

ASX ANNOUNCEMENT

31 January 2022
ASX Code: **MYL**

BOARD OF DIRECTORS

Mr John Lamb
Executive Chairman, CEO

Mr Rowan Caren
Executive Director

Mr Jeff Moore
Executive Director

Mr Paul Arndt
Non-Executive Director

ISSUED CAPITAL

| | |
|--------------------|--------|
| Shares | 190 m. |
| Performance Rights | |
| Unlisted Options | 5 m. |

Mallee Resources Limited

Suite 1, Ground Floor,
9 Havelock Street
West Perth 6005
Western Australia

info@malleeresources.com.au
P +61 (0)8 6147 8100
malleeresources.com.au

ABN: 48 124 943 728

DECEMBER 2021 QUARTERLY ACTIVITIES REPORT

Highlights

- **Cash position increases to A\$36 million. Bawdwin sale proceeds continue to add to MYL's strong financial position**
- **New project search is now advanced with a small number of high quality projects progressed to detailed due diligence**

Summary of Activities

During the period Mallee Resources Limited ("MYL" or "the Company") announced that, in relation to the US\$30 million Bawdwin sale transaction, the Company had received all the US\$16.875 million payable from funds held outside of Myanmar.

As of the time of writing, BJV Company (the Bawdwin JV company) has received approximately US\$6 million from Win Myint Mo of the US\$13.125 million payable in Myanmar in respect of Bawdwin IP and has repaid shareholder loans totalling almost US\$5 million to MYL's 100% owned Myanmar subsidiary, Bright Mountain Resources Myanmar Limited.

MYL is presently working with its banks and local authorities to permit the transfer of these funds held in Myanmar to Australia and, as per the announcement dated 4 January 2022, is aiming to complete this process by the end of February 2022 but notes the challenging and dynamic banking environment in Myanmar. Today, the first transfer of funds from Bright Mountain Resources was received for US\$100k, which represents a significant milestone.

New Project Search

During the period, MYL successfully moved through the generative phase of the search for a new project, where over a hundred opportunities have been evaluated. In this first phase, plausible projects were presented to MYL's team by an internal champion and fundamental questions were asked including, whether the project opportunity was compelling, how the project would fit with MYL and whether there were any 'red flags' which made pursuing the opportunity impossible. The Company has rejected most of the projects presented in this early stage to ensure MYL's resources are judiciously deployed on only the most worthy opportunities.

Projects which made it through the first phase of screening entered into the second phase, involving a review of fatal flaws. Specific risk factors reviewed in this phase included: resource risk, permitting, environmental, legal and project valuation. This stage has often involved a commercial conversation with the counterparty to establish whether a deal can be done and gain an idea of value



expectations and any other commercial issues. A small number of opportunities have proceeded beyond this second phase.

Presently MYL's focus is on the few projects which have proceeded to phase three, detailed due diligence. In this last phase we are undertaking comprehensive technical, legal and commercial due diligence, conducting site visits and creating financial models. Subject to the successful conclusion of detailed due diligence, an opportunity will move into a transaction execution phase during which shareholders will be provided with detailed disclosure documents on the acquisition opportunity and be asked to vote on the acquisition opportunity in a general meeting of shareholders.

John Lamb, Executive Chairman and CEO, commented:

"I am really pleased with how we have structured our new project search. We have homed in on worthy opportunities early and avoided wasting time 'kicking tyres'. I am encouraged by the progress our team has made and I look forward to getting started on a new project in 2022."

Financial Position

At the end of the December Quarter, MYL held \$36.0 million in cash with no debt.

Operating cashflows during the quarter totalled \$0.76 million. This included \$0.70 million in staff and corporate costs. The balance was attributable to the Bawdwin project holding cost.

In accordance with ASX Listing Rule 5.3.5, the Company confirms that payments made to directors during the quarter totalling \$303,000 comprised of salaries and fees.

Non-Executive Director Resignation

During the period Mr Andrew Teo resigned as a Non-Executive Director of the Company. Mr Teo made the decision due to work commitments associated with Medusa Mining Limited, where he was appointed to the role of Managing Director earlier in 2021.

Mr Teo joined the Board of MYL in June 2020 and was the Chair of the Audit Committee and a member of the Remuneration Committee. Mr Teo was a much-valued Director and colleague. The MYL team thanks Mr Teo for his wise council and wishes him all the best for his future endeavours.

Authorised for release to the ASX by

John Lamb
Executive Chairman and CEO
Mallee Resources Limited



Mineral Tenements

| Title / Reference | Status | Party Name | MYL Interest |
|--------------------------|---|--------------------------------|---|
| Myanmar | | | |
| <i>Bawdwin</i> | <i>Production sharing contract; Granted Mining Concession</i> | <i>Win Myint Mo Industries</i> | <i>51% participating interest. Binding divestment agreement approved by shareholders in September 2021.</i> |

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

MALLEE RESOURCES LIMITED

ABN

48 124 943 728

Quarter ended ("current quarter")

31 December 2021

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | - | - |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | - | - |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (482) | (833) |
| | (e) administration and corporate costs | (218) | (590) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 1 | 4 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other (Expenditure on assets held for sale) | (58) | (841) |
| 1.9 | Net cash from / (used in) operating activities | (757) | (2,260) |

| | | | |
|-----------|---|---|---|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) exploration & evaluation | - | - |
| | (e) investments | - | - |
| | (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|---|------------------------------------|--|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | 1 | 1 |
| | (d) investments | 26,140 | 26,140 |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | 26,141 | 26,141 |

| | | | |
|-------------|---|-------------|-------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other – operating lease payments | (26) | (41) |
| 3.10 | Net cash from / (used in) financing activities | (26) | (41) |

| | | | |
|-----------|--|--------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 10,127 | 11,425 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (757) | (2,260) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | 26,141 | 26,141 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (26) | (41) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|---|------------------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | 502 | 722 |
| 4.6 | Cash and cash equivalents at end of period | 35,987 | 35,987 |

| 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|------------------------------------|-------------------------------------|
| 5.1 Bank balances | 35,987 | 10,072 |
| 5.2 Call deposits | - | - |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other (share of cash from entities held for sale) | - | 55 |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 35,987 | 10,127 |

| 6. Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|---|------------------------------------|
| 6.1 Aggregate amount of payments to related parties and their associates included in item 1 | 303 |
| 6.2 Aggregate amount of payments to related parties and their associates included in item 2 | - |
| <i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i> | |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| | | | |
|-----------|---|---|--|
| 7. | Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
| 7.1 | Loan facilities | - | - |
| 7.2 | Credit standby arrangements | - | - |
| 7.3 | Other (please specify) | - | - |
| 7.4 | Total financing facilities | - | - |
| 7.5 | Unused financing facilities available at quarter end | | - |
| 7.6 | Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |
| | N/A | | |

| | | |
|-----------|---|----------------|
| 8. | Estimated cash available for future operating activities | \$A'000 |
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | (757) |
| 8.2 | (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | - |
| 8.3 | Total relevant outgoings (item 8.1 + item 8.2) | (757) |
| 8.4 | Cash and cash equivalents at quarter end (item 4.6) | 35,987 |
| 8.5 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 | Total available funding (item 8.4 + item 8.5) | 35,987 |
| 8.7 | Estimated quarters of funding available (item 8.6 divided by item 8.3) | 47.5 |
| | <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i> | |
| 8.8 | If item 8.7 is less than 2 quarters, please provide answers to the following questions: | |
| 8.8.1 | Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| | Answer: N/A | |
| 8.8.2 | Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? | |
| | Answer: N/A | |

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2022.....

Authorised by:By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.