

ASX ANNOUNCEMENT

26 October 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	360 m.
Performance Rights	5 m.
Unlisted Options	1 m.

Mallee Resources Limited

Suite 1, Ground Floor,
9 Havelock Street
West Perth 6005
Western Australia

info@malleeresources.com.au
P +61 (0)8 6147 8100
malleeresources.com.au

ABN: 48 124 943 728

First Nickel Concentrate from Avebury

Highlights

- **First concentrate produced at Avebury**
- **Concentrate transported to warehouse in Burnie awaiting shipment**
- **Advanced payment for first two consignments of nickel concentrate received**

Mallee Resources Limited (“MYL” or “the Company”) is pleased to announce it has produced first concentrate at Avebury after a successful start to the commissioning of the processing plant. As at 21 October, around 19,200 ore tonnes were on the ROM stockpile, a further 2,500 tonnes were on fine ore stockpiles, 58,500 tonnes had been processed and 2,045 tonnes of nickel concentrate have been produced.



Figure 1. First concentrate being loaded out from the Avebury mine



Final concentrate is transported to Burnie where it awaits shipment to customers of Hartree Metals LLC, the Company's offtake partner. Under the terms of the offtake agreement, the Company may elect to receive partial advance payment for interim concentrate stored pending shipment to Hartree's customers, with the balance to be paid on completion of each shipment. In accordance with the terms of the offtake agreement, the Company has received its first partial advance payment for concentrates from Hartree. In this way, the Company is able to receive part-payment for interim production, prior to the completion and dispatch of a shipment.

Shipments are expected to commence once sufficient concentrate has been stockpiled. The size of each shipment depends on the destination and the nature of the arrangement between Hartree and its customer, but typically comprises many thousands of tonnes of concentrate. Once each shipment is compiled, it is closed off and the quality of product in the shipment is determined under the terms of the offtake agreement.

Concentrate is bagged on arrival in the Burnie warehouse and assayed pending its inclusion in the shipment. Once sufficient concentrate has been stockpiled and the shipment has been closed, interim specifications will be determined prior to dispatch on a weighted average basis. This process yields a statistically valid specification of the product in the composite shipment, honouring the individual samples from which it is derived. Final assays are taken post-shipment in order to determine the agreed specifications and final payment terms of concentrate delivered.

The first concentrate stockpiled reflects the commissioning phase of operations. Work is ongoing to optimise recoveries and concentrate grades consistent with Avebury's commissioning plans and the currently stockpiled concentrate is intended to be blended with future concentrates prior to shipment occurring.

Managing Director, John Lamb, commented:

"This is a historic moment for Mallee which now joins the ranks of Australian nickel sulphide producers. The Avebury mine is distinguished within this peer group by having a majority of its power needs met by renewable energy sources."

The first stope in the underground mine was completed on schedule in September, producing well fragmented ore. Commissioning of the crushing circuit, including the recently constructed dust extraction system, has been outstanding. The crushing circuit is consistently producing a product appropriately sized for the grinding circuit and is producing enough daily feed for the grinding circuit after approximately 14 hours of crushing per day, demonstrating capacity for crushing at expanded throughput rates.



Figure 2. Stockpile of crushed ore adjacent to the fine ore bin from the crushing circuit.

The grinding and flotation circuits have also been performing well. After resolving early commissioning challenges MYL's team has shifted its focus to process control and preventative maintenance operations. The flash flotation and retreatment circuits have not yet been commissioned but are expected to further improve performance.

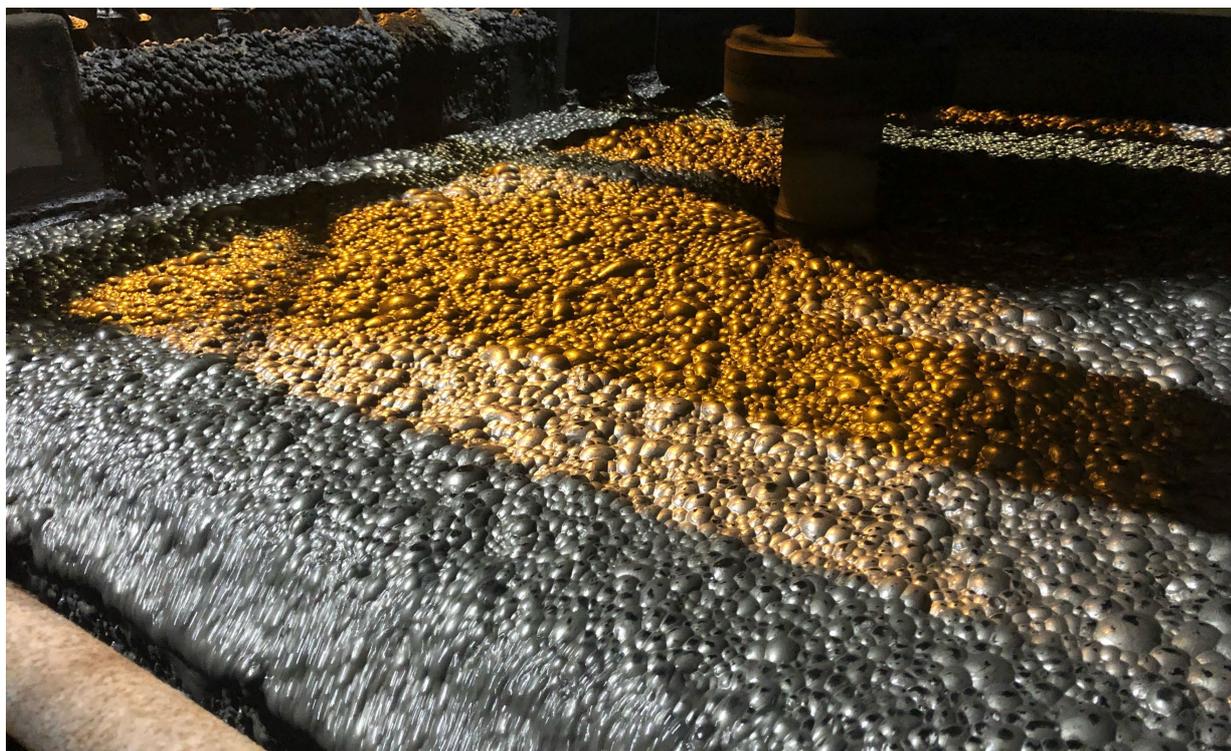


Figure 3. Concentrate produced from the flotation circuit.



The concentrate filter press has been performing well after a significant refurbishment program. The flotation circuit has been tested at rates above nameplate and work will be undertaken to de-bottleneck the filtration circuit with the aim to achieve similar rates.



Figure 4. Stockpiled concentrate in the concentrate storage shed

Chairman, Jeff Moore, commented:

“This is yet another outstanding achievement by John and his team. Commissioning began on schedule and has gone very well to date. Our team has been equal to any challenge presented and we now have now produced concentrate. Mallee’s future looks very bright.”

Proceeds from BMR Sale

The Company provides a further update to its announcements dated 25 July 2022 and 31 August 2022, related to the sale of its subsidiary Bright Mountain Resources Myanmar Limited (BMR) to MAI for US\$10.2 million.

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

The first three tranches of sale proceeds (each of not less than US\$1 million) were not received by MYL by the respective due dates. MAI is continuing to work through the regulatory approvals process.

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



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.