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

30 April 2025

Kodal Minerals plc

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

Hainan provides up to US 15 million Loan Facility to the Bougouni Project

DMS processing plant ramp up continuing with over 20,000t of spodumene concentrate on site

Kodal Minerals, the mineral exploration and development company, is pleased to announce that Hong Kong Xinmao Investment Co., Limited ("HKXI"), a wholly owned subsidiary of Hainan Mining Co., Ltd ("Hainan"), has entered into a loan agreement with Kodal Mining UK Limited ("KMUK") to provide a facility for up to US 15 million to be drawdown by KMUK (the "Loan Facility"). An initial US 7.5 million advance under the Loan Facility has been received by KMUK and used to satisfy the final payment relating to the binding memorandum of understanding (the "MoU") between KMUK and the State of Mali (the "State"), details of which were announced on 1 November 2024.

At the Company's flagship Bougouni Lithium Project in Southern Mali ("Bougouni" or the "Project") the ramp-up of the dense media separation ("DMS") processing plant is continuing. The DMS processing plant has produced over 20,000 tonnes of spodumene concentrate to date and the processing team are continuing to make adjustments to operations to improve performance and reach nameplate capacity. Open-pit mining activity is continuing ahead of schedule, ensuring that the run-of-mine ("ROM") stockpile is built ahead of the wet season and in advance of the plant reaching steady state production.

Highlights:

- A Loan Facility with total commitment of up to US 15 million with an initial drawdown of US 7.5 million received.
- Loan Facility has a 10-month term with interest of 15% per annum.
- Final payment under the MoU between KMUK and the State of Mali paid out of initial Loan Facility drawdown of US 7.5 million.
- KMUK team meeting with Mali Government Direction Nationale de Geologie et des Mines ("DNGM") to update on site activities and plant improvements at Bougouni.
- KMUK's team are progressing discussions with the Mali Government in order to finalise the necessary permitting for export, allowing the sale of ore to China to commence.
- Over 20,000 tonnes of spodumene concentrate on site at Bougouni is ready for export and ramp-up of the DMS processing plant continues to improve plant performance.

Bernard Aylward, CEO of Kodal Minerals, remarked:*"The agreed Loan Facility is a prudent measure for KMUK in order to ensure that the ramp-up and site operations are secured ahead of the commencement of export of product. KMUK maintains funds on account and has no other debt. The Loan Facility is expected to be repaid out of the sales of product once export begins and the amount of product on site is anticipated to generate revenue in excess of the amount available under the Loan Facility.*

"With the completion of the MoU payment and the recently announced mining licence transfer, the Bougouni Project team are now working to secure the necessary export permit as the final item required to commence

Project team are now working to secure the necessary export permits as the final item required to commence spodumene concentrate sales.

"As the ramp-up of the DMS processing plant continues, we see regular improvements in the operation and the production of spodumene concentrate. We anticipate reaching nameplate capacity in the next quarter and entering steady state production."

FURTHER INFORMATION

Pursuant to the Loan Facility, HKXI has agreed to provide a loan facility to KMUK for general corporate purposes, with a total commitment of US 15 million. An initial drawdown US 7.5 million has already been provided to KMUK.

Key points:

- The Loan Facility has an availability period for drawdowns commencing from the date of the Loan Facility until one month prior to the final repayment date, as described below.
- The final repayment date of the Loan Facility is ten months after the date of entering into the Loan Facility (the "Final Repayment Date").
- The Loan Facility attracts an interest rate of 15% per annum.
- No security has been given over the assets of KMUK.

Loan Facility Conditions

Hainan has agreed to supply additional drawdown loans on request during the availability period, provided certain conditions are met, including submission of a written request, evidence of board authorisation and the entry into an offtake agreement with an affiliate or nominee of the lender. The Company is progressing offtake discussions and further updates will be announced when appropriate.

In the event of legal restrictions preventing the lender from fulfilling its obligations, the borrower must repay all outstanding amounts within 20 days of notification.

****ENDS****

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