

8 May 2017

**Kodal Minerals plc ('Kodal Minerals' or 'the Company')**

**Finalisation of Equity Subscription Agreement and Off-Take Term Sheet**

Kodal Minerals, the mineral exploration and development company focussed on West Africa, is pleased to announce that following the initial subscription announced on 10 March 2017, it has finalised the equity subscription agreement with Singapore-based Suay Chin International Pte Ltd ("Suay Chin") for the second share placing to invest up to £4.3 million in the Company in two tranches (the "Subscription Agreement"), with the first tranche of £3.3 million already received (the "Subscription"). In addition, the parties have entered into a binding term sheet (the "Off-take Term Sheet") in relation to the terms on which the parties will negotiate an extended off-take agreement for between 80% and 100% of the spodumene product produced at the Company's Bougouni Lithium Project in Southern Mali ("Bougouni" or the "Project") for a period of three years, an increase from the 20% of production previously announced.

**Highlights**

- Following the initial subscription of £0.5 million as previously announced, a further Subscription Agreement for up to £4.3 million finalised with Suay Chin. The first instalment of the additional subscription of £3.3 million has been received by the Company with the balance expected to be received shortly.
- Kodal Minerals is now well funded and supported to expand the exploration and development programme at Bougouni.
- Kodal Minerals and Suay Chin have entered into the Off-take Term Sheet to provide the basis of an extended off-take agreement for between 80% and 100% of the spodumene product produced at the Project for a period of three years.
- Negotiation of the extended off-take agreement to commence following the completion of a scoping study for the Project.
- Kodal Minerals will collect a bulk sample for shipment to allow assessment of the mineralisation characteristics to assist in determining future treatment plant requirements.
- Suay Chin has director appointment rights for so long as it holds more than 12% of issued share capital of the Company and is expected to appoint a director in the near future.
- Suay Chin has entered into a relationship agreement to govern its relationship with the Company and a lock-in agreement where it is unable to dispose of any shares in the Company for 12 months and must adhere to orderly market principles for 12 months thereafter.

**Bernard Aylward, CEO of Kodal Minerals, said:** *"We are very pleased to welcome Suay Chin as a major shareholder of Kodal and we share the enthusiasm of our partner for the Bougouni*

*Lithium project as well as the opportunity to work together to move rapidly towards development of the Project. The investment by Suay Chin leaves us well funded and will enable us to focus our efforts on the exploration, metallurgical testing, resource estimation and future development of Bougouni. We are also delighted to be negotiating an extension to our off-take agreement with Suay Chin for up to 100%, increased from the 20% originally agreed, of the spodumene product produced at Bougouni. This off-take agreement is expected to be finalised following the completion of a scoping study. I look forward to providing further updates at this exciting time for Kodal Minerals."*

### **Further Information on the Subscription Agreement**

Following completion of the original £500,000 placing announced on 10 March 2017, Suay Chin has now successfully completed a period of due diligence on the Project, which included conducting site visits, preliminary metallurgical testing and confirmation of geology at Bougouni. As a result, Suay Chin has conditionally agreed to subscribe for up to 1,138,227,978 ordinary shares of £0.0003125 each ("Ordinary Shares") in the share capital of the Company (the "Subscription Shares") for up to £4,325,266 pursuant to the Subscription Agreement.

The Subscription Agreement will be completed in two tranches. The first tranche involves the subscription for 868,421,052 Subscription Shares at £0.0038 per share (the "Subscription Price") for £3,300,000, which has been received by the Company. As a condition of the Subscription Agreement the Company has also entered into the Off-take Term Sheet and a relationship agreement and a lock-in agreement, further details of which are set out below. The Subscription Agreement is also conditional on admission of the Subscription Shares to trading on AIM ("Admission"). Application will be made to the London Stock Exchange for Admission of the first tranche of Subscription Shares and such Admission is expected to become effective on 12 May 2017.

The second tranche of the Subscription involves the subscription for a further 269,806,926 Subscription Shares, also at the Subscription Price, for £1,025,266, which is expected to be received in due course. The second tranche is subject to certain further conditions including completion of the first tranche and Admission of such Subscription Shares becoming effective by 2 June 2017 (or such later date as the parties agree being not later than 31 July 2017).

On completion of the first tranche of the Subscription, which will occur on Admission, Suay Chin will hold 1,035,087,719 Ordinary Shares, representing approximately 16.55% of the then issued share capital of the Company. If both tranches of the Subscription complete and all 1,138,227,978 Subscription Shares are issued, Suay Chin will hold 1,304,894,645 Ordinary Shares, representing approximately 20.00% of the Company's issued share capital as enlarged by the full Subscription.

As a condition of the Subscription Agreement, Suay Chin has entered into a relationship agreement ("Relationship Agreement") with the Company, its nominated adviser, Allenby Capital Limited ("Allenby Capital"), and its broker, SP Angel Corporate Finance LLP ("SP

Angel"). Pursuant to the Relationship Agreement Suay Chin undertakes to each of the Company, Allenby Capital and SP Angel that it will do all such things as it is reasonably able to do to, amongst other things, ensure that the Company is capable of carrying on its business independently of Suay Chin. Suay Chin has certain director appointment rights under the Relationship Agreement. In particular, for such time as there are five or fewer directors on the board who are independent from Suay Chin it may nominate one director to the Board. Where there are six or more independent directors on the board, Suay Chin may appoint an additional director. The Relationship Agreement (including the director appointment rights) will apply for such time as Suay Chin holds not less than 12% of the issued share capital of the Company.

Suay Chin has also entered into a lock-in agreement with the Company, Allenby Capital and SP Angel pursuant to which it has agreed not to dispose of any interest in the Company's shares for 12 months from Admission of the first tranche of the Subscription Shares, except in certain limited circumstances. Suay Chin has also agreed to only dispose of an interest in the Company's shares for a further period of 12 months through SP Angel (or the Company's then broker) in accordance with orderly market principles.

### **Further Information on the Off-take Term Sheet**

Kodal Minerals and Suay Chin have entered into the Off-take Term Sheet which, amongst other things, sets out the basis on which the parties will negotiate an extended off-take agreement ("Formal Agreement") for between 80% and 100% of the spodumene product produced at the Project (the "Contract Quantity") for a period of three years from the commencement of commercial production. The parties will commence negotiating the Formal Agreement as soon as reasonably practicable following the Company completing a scoping study in relation to the Project. The Off-take Term Sheet sets out certain agreed off-take principles which will be incorporated in any Formal Agreement. These principles include the parties agreeing to buy and sell the Contract Quantity as well as the Formal Agreement including a right to match any third party off-take terms agreed for a period of three years following the expiry of the Formal Agreement. If the parties have not entered into the Formal Agreement within six months following completion of the scoping study, Suay Chin will have a first right of refusal for a period of three years from first production of product from the Project whereby Kodal Minerals may not enter into any agreement with a third party to sell more than 20% of future production from the Project without having first offered to sell the production to Suay Chin on the terms offered by the third party. Shareholders should note that there can be no guarantee at this stage on the timing of completion of the Formal Agreement or if any such agreement will ultimately be agreed.

### **Suay Chin International Pte Ltd**

Suay Chin is a Singapore-based company that was registered in January 2017. Suay Chin was formed to take advantage of its extensive contacts throughout the Chinese chemical industry and to operate as a trading company for the supply of materials to the Chinese industry.

Suay Chin will be involved in all levels of the lithium market from supplying material to acid producers, supplying spodumene concentrate and lithium hydroxide to the Chinese lithium carbonate producers, to the final end-user chemical and battery manufacturers. The company gets strong support from Shandong Mingrui Chemical Co Ltd, which is a long-term material supplier to existing lithium carbonate producers in Shandong Province and has deep understanding about the Chinese lithium market.

Suay Chin arranged the metallurgical testing of Kodal's spodumene rich pegmatite samples by existing lithium carbonate producers in China and is expected to continue to offer strong technical contribution to the development of the Project.

### **Total Voting Rights**

Following completion of the issue of the first tranche of the Subscription and, with effect from Admission, the Company's issued share capital will consist of 6,254,675,902 Ordinary Shares, with one voting right per share. The Company does not hold any Ordinary Shares in treasury. Therefore, the total number of Ordinary Shares and voting rights in the Company will be 6,254,675,902. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the issued share capital of the Company.

*Prior to publication, certain information contained within this announcement was deemed to constitute inside information for the purposes of Article 7 of EU Regulation 596/2014. Upon publication of this announcement, this information is now considered to be in the public domain.*

**\*\*ENDS\*\***

**For further information, please visit [www.kodalminerals.com](http://www.kodalminerals.com) or contact the following:**

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