finalised negotiations and awarded the Mining Contract for Bougouni. The successful group is a consortium between Auxin Mining Services Mali SARL ("Auxin") and Entreprise Générale Traoré et Frères SARL ("EGTF"), together "the Mining Contractor". The annualised mining cost is within the Company's mine operating cost estimate of US\$3.65 per tonne mined, as outlined in the Company's announcement of 29 September 2022.

Auxin Mining Services Mali SARL is a subsidiary of Beijing Auxin Chemical Technology Ltd, which is in turn, a subsidiary controlled by China North Industries Corporation (NORINCO). Auxin is active in West Africa in the areas of explosives manufacture and distribution, and contract mining services. Auxin have existing contract mining operations at projects in Namibia, Nigeria and Zimbabwe.

EGTF is a fully owned Malian company and is well established in the fields of earthworks, civils and contract mining in West Africa. EGTF has worked with numerous mining companies in West Africa, including Randgold/Barrick (Morila and Loulo) and AngloGold Ashanti (Siguri).

The cooperation of EGTF and Auxin will provide the following advantages to the Bougouni mine:

- Auxin will enhance the technical proficiency of drilling, blasting and explosives handling, which EGTF has less direct experience with;
- EGTF will provide excavate, load and haul services associated with the mining operation;
- Leverage of the established presence of EGTF, their local labour pool, and their social responsibility expertise having worked in many remote areas in Mali over many years;
- Facilitation of technical and cultural communication between the Company and the Mining Contractor overall, with Chinese and French speaking parties on both sides; and
- As part of the Norinco Group, Auxin has access to capital that will enable the mobilisation of new equipment to replace used equipment over the course of the life of mine.

#### ***Environmental and Social***

As part of the Phase 1 DMS environmental approval update process, the Company submitted an update of the ESIA (environmental and social impact assessment) report in early October 2023 to the Mali Environmental Department; *Direction Nationale de l'Assainissement et du Contrôle des Pollutions et des Nuisances* ("DNACPN").

Following negotiation with the DNACPN, this official submission was requested in the form of a "*Notice d'Impacts Environnemental et Social*" ("NEIS"). The NEIS updated the ESIA to highlight the minor adjustments required for the Phase 1 DMS Project, separate from the original ESIA submission, which focussed on the flotation pathway that will now be developed as a Phase 2 expansion, and is currently expected to commence development within 2 years' time.

Part of the submission approval process included a visit to site from representatives of the DNACPN, accompanied by the Minister of Environment. The site meeting was very successful and following that site meeting the department endorsed the NEIS, issuing a formal letter last month advising of its approval of the NEIS for the implementation of the DMS project.

#### ***Construction Preparations***

The main access road is fully functional and the payment of compensation to all traditional landowners is complete. This provides full access to the Ngoulana mine site for the project team to commence construction activities.

EGTF will undertake the site preparation earthworks commencing in early April. In preparation for establishing the project team on site, modular site offices have been purchased, including support services required to sustain the project team at Bougouni.

#### ***Forward Plan***

We look forward to updating shareholders in the coming months as construction commences in earnest, as we strive to maintain our completion schedule milestone of being in production before the end of the year.

With the signing of the mining contractor and the long lead equipment purchases secured with speedy delivery times, we remain confident in achieving our production timeline.

#### ***Investor presentation***

The management of Kodal will hold an online presentation on Thursday, 28 March 2024 at 12:30pm GMT. The presentation will be hosted on the Investor Meet Company platform. Those interested in joining the online presentation can do so using the following link:

<https://www.investormeetcompany.com/kodal-minerals-plc/register-investor>

**\*\*ENDS\*\***

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