

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR")

Kodal Minerals Plc / Index: AIM / Epic: KOD / Sector: Mining

11 April 2017

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

### **Update on Bougouni Lithium Project & Due Diligence**

Kodal Minerals plc, the mineral exploration and development company focussed on West Africa, is pleased to provide an update on the 5,000m exploration drilling programme in progress focussed on four priority prospects at the Company's Bougouni Lithium Project in Southern Mali ('Bougouni' or 'the Project'). The Company is also pleased to announce that the due diligence by the Company's strategic investor and proposed off-take partner, Suay Chin International Pte Ltd ('Suay Chin'), to support the potential further investment into the Company of up to £4.3 million, is now substantially complete.

#### **Highlights**

- The current drill programme at Bougouni is for a total of approximately 5,000 metres of reverse circulation drilling over four exploration prospects.
- Substantial pegmatite intersections achieved at three previously undrilled prospects at Bougouni:
  - **Sogola-Boule:** Five drill holes for 864 metres completed with pegmatite intersections up to 25 metres;
  - **Boumou:** Six drill holes for 842 metres completed with pegmatite intersections up to 28 metres;
  - **Orchard:** Four drill holes for 544 metres completed with pegmatite intersections up to 14 metres;
  - All three prospects are currently unconstrained vertically or along strike.
- Infill and extension drilling underway at the previously drilled Ngouanala prospect to target extensions to the high-grade lithium mineralisation. Twelve drill holes completed to date for 2,013 metres showing intersections up to 48 metres width. Drill confirms pegmatite intersections over a total strike length of 450 metres and to a maximum vertical depth of approximately 175 metres. It remains open along strike and depth.
- Following its recent £500,000 investment, proposed off-take partner Suay Chin has substantially completed its due diligence review.
- Sample testing by Suay Chin has confirmed assay values up to 2.12% Li<sub>2</sub>O for the Ngouanala prospect and returned assay values up to 1.82% Li<sub>2</sub>O for the exploration prospects.
- Meetings between Suay Chin and Kodal management are taking place in London this week to seek to finalise the next stage of its involvement with the Company.

**Bernard Aylward, CEO of Kodal Minerals, said:** *“Our drilling at the Bougouni Lithium Project has continued to demonstrate wide zones of pegmatite rock containing abundant spodumene mineralisation. The drilling at the Boumou, Orchard and Sogola-Baoule prospects has yielded positive results and new zones of high-grade mineralisation. All samples have been submitted to the laboratory for analysis and we are eager to receive the results of this drilling.*

*“The initial review of drilling at the Ngouanala prospect is also indicating significant strike extensions and depth continuity to the mineralisation. The current drilling at Ngouanala is planned to provide sufficient data to confirm mineralisation, define strike and depth extensions as well as highlight areas of high-grade mineralisation for future drill definition.*

*“The previously announced due diligence process by our proposed off-take partner is well underway and Suay Chin has indicated positive results from the due diligence process. It is hoped that the current London visit by Suay Chin will complete its review process and finalise its second stage investment to take its holding in the Company to 20%.”*

## **Further Information**

### ***Bougouni Lithium Project – Drilling Update***

Drilling at the Bougouni Lithium Project continues with the objective of following-up on the high-grade drill intersections returned at the Ngouanala prospect and also to test the Sogola-Boaule, Boumou and Orchard prospects. These new prospects have returned high-grade rock chip samples, and following completion of trench sampling were prioritised for drill testing.

A summary of the drilling completed to date is:

- Sogola-Boule: Five drill holes for 864 metres completed with pegmatite intersections up to 25 metres. The Sogola-Baoule prospect was defined by high grade rock-chip samples and trench intersections including 27 metres at 1.38% Li<sub>2</sub>O. The prospect remains open along strike and at depth. Geological logging of the prospect indicates zones of spodumene rich pegmatite intercalated with metasediment zones.
- Boumou: Six drill holes for 842 metres completed with pegmatite intersections up to 28 metres. The Boumou prospect was identified in geological mapping, rock chip sampling returning results greater than 2% Li<sub>2</sub>O and trench samples confirming significant widths of pegmatite.
- Orchard: Four drill holes for 544 metres completed. Drilling has intersected multiple zones of pegmatite mineralisation with zones up to 14 metres in width. Geological logging has indicated spodumene rich pegmatite zones that confirm the high-grade rock chip samples and the trenching results.

Follow-up and extension drilling has now commenced at the Ngouanala prospect. The first phase drilling returned intersections including:

- 28m at 1.85% Li<sub>2</sub>O from 72m

- 21m at 1.7% Li<sub>2</sub>O from 62m
- 22m at 1.64% Li<sub>2</sub>O from 48m.

The current drilling is targeting the extensions to the mineralisation to the east, and drilling completed to date has returned intersections up to 42m in width, and has extended the zone by over 100m to the east. Drilling continues to confirm wide depth extensions of the main pegmatite zone and the parallel minor pegmatite bodies.

Drilling is continuing and assay results are expected in May 2017.

### ***Suay Chin Due Diligence***

As announced on 10 March 2017, Kodal completed a £500,000 share placement with Suay Chin and following the placement, a due diligence period of 30 days commenced to allow for the review of all aspects of the Project. The due diligence is now substantially completed and Kodal is in discussion with Suay Chin regarding a second stage placement of approximately £4.3 million to take its holding in the Company to 20% that will allow the Company to fast track the exploration and development of the Project.

The due diligence process included a site visit by Suay Chin technical and process staff. Samples collected by Suay Chin have returned assay results up to 1.82% Li<sub>2</sub>O, with a range of assays from 1.23% Li<sub>2</sub>O through to 1.82% Li<sub>2</sub>O for the 10 samples collected.

In addition, Suay Chin has completed metallurgical testwork on samples collected from the Ngoualana prospect with initial testwork confirming the high-grade mineralisation with assay results returning a range from 1.80% Li<sub>2</sub>O through to 2.12% Li<sub>2</sub>O

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

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 long term material supplier to existing lithium carbonate producers in Shandong Province and has deep understanding about the Chinese lithium market.

Suay Chin has arranged the metallurgical testing of the Kodal's spodumene rich pegmatite samples by existing lithium carbonate producers in China and will continue to offer strong technical contribution to the development of Bougouni Lithium project.

## Lithium

The pegmatite veins intersected by drilling at Bougouni are spodumene rich (20-30% spodumene content) low mica pegmatite bodies with spodumene being the main lithium bearing mineral in most hard rock lithium deposits. The high-grade lithium mineralisation returned in the assays compares favourably with other hard rock spodumene mineralised pegmatite veins under development around the world where grades range from 1.1% Li<sub>2</sub>O through to 1.4% Li<sub>2</sub>O. The intersections reported in this announcement have been estimated using a 1.0% Li<sub>2</sub>O lower-cut, and have consistently high mineralisation throughout the pegmatite bodies.

An initial review of the development process for the Bougouni lithium pegmatite bodies was completed as part of the World Bank sponsored SYSMIN study completed by CSA Global in 2008. This report indicated that a process of mine site crushing, screening and dense media separation techniques was able to produce a good quality spodumene concentrate, with grade over 6% Li<sub>2</sub>O. Chemical grade spodumene concentrate (typically containing 6% Li<sub>2</sub>O) is sold for use in battery manufacturing and other industrial applications. Recent lithium concentrate (grade 6%) prices are approximately US\$600/t.

The exploration results and activity reported in this announcement have been reviewed by Mr Bernard Aylward who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Aylward has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Qualified Person as defined in the AIM Note for Mining and Oil & Gas Companies dated June 2009. Mr Aylward consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

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

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

Kodal Minerals plc

Bernard Aylward, CEO

Tel: +61 418 943 345

Allenby Capital Limited, Nominated Adviser

Jeremy Porter/Nick Harriss

Tel: 020 3328 5656

SP Angel Corporate Finance LLP, Financial Adviser & Broker

John Mackay/Laura Harrison

Tel: 020 3470 0470

St Brides Partners Ltd, Financial PR

Susie Geliher/Megan Dennison

Tel: 020 7236 1177

