

ASX ANNOUNCEMENT

31 August 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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CORPORATE UPDATE

Proceeds from Sale of BMR

Mallee Resources Limited (“MYL” or “the Company”) refers to its announcement dated 25 July 2022, entitled ‘MYL to sell Bright Mountain Resources’ (“BMR”) which disclosed that MYL had agreed to sell its subsidiary BMR to MAI for US\$10.2 million (“BMR Sale Announcement”).

Settlement of the sale transaction is to occur in tranches over the next six months with completion due by 17 January 2023.

The first tranche of sale proceeds of not less than US\$1 million was due to be received by MYL on 21 August 2022. A further tranche of not less than US\$1 million is due no later than 31 August 2022. To date neither tranche has been received.

MAI is seeking approval from the Central Bank (“CBM”) for the transfer of funds. CBM approval has not yet been obtained.

The Company does not believe that this represents an event of default by MAI as the delay is due to events beyond the reasonable control of MAI.

It is noted that MAI’s performance of the transaction is subject to security in the form of a share pledge in favour of Mallee. The share sale agreement contains customary default provisions in the event of a failure to pay.

Notwithstanding that MYL has not received the initial payment owing from MAI, and MYL’s prospectus dated 2 August 2022 (“Prospectus”) contemplates the receipt by MYL of the US\$10.2 million in total proceeds from MAI, MYL’s directors remain satisfied that MYL, on completion of the re-compliance offer, will have sufficient working capital to carry out its stated objectives.

MYL is also working with its major shareholder Hartree Metals LLC (“Hartree”) to secure a US\$10 million line of credit to be applied toward expenditure commitments for which MYL had allocated funds that are to be received pursuant to the agreement for its sale of BMR. Should proceeds of the sale of BMR be received prior to the line of credit being made available, it is anticipated that the amount to be drawn under the line of credit will be reduced proportionately. It is anticipated that the repayment date for the line of credit would be 6 months following the initial drawdown of the facility and otherwise repayable on receipt of funds from MYL’s sale of BMR, which would provide further comfort with respect to MYL’s working capital requirements. The line of credit is a new line of credit that is intended to be made available to MYL on or about the date that US\$10 million under the existing facility provided by Hartree is repaid, which is intended to be repaid on completion of the capital raising being undertaken pursuant to the Prospectus.

The Company will provide a revised Use of Funds table to factor in the revised arrangements with Hartree and the actual amount raised under its Prospectus, which will demonstrate that non-receipt of funds from MAI under the initial tranche by the due date can be addressed. This revised Use of Funds table and an updated pro forma balance sheet will be released to market in due course.



ASX has not yet considered or consented to the proposed amended use of funds, amended pro-forma balance sheet or line of credit arrangements with Hartree which may be necessary if MAI is unable to make payments pursuant to the BMR Sale Agreement.

The Company confirms that it is in compliance with ASX Listing Rule 3.1.

Capital Raising

Mallee Resources Limited advises that it has extended the closing date for its capital raising to 5pm (AWST) on 2 September 2022 while it awaits cleared funds from applicants.

The capital raising will remain open for all investors up until the closing date. A copy of the prospectus and instructions on how to apply for shares can be found at: <https://apply.automic.com.au/MalleeResources>.

Authorised 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 Project hosts JORC (2012) compliant Mineral Resources of 29.3 Mt at 0.9% Ni¹, an underground mine and a modern processing plant and mine infrastructure. The Avebury Mineral Resource is open at depth and along strike and the prospective host geology hosts outstanding exploration potential.

JORC classification	Tonnage (Mt)	Ni (%)	Co (ppm)	As (ppm)
Indicated	8.7	1.0	244	378
Inferred	20.7	0.8	223	297
TOTAL	29.3	0.9	229	321

Table 1: Avebury Mineral Resource estimate, reported from all blocks within Ni > 0.4 % envelope²

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://bit.ly/3jifzIM>. 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.