

ASX ANNOUNCEMENT

8 September 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

ISSUED CAPITAL

Shares	320 m.
Performance Rights	5 m.
Unlisted Options	1 m.

Mallee Resources Limited

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Placement

Capital Raising

Mallee Resources Limited (“MYL” or “the Company”) is pleased to advise that it has raised \$7.7 million by the placement of 18.37 million shares at \$0.42 per share to sophisticated investors (“Placement”).

The Placement was completed by the Company in order to ensure that it is able to meet its financial obligations during the final stages of development of the Avebury nickel project.

A detailed use of funds for the Placement is set out in Annexure A.

Completion of the Placement will not result in the Company being reinstated to trading on ASX. The shares issued under the Placement (Placement Shares) may be subject to ASX imposed escrow and will not be quoted. In the event the Company successfully re-complies with Chapters 1 and 2 of the ASX listing rules, the Company will make submissions to ASX with respect to the application of ASX imposed escrow and availability of cash formula relief to the Placement Shares.

Re-compliance with Chapters 1 and 2 of the ASX listing rules

As announced by the Company on 1 September 2022, the Company was unable to meet the minimum subscription under its prospectus dated 2 August 2022 (“Prospectus”). As a result, the Company formally withdrew the offers under its Prospectus by way of a supplementary prospectus dated 5 September 2022.

Prior to the Company being reinstated to trading, the Company will need to re-submit an application for suitability to list on ASX. In the event the Company receives favourable advice on suitability to list from ASX, that is not a guarantee that the Company will be re-admitted to the official list of ASX. The Company must still meet all of the requirements for admission and quotation set out in Chapters 1 and 2 of the ASX Listing Rules. Further, regardless of any view expressed in ASX’s in-principle advice, ASX will retain its absolute discretion under listing rule 1.19 to admit (or not admit) the Company to the official list, which it can exercise at any time.

The Company’s attention is currently directed toward ensuring ongoing development of the Avebury nickel project. The Board considers that the Company currently has sufficient funds to continue its operations for a month to six weeks, excluding sales revenues, which the Company expects to receive during this period from its production and export activities.

In order to continue its development activities and ensure the Company’s ongoing solvency, the Company anticipates that further funds will be raised under its placement capacity in the short term.



As noted in the Company's announcement dated 7 September 2022, the repayment date of the short term US\$10 million bridging loan provided by major shareholder Hartree Metals LLC ("Hartree") has been extended to 30 September 2022.

This is intended to allow time to finalise negotiations with Hartree to secure a US\$10 million line of credit as referred to in the Company's announcement dated 31 August 2022. A line of credit will be subject to the requirements of the Corporations Act and ASX Listing Rules, which may require shareholder approval or the grant of a waiver of the ASX Listing Rules in respect of any security granted in connection with the line of credit.

The Company anticipates commencement of production at Avebury this month with first sales of Nickel concentrate next month.

The Board considers that the Company remains solvent and is otherwise compliant with ASX Listing Rule 12.2. Once further funding has been secured, the Company intends to re-submit an application for suitability to list on ASX, which it anticipates will be made by the end of the calendar year. The Company is a long term suspended entity, which is scheduled for removal from the official list of ASX on 3 February 2023 and it is the Company's current intention to seek reinstatement to trading before this deadline. The Company will continue to update the market with respect to the re-compliance process as the transaction progresses.

Set out below is an indicative timetable with respect to the Company's proposed re-compliance with Chapters 1 and 2 of the ASX Listing Rules:

Event	Estimated date
Submit application to ASX for suitability	9 November 2022
Submit draft notice of meeting for ASX review	16 November 2022
Notice of meeting sent to shareholders	7 December 2022
Shareholder meeting to approve re-compliance transaction	6 January 2023
Lodge prospectus with ASIC and opening date of offer	6 January 2023
Closing date of offer	20 January 2023
Re-compliance date	31 January 2023

* The above table is indicative and subject to change as the Company's re-compliance process progresses. The Directors reserve the right to amend the timetable from time to time without notice.

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 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.



Annexure A

Sources and Uses of Funds	\$'000
Sources of Funds	
Current Cash	3,772
Placement proceeds	7,715
Total Sources	<u>11,487</u>
Uses of Funds	
Avebury	
Operating expenditure	3,236
Capital expenditure	2,794
Financed equipment	694
Payroll	2,380
Bond (Energy Utility)	<u>1,800</u>
	10,904
Corporate	
General & Administration	95
Payroll	252
Interest	<u>236</u>
	583
Total Uses	<u>11,487</u>