

**ASX ANNOUNCEMENT**

28 December 2022  
ASX Code: MYL

**BOARD OF DIRECTORS**

Mr Jeff Moore  
Non-Executive Chairman

Mr John Lamb  
Managing Director

Mr Rowan Caren  
Executive Director

**ISSUED CAPITAL**

Shares	404 m.
Performance Rights	5 m.

**Mallee Resources Limited**

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# Waiver of ASX Listing Rule 10.1 Granted

Mallee Resources Limited (“MYL” or “the Company”) refers to its announcement dated 19 December 2022.

It was noted in that announcement that the repayment date for a short-term bridging loan (“Hartree Bridge Facility”) provided by major shareholder Hartree Metals LLC (“Hartree”) in July has been further extended but that extension of the repayment date beyond 30 December 2022 was subject to ASX granting a waiver pursuant to ASX Listing Rule 10.1.

The Company is pleased to advise that ASX has granted a waiver from ASX Listing Rule 10.1 to allow the Hartree Bridge Facility to be extended on the terms proposed. A summary of the terms of the waiver is set out in the Annexure.

The extension is initially through to 30 December 2022 (the “First Extension”). The Hartree Bridge repayment date may now be extended further through to 30 June 2023 (the “Second Extension”), following ASX granting a waiver of ASX Listing Rule 10.1 for the revised terms of the Bridging Facility.

Hartree was unwilling to further extend the Hartree Bridge Facility beyond 30 December 2022 on the terms existing at 15 December 2022 and required that the amendments set out in the table become applicable from the date of the Second Extension.

Given the less beneficial terms made available from the date of the Second Extension, the Company’s preference was to seek financial accommodation from a new financier on more favourable terms. The Company retained the services of an international corporate and debt advisory firm to assist in the process. However, as the Company required funding in advance of the Hartree Bridge Facility becoming repayable, the revised terms of the Hartree Bridge Facility represented the best terms available to the Company within the applicable time constraints.

The Company and Hartree negotiated the terms of extension to the Hartree Bridge Facility at arm’s length, with the fees and increased interest rate representing Hartree passing on the increased costs of capital available to it.

Based on the circumstances set out above, the Board considers that the grant of security in respect of the Hartree Bridge Facility is fair and reasonable to Shareholders. It is the Company’s intention for the Hartree Debt Facility and Hartree Bridge Facility to be refinanced in due course.

The Bridging Loan, which was initially for US\$10 million, was partially repaid by MYL on 30 September, leaving a balance of US\$4 million outstanding and due for repayment on 14 October 2022. The repayment



date was then extended to 15 December 2022 and allowed for up to US\$6 million to be redrawn (refer to the ASX release dated 21 October 2022). A total of US\$4 million has been redrawn, therefore the total amount outstanding under the Bridging Loan at this time is US\$8 million. Under the terms of the extension, US\$2 million that was previously available for redraw cannot be redrawn prior to the Second Extension becoming effective.

The extensions are intended to allow time to refinance the Hartree facility. Should proceeds of the sale of MYL's former wholly owned subsidiary, BMR, be received, the Company will be required to apply the sale proceeds toward repayment of amounts outstanding under the Bridging Loan. The Company sold BMR to MAI for US\$10.2 million in July (refer to the ASX release dated 25 July 2022). Settlement of the sale proceeds is to occur in tranches over a six month period with completion due by 17 January 2023. None of the funds due to date have been received by MYL by the respective due dates, however, MAI is continuing to work through the regulatory approvals process.

There will be no change to the fees payable in respect of the extension through to 30 December 2022, however if the facility is further extended to 30 June 2023, the terms of the Bridging Loan will be varied on the terms set out below.

A summary of the amended terms which would apply from 30 December, if the Bridge Loan is further extended is as follows:

	First Extension Period	Second Extension Period
<b>Repayment Date</b>	30 December 2022	30 June 2023
<b>Extension Fee</b>	N/A	US\$150,000 (being 1.5% of the total Commitment of US\$10 million), payable within 7 business days of the date of extension.
<b>Drawdown Fee</b>	N/A	An amount equal to: <ul style="list-style-type: none"> <li>• 4% of the amount outstanding as at the extension date, payable within 7 business days of the date of extension (note that US\$8 million currently drawn so the initial drawdown fee would be US\$320,000); and</li> <li>• 4% of each amount drawn after the extension date, payable out of amounts advanced to MYL (note that US\$2 million remains to be drawn which would incur a further fee of US\$80,000).</li> </ul>
<b>Interest Rate</b>	10% per annum payable on the last day of each calendar month	The aggregate of Term SOFR for each calendar month, plus a margin of 10% per annum
<b>Mandatory Prepayment</b>	<ul style="list-style-type: none"> <li>• Sale of business – All</li> <li>• Disposal of assets over US\$500,000 – the consideration received</li> </ul>	As per the current arrangement, plus: <ul style="list-style-type: none"> <li>• any amount received by MYL as consideration for the sale of BMR</li> </ul>



	less amount re-invested by Mallee Tas <ul style="list-style-type: none"> <li>Equity capital raise by Mallee Tas – the amount raised</li> </ul>	<ul style="list-style-type: none"> <li>Equity Capital raise by MYL – the amount raised that exceeds US\$20m.</li> </ul>
<b>Legal Fees and expenses</b>	Mallee Tas is responsible for all of Hartree's external legal expenses associated with the facility	Mallee Tas will pay \$70,000 to Hartree in respect of its external legal fees.

Approved for release to the ASX by

**Director/Company Secretary**

### 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% Ni<sup>1</sup>, an operating 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)
<b>Indicated</b>	<b>8.7</b>	<b>1.0</b>	<b>244</b>	<b>378</b>
<b>Inferred</b>	<b>20.7</b>	<b>0.8</b>	<b>223</b>	<b>297</b>
<b>TOTAL</b>	<b>29.3</b>	<b>0.9</b>	<b>229</b>	<b>321</b>

<sup>1</sup> 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 - Terms of the ASX Listing Rule 10.1 Waiver

1. Based solely on the information provided, ASX grants Mallee Resources Limited ('MYL') (the 'Company') a waiver from Listing Rule 10.1 to the extent necessary to permit the Company to grant security over the assets and undertakings of the Company's wholly owned subsidiary, Mallee Tas (Operating) Pty Ltd ('Mallee Tas') in favour of Hartree Metals LLC ('Lender') (the 'Security') to secure the Company's obligations under a debt facility for an amount up to USD\$10,000,000 with repayment due by 30 June 2023, with an interest rate of the aggregate of term SOFR for each calendar month plus a margin of 10% per annum with the facility held in the name of the Lender and drawn down by the Company as required (the 'Bridging Loan') provided by the Lender without obtaining shareholder approval, on the following conditions.
  - 1.1 the material terms of the Bridging Loan and of the waiver are announced to the market;
  - 1.2 the announcement includes a description of the reasons why the entity has chosen to obtain the financial accommodation from the 10.1 party rather than a lender that is not a 10.1 party and the steps the board of the entity has taken to satisfy itself that the transaction is being entered into on arm's length terms and is fair and reasonable from the perspective of the holders of the entity's ordinary securities;
  - 1.3 the Security documents expressly provide that:
    - a) the Security is limited to the funds due under the financial accommodation;
    - b) the Security will be discharged when the funds due under the financial accommodation have been repaid in full;
    - c) in the event the Security is enforced, the assets can only be disposed of to the 10.1 party or an associate of the 10.1 party if the disposal is first approved by the entity's security holders under Listing Rule 10.1; and
    - d) otherwise, if the holder of the Security exercises, or appoints a receiver, receiver and manager or analogous person to exercise, any power of sale under the Security, the assets must be sold to an unrelated third party on arm's length commercial terms and the net proceeds of sale distributed to the 10.1 party in accordance with their legal entitlements;
  - 1.4 any variation to the terms of the financial accommodation or the Security which:
    - a) advantages the 10.1 party in a material respect;
    - b) disadvantages the entity in a material respect; or
    - c) is inconsistent with the terms of the waiver,
    - d) must be subject to security holder approval under Listing Rule 10.1; and
  - 1.5 for each year while they remain on foot, a summary of the material terms of the financial accommodation and the Security is included in the related party disclosures in the entity's audited annual accounts.
2. ASX has considered Listing Rule 10.1 only and makes no statement as to the Company's compliance with other listing rules