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Goulamina Project Risks Significantly Reduced by Optimising Key Infrastructure

HIGHLIGHTS

- Water Licence received from Malian Authorities to pump from nearby Selingue Dam, de-risking the project water supply
- Alternatives to diesel power generation on site confirmed, allowing for operational cost savings in the final Definitive Feasibility Study (DFS)
- Opportunities to reduce road transport costs identified using a combination of shorter route to Port and backloading of product using empty trucks returning to Port from Bamako.
- Project risks significantly reduced by confirming and optimising key infrastructure, which translates directly into reduced Operational Costs

Mali Lithium Limited (ASX: **MLL**, **Mali Lithium**, or **the Company**) is pleased to provide an update on progress made during the development of the Definitive Feasibility Study (DFS) relating to key project infrastructure at the Company's 100% owned Goulamina Lithium Project in Mali.

Water

Good progress has been made on developing a robust water management plan for the Project. Water for the processing plant and supporting infrastructure will be drawn from several sources:

- Following detailed negotiations with the Director of Hydraulics for Sikasso and a resulting site visit, MLL has been given approval to draw water from Sélingué Dam. Water will be pumped 29km from the dam to one of the Surface Water Run Off Facility (SWROF), intermittently. The volume of water to be drawn will be determined by what is produced from bores and harvested volumes. This agreement effectively de-risks the Project entirely in terms of water supply. An additional benefit of installing this pipeline is that it will enable offtakes to be put in place to supply local villages with clean, treated water.

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- A geophysical survey has been carried out at Goulamina and has identified several prospective targets for groundwater. These targets are expected to be drilled and tested during the November drilling campaign. Subject to the testing results, groundwater is likely to be the main source of water during construction.
- A report by AQ2 and supporting geotechnical testwork has demonstrated the viability of constructing two Surface Water Run Off Facilities (SWROF). These facilities will harvest surface water run-off during the wet season, with modelling work showing that based on average rainfall statistics and allowing for evaporation and seepage, they will provide sufficient water for operations, assuming a 25-35% recovery of water from the plant's tailings storage facility.

Power

The Pre- Feasibility Study (PFS), released in July 2018, presented a 12 MW owner-operated station powered by diesel generators.

Discussions are underway with Energie Du Mali (EDM), which is the sole provider of electricity in Mali, to investigate opportunities for the supply of power from the hydroelectric power station located at Sélingué Dam. The energy situation in Mali is constantly developing and it is likely that the current supply situation will change with the introduction of solar power generation, with a number of proposals in place for the Sikasso region.

Regardless of these discussions, the mine will need its own independent power generation capacity. The study team has met with a number of service providers and it has been determined that Build-Own-Operate (BOO) is preferable to an owner-operation model. This will result in reduced capital cost and will better suit the operational needs of the mine.

Standalone diesel generation is still an option under consideration but, particularly with uncertainty over oil prices, it has been determined that there are opportunities to reduce the life of mine cost per kWh by implementing either a solar hybrid system or taking advantage of alternative fuels, such as LPG, which are becoming more prevalent in the region.

Road Transport

Several options have been investigated for the transport and shipment of product from the Goulamina mine. Abidjan and San Pedro in Côte d'Ivoire are the primary options. Dakar port in Senegal was also given consideration but dismissed due to the distance and current condition of the roads.

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MLL has carried out an assessment of all practical routes from the mine site to both Abidjan and San Pedro ports, with an in-country logistics consultant driving each of the routes and producing detailed reports.

There is a major project underway to upgrade road infrastructure both in Mali and Côte d'Ivoire, funded by la Banque Africaine de Development (BAD) with a budget of US\$58m. This project was due for completion in December 2018 but is estimated to be two years behind schedule. Additionally, the Côte d'Ivoire government is spending €1.8bn on upgrades to the country's road infrastructure. It is estimated that this project will be complete by the end of 2022.

Regardless of these delays, it is expected that by the time Goulamina mine is in production, road infrastructure will not be a major differential in selecting a port for shipment of product. The route user assessments will be re-run prior to a final decision.

MLL has received firm stand alone pricing for transport of product from the mine to Abidjan port with pricing per tonne in line with what was used in the PFS.

A major opportunity for the Project is the backloading of product. There are a number of operations that transport bulk products, such as aggregates, from Abidjan port to Bamako in Mali with the trucks making the return trip empty.

MLL has had detailed discussions with a company that could potentially backload all of the concentrate produced at Goulamina, based on the fleet of trucks it intends to commission to transport clinker for a new cement plant in Bamako. This could potentially reduce transport costs by as much as 30% -40%.

Port Infrastructure

San Pedro port is 142km closer to the mine site than the shortest route to Abidjan. There are plans for the development of major port infrastructure in coming years, but at what pace these developments will occur remains uncertain.

At present, there are no existing facilities suitable for the bulk export of spodumene concentrate; however, there is significant potential for San Pedro to be an option in the short to medium term

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future. Further meetings have been organised with the port authority and port service providers to discuss these options.

Abidjan Port already exports both zinc concentrate and bauxite and is a much larger facility. MLL has visited the port and has received a firm proposal for storage and ship loading services using existing facilities. There is also an option to construct new facilities, including a shiploader, to increase efficiency of loading operations, at no capital cost to the project.

Further opportunities pertaining to transport and logistics will be pursued over the coming months, prior to issue of the DFS in Q1 2020.

Mali Lithium Managing Director Chris Evans said of the infrastructure optimisation work *"The project team has done a fantastic job in optimising the three key areas of water, power and transportation of product. Now during completion of the Definitive Feasibility Study in the next few months this work can be crystallised into increased operational efficiency, reduced risk and reduced costs"*

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About Mali Lithium

Mali Lithium Limited (ASX:MLL) is developing the world class Goulamina Lithium Project in Mali, West Africa. Goulamina is fully permitted and is the world's largest uncommitted hard rock Lithium Reserve. The company is currently completing its Definitive Feasibility Study and has released the results of its Pre-Feasibility Study (PFS) on the project to the ASX on 4 July 2018. The Company also has a diversified commodity portfolio containing prospective gold tenements in southern Mali from which it intends to generate near term value for shareholders.