

ASX ANNOUNCEMENT

7 July 2022
ASX Code: MYL

BOARD OF DIRECTORS

Mr Jeff Moore
Non-Executive Chairman

Mr John Lamb
Managing Director

Mr Rowan Caren
Executive Director

Mr Paul Arndt
Non-Executive Director

Mr Steve Hendel
Non-Executive Director

ISSUED CAPITAL

Shares	302 m.
Performance Rights	5 m.
Unlisted Options	1 m.

Mallee Resources Limited

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MYL Completes Acquisition of Avebury Nickel Project

Highlights

- Mallee has acquired 100% of the shares in Allegiance Mining Pty Ltd, owner of the Avebury project, which owns:
 - Substantial nickel sulphide Mineral Resources of 29.3 Mt at 0.9% Ni (264 Kt contained Ni) (of which 8.7Mt is in the indicated category and 20.7Mt is in the inferred category) (JORC 2012)¹
 - An underground mine developed and in production
 - A fully built and operation-ready processing facility with nameplate capacity of 900 ktpa and a permitted tailings storage facility
 - 2 Mining Leases and 1 Exploration Licence at Avebury
 - 1 Exploration Licence and 1 Retention Licence at Melba, with a right to acquire an additional Exploration Licence prior to Mallee's re-listing on ASX
- Mining operations have commenced, and the re-start of the processing plant is planned for Q3, 2022
- Dominant ground holding position at Avebury (Ni) and Melba (Ni, Cu, PGE's)
- 100% renewable grid power connected to site. Mallee is engaging with suppliers to decarbonise Avebury operations



Figure 1. Jumbo undertaking meshing and bolting at Avebury.

¹ The Mineral Resource estimate including JORC Table 1, sections 1, 2 and 3 and the competent persons statement has been previously reported by the Company in accordance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves' (JORC Code) on 8 April 2022 and is publicly available at <https://malleeresources.com.au/static/2f9fb39a04dad8dc51edb897481a4701/2367037.pdf>. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.



Mallee Resources Limited (“MYL” or the “Company”) is delighted to announce that the Deed of Company Arrangement (“DOCA”) for Allegiance Mining Pty Ltd (“Allegiance”) has effectuated and accordingly the acquisition of the Avebury Nickel Project in Tasmania is now complete. In connection with effectuation, the Company has drawn down on a US\$20 million debt facility and a US\$10 million bridging loan made available by Hartree Metals LLC (“Hartree”), met its payment obligations under the DOCA, which required payments totalling US\$10.4 million (after offsetting the above finance facility) and A\$2.2 million (for costs associated with the transaction) to Hartree, issued 91,973,769 effectuation shares to Hartree and issued 19,841,269 effectuation shares to the liquidators of Dundas Metals Pty Ltd (in liquidation). The Company is also pleased to welcome Steve Hendel to its board as Hartree’s nominee director.

The successful acquisition paves the way for Mallee to emerge as the Australia’s newest producer of nickel sulphide concentrate when the Avebury processing plant commences operation later in the year.

Jeff Moore, Chairman, described the acquisition as:

“A transformational project for Mallee and an exciting development in the emergence of Tasmania as a source of low-emission, critical minerals, that are highly sought after on world markets.”

John Lamb, Managing Director noted:

“Avebury is an absolute gem. Fully-constructed, ready to run, with a well-developed mine and a large mineral resource already on the books. It is also a very clean site: small footprint, well laid-out, with plans to dispose of much of the waste rock and tailings back into the underground mine. We are connected to Tasmania’s 100% renewable grid power and we have both the opportunity and, in my opinion, the responsibility to mine with the least impact on the natural environment. To that end, we have begun discussions with equipment manufacturers to provide a future fleet of battery-electric mining machines for use in the underground mine.”



Figure 2. Aerial view of Avebury site.



To ensure that the restart runs smoothly, Mallee's Managing Director John Lamb has personally taken on the role of General Manager at the mine. A veteran mine manager and well-known figure in Tasmania's minerals sector over many years, Mr Lamb is building a team that will grow to around 200 permanent roles by the end of the year.



Figure 3. First ore from underground mine delivered to the run-of-mine pad.

Mining operations have commenced at Avebury on a single shift basis. Ore is being delivered to the ROM pad where a stockpile is being developed in advance of commissioning the processing plant, which is planned to commence operations during this quarter. Concentrate produced from Avebury will be sold under the life of mine offtake agreement with Hartree Metals, as disclosed in the announcement dated 29 June 2022.

The Company also plans to explore for nickel on its extensive ground holding near the mine, and also in the Melba district approximately 20km away. Melba hosted Australia's entire nickel production up until the 1960's and was known for high-grade nickel and copper with associated platinum-group metals.

"We are here for the long haul", Mr Lamb commented, "and so exploration is crucial to build out a pipeline of future feed for the processing plant at Avebury."

As part of the Company's process of re-listing on the ASX, MYL will undertake a capital raising. The Company expects to issue an updated investor presentation and a prospectus for the capital raising in due course.



Jeff Moore, Chairman, noted:

“The capital raising will provide the funding needed to return Avebury to full production so that it can provide long-term local employment and community support. Importantly, the raising will be open to the public, as well as Mallee’s existing shareholders and institutional investors, so it represents a wonderful opportunity to own a piece of Tasmania’s resurgent mining industry”.



Figure 4. Award of certificates to Zeehan Primary School Students for naming the Avebury community newsletter.



Approved for release to the ASX by

John Lamb

Managing Director

About Mallee Resources Limited

Mallee Resources Limited (ASX: MYL) is an emerging miner listed on the Australian Securities Exchange. The Company wholly owns the Avebury nickel sulphide project in Zeehan, western Tasmania. The Avebury projects hosts JORC (2012) Mineral Resources of 29.3 Mt at 0.9% Ni, an underground mine and a modern processing plant and mine infrastructure. The Avebury Mineral Resource is open at depth and along strike and bears outstanding exploration potential.