

## ASX ANNOUNCEMENT

### QUARTERLY ACTIVITIES REPORT

For period ending 30 June 2019

#### ABOUT MALI LITHIUM

Mali Lithium Limited (ASX:MLL) is developing the world class Goulamina Lithium Project in Mali, West Africa.

The Project is one of the largest undeveloped lithium deposits in the world being 103mt at 1.56%Li<sub>2</sub>O.

In March 2019 the company received its' Environmental Permit approval, and in April submitted its Exploitation Permit Application to the Malian Government.

Mali Lithium has signed a Letter of Intent (LOI) with Changsha/Minmetals Corporation of China to discuss potential opportunities in EPC, offtake and funding for the project.

#### Key metrics as at 30/06/2019:

Shares on issue:	264,510,116
Share rights on issue:	8,419,200
Cash:	A\$2.57M
Share price:	14 cents
Market capitalisation:	A\$37M

#### Mali Lithium Limited

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## Highlights

### Goulamina Lithium Project

- Exploitation Permit progressing well through approval process
- DRA Global appointed to optimise processing flowsheet
- Lycopodium appointed to complete Definitive Feasibility Study (DFS)
- Testwork indicates High Pressure grinding and flotation should be adopted as per current WA Lithium Projects

### Corporate

- Company name change to Mali Lithium Ltd from Birimian Ltd
- New management team in place in Australia and Mali to replace previous business model of reliance on multiple consultants

### Dankassa and Massigui Gold Projects

- Final Royalty payment of \$735,000 for Viper deposit expected post quarter
- Cash after receipt of royalty \$3.3M



## **HEALTH, SAFETY AND ENVIRONMENT**

Mali Lithium recorded no Lost Time Injury (LTI) incidents at the Company's operations during the second Quarter. A vehicle accident occurred in the month of June however which highlighted the dangers, to both Staff and the local communities in which we operate, if adequate policies and procedures are not established and followed. Key outcomes from the investigation include a review of the Company fitness for work policy and the use of dedicated drivers to reduce fatigue for teams working in the field.

## **PERMIT STATUS**

Following approval of the Environmental Permit for the Goulamina Project in March 2019, the Exploitation or Mining Permit was submitted to the Malian government in early April 2019. This was followed by a presentation of the project to the Direction Nationale de la Géologie et des Mines (DNGM) in Bamako in late April 2019.

Also in late April consultation with the local population on the Environmental Permit was undertaken

In July 2019 the Company was requested by the Malian Government to pay the Founders Fee of \$250,000 required for grant of the Exploitation Permit and the status of the application changed to 'Pending' on the Malian Government Website.

The Company looks forward to working with the DNGM and the Mining Minister to ensure that the Exploitation Permit is granted in the near future and thus making the project fully permitted.

Applications were lodged for the second renewal of the: N'tiola (PR 15/715) and Finkola Sud (PR 13/672) Permits. As part of the renewal of the N'tiola permit, a field visit was carried out at the request of the DNGM. A similar visit will take place next quarter for the renewal of the Finkola Sud permit.

The Makono Renewal process is now complete and the Finkola renewal is expected shortly.

## **GOULAMINA LITHIUM PROJECT**

During the Quarter the new project team has been focused on the key inputs for the Definitive Feasibility Study (DFS). Highly experienced processing consultants DRA Global were appointed to provide process design and engineering and post quarter Lycopodium were appointed to complete the DFS. The DFS remains on schedule for delivery in Q1 2020.

## **Mineral Resources and Reserves**

A Drilling program, consisting of both diamond and RC drilling is scheduled to commence following the wet season. The main objectives are the expansion of inferred resources, and the conversion of inferred resources within the current pit design, to indicated. Geotechnical drilling will also be undertaken to ensure that there is an appropriate level of information available to optimise the pit design.

In addition, some drilling resources will be dedicated to exploring opportunities for expanding the size of the Resource and Reserve as well as defining future exploration targets.



## **Metallurgical Testwork**

DRA Global Ltd was selected to provide engineering services to optimise the process flowsheet and to deliver a final process design, utilising their recent knowledge and experience from designing and commissioning spodumene concentrators in Australia.

### **Review of prior Testwork**

Mali Lithium and DRA Global's process engineering team in Perth conducted a comprehensive evaluation of all metallurgical testwork completed prior to and after release of the Goulamina Pre-Feasibility Study (PFS). The review covered metallurgical testwork programs conducted in 2017 and 2018.

The 2017 program was conducted upon two composite samples sourced from a single diamond drill hole in the main zone of the deposit, covering comminution, Qemscan and XRD analysis, heavy liquid separation (HLS) flotation and magnetic separation testwork.

The 2018 program consisted of 4 composite samples drawn from 33 diamond holes from Main, West and Sangar zones of the deposit and within the proposed starter pit. This programme was designed to refine the flowsheet and investigate variability within the deposit. A 5th composite was utilised for bulk Dense Media Separation (DMS) testwork. The program was comprehensive and included comminution, mineralogy, HLS, up flow-classification, magnetic separation, flotation and bulk DMS work.

The conclusions of the review are:

- Mineralogy and Qemscan DMS results show that spodumene is more fine-grained than previously thought and will require alternative comminution (grinding) to achieve adequate liberation.
- Additional bond rod and ball mill index testwork is required to add depth to comminution testwork data for DFS design.
- Testwork conducted to achieve removal of micaceous species prior to beneficiation was inconclusive, therefore requiring additional testwork. Mica levels in the deposit are generally low by comparison to other known Resources however adequate removal prior to beneficiation of the ore still remains important.
- DMS testwork did not properly characterise the density-profiles of the ore at various crush sizes. Testwork indicated a wide ranging of liberation at similar density intervals across the deposit reflecting a highly variable grain size (coarse and fine) across the deposit.
- The 2017 flotation testwork, achieved 6% lithium concentrate grades at more than 70% recovery. The 2018 testwork achieved mixed results. All previous flotation testwork was conducted using oleic acid and pine oil in the reagent regime and utilised Perth tap water.
- Testwork conducted to reduce iron content in the final concentrate produced inconclusive results

### **Current Testwork**

The DFS testwork program was designed to optimise the prior work and address gaps in the testwork scheme to permit the design of a robust flowsheet. The testwork commenced in May 2019 and will investigate the following;



- Comminution optimisation
- Bond rod and mill index optimisation
- Mica suppression regime
- Flotation testwork using a range of reagent regimes and site water
- Testwork to optimise iron removal and produce a premium spodumene product.

A program of DMS testwork was completed. at different crush sizes specifically aiming to quantify the degree of liberation and the net effect of DMS on the final product.

Densimetric mapping via HLS confirmed that the deposit is largely fine-grained spodumene requiring finer grinding and is likely to be unsuitable for DMS recovery of spodumene. At smaller crush sizes the recovery and mass yield of Lithium at a 6% Li<sub>2</sub>O concentrate grade increased significantly, reject grades reduced sharply and the mass fraction of rejects increased.

At all crush tested sizes, the amount of middle-grade product from DMS, which requires further process to effect recovery, remains significant and the DMS rejects are high grade reflecting poor liberation due to fine grain size.

A program of testwork investigating High Pressure Grinding Rolls (HPGR) comminution technology commenced in late May 2019 on a composite sample made up of 6 diamond core drill holes situated in the Main and West starter pits. The testwork was conducted by Koeppern Machinery Australia Pty Ltd with a test machine at the ALS facility in Perth. Results of this testwork will be utilised to establish crushability and derive design parameters for the DFS.

Liberation of spodumene from the composite material crushed by the HPGR was much improved compared to that previously witnessed using only a jaw crusher in the laboratory. The use of HPGR crushing technology will therefore provide significant benefits to the beneficiation process. The results are comparable to data available to the vendor in crushing ore from other Lithium deposits. HPGR technology will therefore be adopted for the process and in future testwork.

Subsequent to the testwork review, it was concluded that adequate data was available to commence with a revised process design to form the basis for the DFS. Further development and optimisation of the process routes and process units would be possible by utilising existing data and by drawing on experience and lessons learnt, particularly with regards to flotation.

A final testwork program was developed jointly between Mali Lithium and DRA. The program is running in parallel with the design and it is expected that results will confirm the final process parameters to be utilised for the DFS. Testwork is now focussed on flotation of ore crushed using the HPGR and optimising recoveries and product grade. The program is broken up in stages, commencing with optimising the reagent regime. This will be followed by optimisation of all remaining variables such as final grind size, desliming, conditioning and flotation parameters as well as the effects of mica removal and specialist magnetic separation testwork. The testwork will culminate with a variability program. This will quantify the range of parameters to be utilised for the design adopted in the DFS.

Design progress is tracking well and completion and hand-over of deliverables is expected in August 2019. Deliverables include Process Flowsheets, Design Criteria, Mass Balance and Mechanical Equipment list and will catalyse the start of DFS design and engineering phase.

#### **Lycopodium appointed to complete the DFS**

Post quarter, Lycopodium were awarded the contract to deliver a DFS for the Project. Lycopodium's extensive experience under a variety of engineering, procurement and construction models in Mali and West Africa in general



contributed to this appointment. Key deliverables include the process plant, site utilities and services and non-process infrastructure design. A capital cost estimate will be derived from this engineering work, together with a project implementation plan and schedule.

Lycopodium will also develop an operational expenditure estimate, with inputs from external consultants in some areas, most notably contract mining. Mali Lithium in house resources will also focus on areas such as social, environmental and community and transport and logistics supported by external consultants and service providers as necessary.

## **Project Infrastructure and Logistics**

Infrastructure work has been progressed on;

- Assessment of surface water sources for construction and operations. This included conducting field work on Torokoro Permit to establish the locations of surface water dams for the project. Work also continued on identifying a service corridor from Selinque dam for water and potentially grid power.
- Selection of access routes for delivery of materials and equipment and transport of product. Access can be achieved within the confines of the project tenement and by upgrading public roads
- Concept designs have been prepared for ship loading facilities at the port of Abidjan and discussions continue with port service providers with firm proposals due in the coming weeks.

The company is working closely with transport and logistics providers to define costs for transport of product and to identify opportunities for backloading of empty trucks returning to Abidjan from Bamako.

## **Exploration**

The exploration team has been conducting field work on Torokoro Permit to establish the locations of surface water dams for the project. Soil sampling was also undertaken as part of ongoing fieldwork to test new technology aimed at easier identification of Lithium bearing pegmatites.

## **GOLD PROJECTS**

Royalty payments totalling US\$1,106,268 (A\$1,571,405) were received during the Quarter from the sale of gold produced from the N'tiola and Viper Area of Interest (mined at the Morila Gold Mine operated by Randgold Resources Limited (Randgold)). The royalties related to sales made during the previous quarter

Randgold reported total gold sales for this period, of 23,754 oz, at an average price of US\$1,305/oz. The sale of gold produced from the Viper area triggered an underlying obligation to pay Hann General Trading SARL a portion (US\$237,872 / A\$340,595) of the funds received.

Barrick Gold and Rangold Resources merged in the first quarter of 2019 to form Barrick, who now pays the Royalty to the Company. Barrick finished mining the Viper deposit and this completes all mining activities on Mali Lithium tenements. The final Royalty payment for gold mined to June 2019 is estimated to be \$A735,000 and is expected to be paid in August 2019.



The Company is now actively looking to realise further value for shareholders from the highly prospective gold tenements held in Mali. With the recent gold price at record highs there are a number of interested parties that the Company is in discussion with regarding these tenements.

## **CASH POSITION**

Mali Lithium had A\$2.57M in cash and cash equivalents as at 30 June 2019. A final Royalty payment from Barrick Gold of approximately \$735,000 is expected in August 2019 which makes the cash available \$3.3M.

Whilst the cash outflow for this quarter estimated in the previous quarterly report was broadly correct relating to activities conducted during this quarter, a number of legacy payments had to be made during the reporting period that related to work done and hence debts incurred prior to 2019. Just over \$900,000 was paid to creditors made up of contractors, consultants and government departments to which payments were due. These were unanticipated legacy costs.

In addition to this a 'Founders Fee' of approximately \$250,000 was paid in the quarter as part of the Exploitation Permit application. This fee was originally anticipated to form part of the new Malian Company incorporation in the third quarter of the year.

A key focus during the quarter has been to improve financial and corporate governance process and practices to ensure legacy debt issues identified during the current quarter are not repeated.

## **CORPORATE**

The Company is engaging widely with a range of potential partners to investigate the finance, construction and sale of offtake for the Goulamina Project.

The Company previously announced that it had signed a non binding MoU with General Lithium Corporation (GLC) for sale of 55% of the planned production of 6% Li<sub>2</sub>O concentrate from the Goulamina Mine. The MoU negotiating period expired at the end of the quarter and no binding agreement was reached however this will not prevent further discussions occurring between the Company and General Lithium as the project progresses.

The Company had also signed a Letter of Intent with Changsha Research Institute of Mining and Metallurgy (Changsha) to discuss opportunities to progress the Project. Regular dialogue with Changsha regarding test work on material from Goulamina has been ongoing and a program is to be finalised in the coming months. The scope of the potential relationship between our two organisations means that due diligence and negotiations will take some time to conclude.

In addition to these agreements the Company undertook a number of marketing activities during the quarter. These included:

- Investor and shareholder meetings in Perth, Sydney and Melbourne
- 121 Mining Investment conference New York
- Arab African Mining Conference in London, with the Malian government in attendance

Further consolidation of the Company operations occurred during the Quarter with a general trend for in house staff to replace the previous heavy reliance on contractors. This serves the dual purpose of reducing costs and keeping Intellectual Property within the Company.



The review of Operations in the previous quarter led to several recommendations being made to improve running of the Company. This led to several positive outcomes this quarter including:

- Appointment of a Project Director with direct and recent Lithium development experience;
- Appointment of a Processing Manager with Lithium design experience;
- Establishing regular meetings with all government and regulatory stakeholders in Mali; and
- Monthly audits of the Company tenement holdings to ensure compliance with statutory requirements.

Further Information:

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Managing Director  
Mali Lithium  
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## Permit Holdings and Location Southern Mali

Permit Holder	Permit Location	Project	Permit Designation	Permit Number
Birimian Gold Mali SARL	Within "circle" of Bougouni	Massigui	Finkola	PR 13/640
		Massigui	N'tiola	PR 14/715
		Massigui	Diokelebougou	PR 13/639
	Within "circle" of Kati	Dankassa	Makono (Pending issue of Arete)	PR 13/637
Timbuktu Ressources SARL	Within "circle" of Bougouni	Massigui	Finkola-Sud	PR 13/672
		Bougouni	Torakoro	PR 16/840
	Within "circle" of Dioila	Massigui	Batouba Sud	Application
	Within "circle" of Kati	Dankassa	Sanankoroni	PR 16/805
Sudquest SARL	Within "circle" of Bougouni	Bougouni	Finkola Nord	Application

## Forward looking and cautionary statements;

*This announcement contains "forward-looking information" that is based on the Company's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the pre-feasibility and feasibility studies, the Company's business strategy, plan, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, mineral resources, results of exploration and relations expenses. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as 'outlook', 'anticipate', 'project', 'target', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', 'evolve' and similar expressions. Persons reading this announcement are cautioned that such statements are only predictions and that the Company's actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information.*

*Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein, including but not limited to general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as*



*plans continue to be refined; future prices of lithium and other metals; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accident, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities. This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information. The Company disclaims any intent or obligations to or revise any forward-looking statements whether as a result of new information, estimates, or options, future events or results or otherwise, unless required to do so by law.*

*Statements regarding plans with respect to the Company's mineral properties may contain forward-looking statements in relation to future matters that can be only made where the Company has a reasonable basis for making those statements. Competent Person Statements regarding plans with respect to the Company's mineral properties are forward looking statements. There can be no assurance that the Company's plans for development of its mineral properties will proceed as expected. There can be no assurance that the Company will be able to confirm the presence of mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company's mineral properties.*

#### *Previously reported information*

*In accordance with Listing Rule 5.23, references to exploration results, estimates of mineral resources or ore reserves have previously been announced, including the information required under Listing Rule 5.22, in the following announcements:*

- *"18.06.29 Danaya Mineral Resource Upgrade" dated 29 June 2018*
- *"High Grade Maiden Ore Reserve for Goulamina" dated 4 July 2018*
- *"Update on Koting Gold Exploration Activities" dated 12 September 2018*
- *"Update on Airborne Magnetic and Radiometric Results" dated 28 September 2018*

*The Company confirms that it is not aware of any other new information or data that materially affects the information included in the original market announcements, and that all material assumptions and technical parameters have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.*

*In accordance with Listing Rule 5.19, information relating to production targets or forecast financial information have been previously disclosed on 4 July 2018 in the announcement entitled 'Goulamina Updated PFS Delivers Strong Project Outcomes.' The Company confirms that all the material assumptions underpinning the Production Target and the forecast financial information derived from the Production Target in the original announcement continue to apply and have not materially changed.*

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Mali Lithium Limited

### ABN

11 113 931 105

### Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(1,510)	(3,067)
(b) development		
(c) production		
(d) staff costs	(260)	(571)
(e) administration and corporate costs	(891)	(1,286)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	13
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (Morila royalty)	1,231	2,221
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,427)</b>	<b>(2,690)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(25)	(47)
(b) tenements (see item 10)		
(c) investments		
(d) 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) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) 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)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(25)</b>	<b>(47)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		383
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		(208)
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 (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>175</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	4,130	5,242
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,427)	(2,690)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(25)	(47)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	175
4.5 Effect of movement in exchange rates on cash held	5	3
<b>4.6 Cash and cash equivalents at end of period</b>	<b>2,683</b>	<b>2,683</b>

5. <b>Reconciliation of cash and cash equivalents</b> 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	2,571	4,018
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (security bonds)	112	112
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,683</b>	<b>4,130</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	146
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	736
9.2 Development	
9.3 Production	
9.4 Staff costs	287
9.5 Administration and corporate costs	312
9.6 Other (Morilla Royalty net of obligations)	(565)
<b>9.7 Total estimated cash outflows</b>	<b>770</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased	PR 13/637, Makono, southern Mali	Exploration permit (permis de recherche) renewal for an additional 2 year period	Permit holder	Permit holder

### 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.



Sign here:  
(Director/Company secretary)

Date: 30 July 2019

Print name: Eric Hughes

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.