

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 Update

Kodal Minerals, the mineral exploration and development company, is pleased to provide an update on the progress of construction of the Stage 1 Dense Media Separation ("DMS") processing plant and mining at the Ngoulalana open pit mine at its flagship fully funded Bougouni Lithium Project in Southern Mali ("Bougouni" or the "Project"). The Project is fully funded through the US 117.5m Hainan funding transaction (as announced by the Company on 15 November 2023). This funding transaction includes a US 100m investment into Kodal Mining UK Limited ("KMUK"), a company owned 51% by the Hainan Group and 49% by Kodal, which is the developer of the Project.

Highlights:

- The Company advises that although KMUK achieving first production at Bougouni before the end of 2024 remains a key objective, our programme has experienced minor delays. This may now result in production taking place in the first quarter of 2025.
- The Project remains on target to meet its US 65 million project development budget despite the impact of the minor schedule delays.
- First shipments of critical long lead equipment items and structural steelwork for the plant arrived at the Abidjan Port in Côte d'Ivoire in early September 2024 and have been fully off-loaded. Deliveries to site are well advanced with over 160 semi-trailer deliveries completed.
- Road transport times are averaging under 7 days from port to the site, as per expected scheduling.
- Open pit mining activities at the Ngoulalana deposit continue to advance ahead of schedule, with pre-stripping of free-dig material essentially complete.
- Mining of pegmatite ore has commenced with nine blasts conducted on site and a stockpile of ore growing well in advance of plant commissioning.
- Civil construction works are over 90% complete overall, with unhindered access to the critical DMS foundations achieved, and installation of plant and equipment is underway.
- Discussions with the Mali Government regarding the transfer of the Bougouni Mining licence are continuing and it is expected that an agreement will be reached in October 2024.
- Multiple diamond drill samples have been sent to the laboratory for assaying, with results pending.

Bernard Aylward, CEO of Kodal Minerals, remarked: *"The development of the Bougouni Lithium Project by KMUK continues to gain momentum, with the recent delivery of the DMS and crushing circuit equipment to the site and the subsequent commencement of building onsite. Positively, the open pit mining is continuing ahead of schedule and a stockpile of ore is being built well in advance of the commissioning of the processing circuit. However, the cumulative effect of heavy rainfall coupled with delays in shipping and transport to the site had led to the prudent decision taken by management to advise of a potential delay in first production by a small number weeks to early Q1 2025 versus the previously advised timeframe of Q4 2024. Nonetheless, the team is still focussed on achieving production at the earliest possible timeframe and is taking all steps to complete construction and commissioning as expeditiously as possible."*

"The arrival of the pre-fabricated processing plant onsite and commencement of building is another major step, and with the completion of the majority of the civil foundation works, access to the site is now excellent and the construction progress is expected to be unhindered."

"We also continue negotiations with the Mali Government for the transfer of the mining licence to KMUK and to date our discussions have been positive. The new 2023 Mining Code is now fully established in Mali and discussions with the Government to review the potential for migration of the Bougouni project to the new 2023 Mining Code are ongoing, with a view to completion next month."

FURTHER INFORMATION

Project Development Minor Delay

The project development timeline and commissioning of the processing plant has been impacted by minor delays on site due to continued heavy rainfall, and the availability of vessels to transport equipment and materials from China to West Africa, further exacerbated by the prolonged shipping times. A target of production prior to the end of calendar year 2024 remains the priority. However, it is prudent to revise guidance for achieving first production to be delayed by 3-5 weeks and pushed out to Q1 2025.

The civil construction is now over 90% complete and unhindered access has been granted to the SMPP ("Structural, Mechanical, Platework and Piping") contractor, Bambara Resources SARL ("Bambara") together with its key subcontractor, Yantai Jinpeng Mining Machinery Company ("Jinpeng") from China, to commence installation works.

Shipping Transport

The first two shipments from China carrying the critical long lead equipment items and structural steelwork for the buildings arrived at the Abidjan Port, Côte d'Ivoire, in late August 2024 and a steady stream of deliveries has ensued in priority order to support the sequence of the SMPP installation programme. To date over 160 semi-trailer truck deliveries have reached the site, carrying crushing equipment, DMS equipment and the associated building steelwork. Road transit times have proceeded as expected with deliveries averaging 7 days from port to site, and with the route and process now well established, in the past two weeks 6-day deliveries have been achieved.

Two final shipments are expected to arrive from China in order to complete the supply of the balance of imported materials, equipment and spares. One shipment departed the Tianjin port on 13 September 2024 and contains predominantly the electrical equipment, cables and cable supports, and the majority of piping materials, valves and instruments. The shipment is due to arrive at the port in Abidjan, Côte d'Ivoire, in mid-November 2024.

The last shipment will contain the power plant, transformers and associated materials. Factory acceptance testing of the power plant was conducted this week in China, and a vessel has been secured for loading next week. Currently, it is anticipated that based on recent experience with shipping transit times the power plant will arrive on site in mid-December 2024. In order to mitigate the impact of potential delays to the commissioning of the DMS processing plant, the Company will arrange for temporary hired generators to be utilised to conduct the pre-commissioning of equipment in advance. This will ensure the main drives are operational before connection to the mains power plant, so that commissioning with ore can proceed quickly thereafter.

Mining

Mining activities have continued to involve the removal of "free-dig" overburden at the main Ngoulana pit, which is essentially complete, exposing the hard rock and ore body. The Mining Contractor has, so far, conducted nine blasts into the hard rock and the production of ore has commenced well ahead of stockpiling for the future commissioning and production phase.

Mining works continue to progress ahead of schedule. This is despite the heavy rainfalls experienced throughout July, August and September 2024. The operations team remains confident that stockpiles of Ngoulana pegmatite ore will be available well in advance of commissioning.

SMPP Installation Contractor

Bambara mobilised to site in September 2024 for the SMPP installation works and commenced with installation of ground level pump hoppers and associated equipment. The Company has arranged the mobilisation of cranes and associated equipment for the installation of equipment and erection of buildings steelwork, which will commence next week. This work is on the critical path for construction over the next two months, which will be followed by electrical and instrumentation cabling. Bambara and Jinpeng will also undertake the electrical and instrumentation work.

Similarly to the successful implementation strategy used for the civil works, Bambara will provide all local labour, equipment and services and manage Jinpeng, who will provide the engineering technicians and on-site supervision.

Two expert engineers each from Beijing HighDynamic (supplier of the crushing modules) and Haiwang (supplier of the DMS equipment) have mobilised to Mali to provide guidance and design verification during installation and commissioning.

Bougouni Mining Licence transfer

The management of the project development team and Kodal executives have met with the Mali Government officials to negotiate the transfer of the Bougouni mining licence to the recently established mining company, Les Mines de Lithium de Bougouni ("LMLB"), which is owned by KMUK.

The discussions have considered migration of the Bougouni project to the new 2023 Mining Code that has now been fully implemented in Mali and have focussed on the financing and development of the Project. The current mining licence remains valid and is in good standing with the government and the progress made to date towards the finalisation of the transfer to LMLB of Bougouni is viewed positively.

The negotiations are continuing, and developments will be reported, as appropriate.

Boumou Prospect Update

The diamond drilling programme was concluded at the end of August 2024 with a total of 5,474m drilled in this programme. Early in September 2024, a new core cutting saw was mobilised to site to improve productivity of core cutting and sampling.

The Company currently has submitted over 2,000 diamond drilled core samples to the assay laboratory and results remain pending.

After receipt of these results, KMUK intends to continue its exploration programme at Boumou over the coming months, details of which will be announced in due course, along with assay results as they come to hand. A resource estimate update for Boumou will be conducted after all diamond drill results are received.

Environmental and Social updates

A formal meeting was held last week with the Governor of Bougouni and local leaders to present a summary of the Project development status, attended by the Company's in-country executive management team, and Kodal's CEO, Bernard Aylward. The Governor and communities expressed their continued support for the Project, and were complementary of the strong relationship developed between the Company/KMUK and the local communities. As an outcome of the meeting, KMUK's Social Responsibility Manager will work with the Governor's advisors to discuss potential livelihood improvement projects and how KMUK can provide additional support.

Local recruitment numbers from the surrounding villages at Bougouni for the construction phase has reached a total of 164 personnel, to date.

****ENDS****

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The exploration results and activity reported in this announcement have been reviewed by Mr Bernard Aylward who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Aylward has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Qualified Person as defined in the AIM Note for Mining and Oil & Gas Companies dated June 2009. Mr Aylward consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

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