

ASX ANNOUNCEMENT

18 February 2022
ASX Code: **MYL**

BOARD OF DIRECTORS

Mr John Lamb
Executive Chairman, CEO

Mr Rowan Caren
Executive Director

Mr Jeff Moore
Executive Director

Mr Paul Arndt
Non-Executive Director

ISSUED CAPITAL

| | |
|--------------------|--------|
| Shares | 190 m. |
| Performance Rights | 5 m. |
| Unlisted Options | 5 m. |

Mallee Resources Limited

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Allegiance DOCA Proposal

Further Information

Mallee Resources Limited (“MYL” or the “Company”) refers to its announcement of 16 February 2022 (“Previous Announcement”) and provides the following additional information with respect to the deed of company arrangement (“DOCA”) proposal (“Proposal”) made with Hartree Metals LLC (“Hartree”). Capitalised terms in this announcement have the same meanings as given in the Previous Announcement, unless the context otherwise requires.

MYL’s involvement in the DOCA will be subject to shareholder approval under ASX Listing Rule 11.1.2 and as otherwise necessary to permit MYL to meet its obligations under the DOCA, to be sought at an extraordinary general meeting of MYL shareholders to be convened following execution of the DOCA, as well as MYL receiving any other necessary regulatory approvals. In the event that such approvals are not received by 30 June 2022 (or such later date as is requested of and agreed by the administrators), Hartree will implement the DOCA without MYL’s involvement. ASX has also advised the Company that it will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules in order to re-commence trading following effectuation of the DOCA.

Should the Proposal be approved by creditors and a DOCA be executed, it is anticipated that:

- Hartree will be paid:
 - \$22.7 million in repayment of an existing facility applied toward funding of the Project up to the date of the second creditor’s meeting; and
 - such amount of additional funding as is required in order to fund the Project during the term of the DOCA, which is estimated at \$23.2 million;
- the Liquidators of the holding company of Allegiance will be paid:
 - \$3.4 million cash; and
 - \$12.5 million in MYL shares;
- the Administrators (in their capacities as administrators of the Allegiance Group and deed administrators of Allegiance) will be paid an estimated \$3.7 million in respect of their estimated fees and liabilities (including legal fees);
- in satisfaction of Hartree’s claims in respect of an existing offtake agreement for the Project, Hartree will receive some form of a combination of cash, shares and/or a new offtake agreement with Hartree;
- non-related creditors of Allegiance will be paid up to approximately \$1.4 million in satisfaction of existing and potential claims; and
- Allegiance will have liabilities of approximately \$3.5 million following effectuation of the DOCA, which will either be retained or discharged following effectuation.



While the commercial arrangements between MYL and Hartree have not yet been fully determined, it is currently anticipated that the payments set out above are to either be made by MYL or made by Hartree and reimbursed by MYL following receipt of necessary approvals.

An update will be provided by the Company following the Meeting, with further details with respect to the DOCA terms and the Avebury Project to be released in the event Creditors vote in favour of the Proposal and a DOCA is subsequently executed.

Authorised for release to the ASX by



John Lamb
Executive Chairman and CEO