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Kodal Minerals plc

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

Government of Mali and Kodal Mining UK Limited agree terms of Bougouni Lithium Project Mining Licence transfer

Kodal Minerals, the mineral exploration and development company, is pleased to provide an update on the transfer of the Bougouni Lithium Project mining licence from Future Minerals SARL to the Mali registered mining company Les Mines de Lithium de Bougouni SA ("LMLB"). The Bougouni Lithium Project located in Southern Mali ("Bougouni" or the "Project") is fully funded through the US 117.5m Hainan funding transaction (as announced by the Company on 15 November 2023) (the "Hainan Transaction"). The Hainan Transaction included 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 and parent company of Future Minerals SARL and LMLB.

Highlights:

- KMUK and the State of Mali (the "State") have entered into a binding memorandum of understanding (the "MoU") to finalise the transfer of the Project mining licence to the established mining company LMLB.
- The MoU confirms that the mining licence will migrate to the 2023 Mining Code of Mali with the following key terms:
 - The participation of the State and national private investor interest will be a total of 35% of the equity in the mining company LMLB, with the balance of 65% held by KMUK.
 - The mining licence will transfer with an initial 10 year term and the State undertakes to renew the licence as required with the conditions laid down in the mining code in force on the date of such renewal.
 - The MoU confirms the continuation of the customs and duties exemptions during the construction phase as well as confirming that the State will grant all necessary permits for operation including export permits for the spodumene product.
 - The parties have agreed to a US 15 million cash payment to the State relating to the Hainan Transaction, payable in two equal instalments by KMUK, with the first following signing of the MoU and the final prior to 31 March 2025.
 - Upon completion of transfer of the mining licence the MoU confirms that the Bougouni mining licence will be in full compliance with all legal requirements and in good standing.

Bernard Aylward, CEO of Kodal Minerals, remarked:*"The MoU with the State for the transfer of the Bougouni mining licence is the final legal step required as we rapidly progress the construction of the Project, with production on track for the first quarter of 2025. The transfer of the mining licence to the mining company LMLB confirms the good standing of the Project and provides certainty of State support and ongoing stability of Bougouni. The strong partnership built between Kodal and the State has allowed discussions to be accelerated, culminating with this landmark MoU."*

FURTHER INFORMATION

In 2022, the State initiated an audit of the mining sector, including a review of existing mining conventions for existing mines. In August 2023, the State issued a new Mining Code (the "2023 Mining Code") and later in 2023

existing mining licence in August 2023, the State issued a new mining code (the "2023 Mining Code") and later in 2023 established a commission comprised of Malian Government advisors and representatives (the "Commission") which was tasked with negotiating certain aspects of existing mining conventions and clarifying the application of the 2023 Mining Code to both existing and new mining projects. In July 2024, the State finalised and issued the Implementation Decree for the 2023 Mining Code, which included certain details relating to economic parameters not previously included in the 2023 Mining Code.

The KMUK team has completed meetings with the Commission to finalise the transfer of the Bougouni mining licence and confirm the Hainan Transaction that is supporting the development of the Bougouni Lithium Project. The MoU agreed between the parties confirms the migration of the Project to the 2023 Mining Code whilst confirming rights relating to various customs and tax exemptions for the development.

The material terms of the MoU are:

- Migration of the mining licence to the 2023 Mining Code, with the State confirming the transfer of the licence to LMLB (a subsidiary of KMUK) with an initial validity period of 10 years, and upon expiry the State undertakes to renew the licence according to the conditions of the mining code in force on the date of renewal.
- The State has confirmed the customs exemptions for the construction of the operation:
 - a) Temporary admission, on a pro rata temporis basis, free of charge, of vehicles, machinery and machinery, heavy machinery, user vehicles and other property placed under this regime and included in the mining list;
 - b) Exemption from all import duties and taxes payable on tools, oils and greases for machines necessary for their activities, petroleum products, spare parts (except those intended for passenger vehicles and all vehicles for private use), materials and equipment, machinery and appliances intended to be permanently incorporated into works and included in the mining list, covering only the needs of the construction phase; and
 - c) The goods and products referred to in points (a) and (b) of Article 3 shall be valued, by common agreement by the parties, to determine the remaining needs.
- The State and national investors will have an equity interest in LMLB of 35% through the issue of new shares, the acquisition of which has been calculated in accordance with the provisions of the 2023 Mining Code. The State always had an initial 10% free participation right in the Project and the agreed acquisition price for the additional 25% of new equity is approximately US 4.3 million. The 35% equity interest holds priority rights, including preventing the State and national investors' interest from being diluted below 35% in the event of any capital increases in LMLB. It is noted that the KMUK partners retain the right to recover all capital investment and intercompany loans from the operation as a priority.
- Implementation of a shareholder's agreement to ensure that the board of LMLB will have at least four directors on behalf of the State, including two independent directors.
- The MoU confirms the approval of all agreements relating to the Hainan Transaction and an associated payment by KMUK to the State of US 15 million payable in cash as follows:
 - US 7.5 million within five days of the signing of the MoU; and
 - US 7.5 million by 31 March 2025.

****ENDS****

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