

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

6 September 2016

Kodal Minerals Plc

("Kodal" or the "Company")

Further Acquisition of High Grade Lithium Project in Southern Mali

Kodal, the mineral exploration and development company with interests in West Africa, is pleased to announce it has increased its exposure to the high demand lithium market through an agreement to explore and acquire a concession in Southern Mali that is prospective for lithium mineralisation (the "Agreement"). The concession, known as Kolassokoro ("Kolassokoro" or the "Project"), is immediately adjacent to the recently acquired Madina project giving Kodal a total of 500km² land holding with defined high grade lithium targets. This is in line with Kodal's strategy to identify value accretive strategic mineral opportunities in West Africa.

Highlights

- The Agreement is with EMAS Mining SA ("EMAS"), a local Malian company that holds the Kolassokoro concession, and grants Kodal exclusive rights to explore the 250km² Kolassokoro concession (refer Figure 1);
- Kolassokoro concession contains five identified lithium bearing pegmatite veins, with the Ngouanala vein and Sogola vein of high interest to Kodal (refer Figures 2 and 3);
- The significant landholding within a highly prospective area with key targets already identified is a high priority for Kodal's exploration team to evaluate and develop prospects with the aim of identifying mineral resources in the near term;
- Together with the contiguous Madina project (together the "Bougouni Lithium Projects"), Kodal now has interests covering an area of 500km² with identified lithium bearing pegmatite veins and geochemical anomalies providing potentially significant exposure to the rapidly expanding and high demand lithium market;
- As part of the Agreement, Kodal has the option to acquire a 90% interest in Kolassokoro by completing payments totalling US\$160,000 over four annual stages with the initial payment of US\$20,000 having been made to EMAS.

Bernard Aylward, CEO of Kodal Minerals, said: *"Lithium has become a huge investment story and we are keen to apply our extensive West African knowledge to begin development in what*

we believe is a globally significant new lithium province. There are known lithium occurrences across our 500km² Bougouni Lithium Projects, which both de-risks the exploration phase and accelerates progress towards the potential declaration of a maiden JORC mineral resource estimate.

“Importantly, Kodal has been able to acquire access to identified targets for a very low entry cost, and we will seek to ensure maximum possible expenditure into the ground so we can demonstrate the true value of these projects as quickly and efficiently as possible. Further news regarding the commencement of the exploration programmes for the Bougouni Lithium Projects and the ongoing work programmes on our gold projects will be released in due course.”

Further Information

Terms of the Agreement

Kodal, through its wholly owned subsidiary Future Minerals Limited (“Future Minerals”), has entered into the Agreement with EMAS covering the Kolassokoro concession (“the Project”). EMAS is a Malian company with interests in mining concessions and related businesses in Mali. Kolassokoro is a mining concession owned by EMAS and issued by the government of Mali granting exclusive mineral exploration rights, both surface and sub-surface, over an area of approximately 250km². The Kolassokoro concession was granted on 29 July 2010, and had a first renewal granted on 27 March 2015, and can be further renewed in 2017 for an additional two years. Under the terms of the Agreement, EMAS has agreed to grant Future Minerals exclusive access to the Project and rights to explore and mine the Project (which includes any mining permits or licences granted in respect of the Project). As consideration for the Agreement, Future Minerals has committed to making the following cash payments to EMAS:

- US\$20,000 upon signing of the Agreement on 31 August 2016 (the “Effective Date”);
- US\$30,000 on the first anniversary of the Effective Date. Upon this payment Future Minerals will be entitled to a 51% ownership of the concession;
- US\$50,000 on the second anniversary of the Effective Date. Upon this payment Future Minerals will be entitled to a 70% ownership of the concession; and
- US\$60,000 on the third anniversary of the Effective Date to acquire a 90% interest in the concession (collectively, the “Payments”).

The Payments grant Future Minerals exclusive access and exploration rights, including access to all existing data on the Project. These staged payments allow Kodal to explore the concession and gain beneficial interest as exploration advances. Once the Payments have been made, Future Minerals will have acquired a 90% interest in the Project transferred to its ownership (the “Option”). Future Minerals is entitled to terminate the agreement at any time except within 30 days of any of the Payments or by not making a Payment and will then

relinquish any interest held in the Project. Under the Agreement, Future Minerals is responsible for all exploration costs up to and including the cost of producing a feasibility study, progression to which will be dependent on the success of early stage exploration work.

If an economic resource is identified, the Agreement anticipates that Future Minerals and EMAS will form a new mining company in Mali ("MiningCo"), conduct the appropriate environmental studies and apply to the government of Mali for a mining licence. Additional cash payments to EMAS will be made on the commencement of mining:

- US\$300,000 payment on the commencement of a gold mining operation; and/or
- US\$50,000 payment on the commencement of mining for any other minerals.

Under the Agreement, Future Minerals and EMAS will subscribe for 80% of the shares in MiningCo (and 90% of any future equity contributions into MiningCo), with Future Minerals holding at least 72%. The remaining 20% ownership (and 10% future equity contributions) will be held by the government of Mali; this in turn is made up of 10% received in return for the mining licence on which no future capital contributions are required, and 10% that is subscribed for and on which future contributions will be required pro-rata to, and on the same terms as, other shareholders. In addition, EMAS will have a 2% net smelter return royalty on MiningCo's gold production from the concession.

Kolassokoro

Kolassokoro covers an area of approximately 250km² and is located 180km south of Bamako, the capital of Mali. Access to the Project is by sealed road from Bamako to the regional centre of Bougouni, then good access throughout the concession area by local road and track.

Kolassokoro is located in the Bougouni-Sikasso region, and regional studies completed by CSA Global in 2008 identified high-grade lithium bearing pegmatites within the Bougouni-Sikasso region. The study was commissioned and funded by the World Bank as part of the SYSMIN economic development programme. This study identified five lithium bearing pegmatite veins within the Kolassokoro concession, and highlighted the Sogola and Ngouanala pegmatites as priority targets.

The SYSMIN project completed reconnaissance sampling of the pegmatite veins, with the Sogola vein returning values in excess of 2.2% Li₂O. The Ngouanala pegmatite was identified as having a strike length in excess of 150m and returned assay values up to 1.89% Li₂O. These represent high priority opportunities for Kodal to explore and determine possible economic potential and opportunities to define Mineral Resource estimates for the project.

The Kolassokoro concession is immediately adjacent to the Madina concession that Kodal also recently acquired an exclusive option over. This combined landholding of 500km² in a high

prospective region will allow the Company to undertake systematic exploration as well as advance the already identified targets.

Previous exploration within Kolassokoro concession has included surface geochemical sampling primarily for gold. Pegmatite occurrences were identified during a broad scale country-wide development mapping programme; however, the Project is yet to benefit from systematic reconnaissance exploration or drilling targeting lithium pegmatites within Kolassokoro.

The Company will undertake detailed reconnaissance mapping to follow up known pegmatites and seek undiscovered pegmatite outcrops within the Project. There are also a number of geophysical anomalies defined from existing datasets, which represent priority targets for on-the-ground follow up mapping and sampling.

The intention of the Company is to advance exploration efforts rapidly in order to prove-up a JORC compliant mineral resource estimate.

Figure 1 – Kolassokoro and Madina Lithium Project Locations, Mali

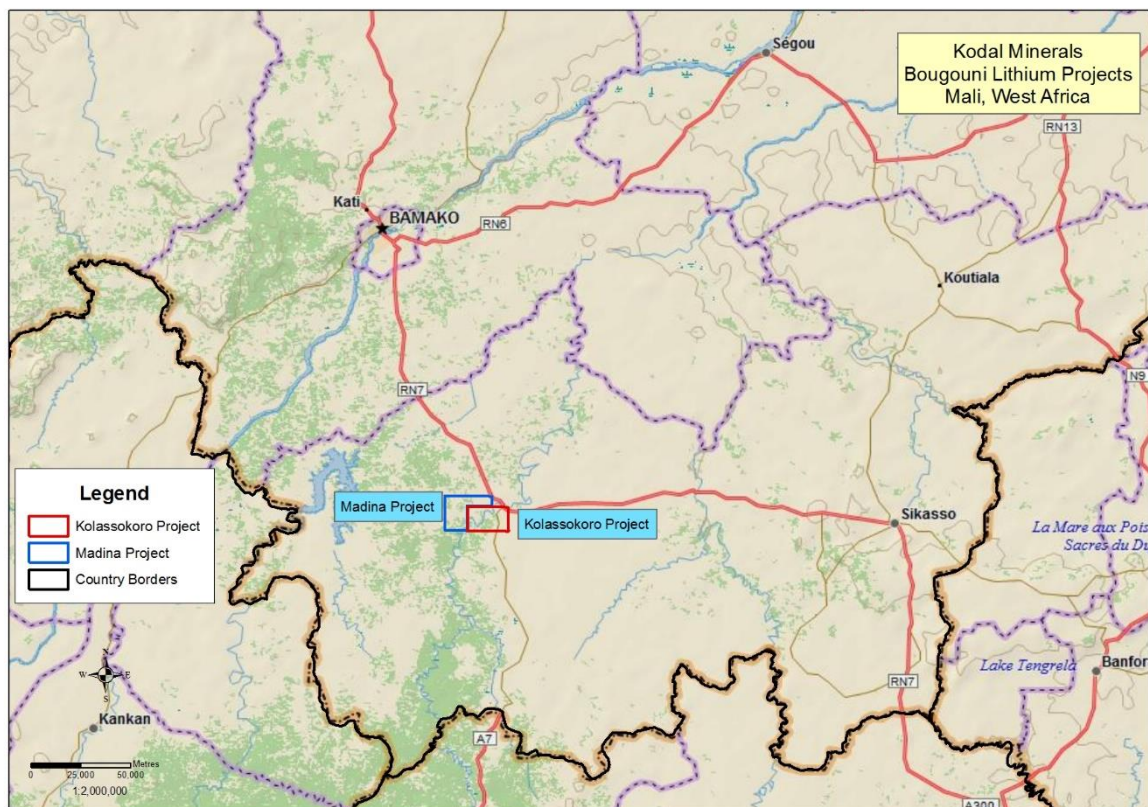


Figure 2 – Kolassokoro and Madina Lithium Project geology

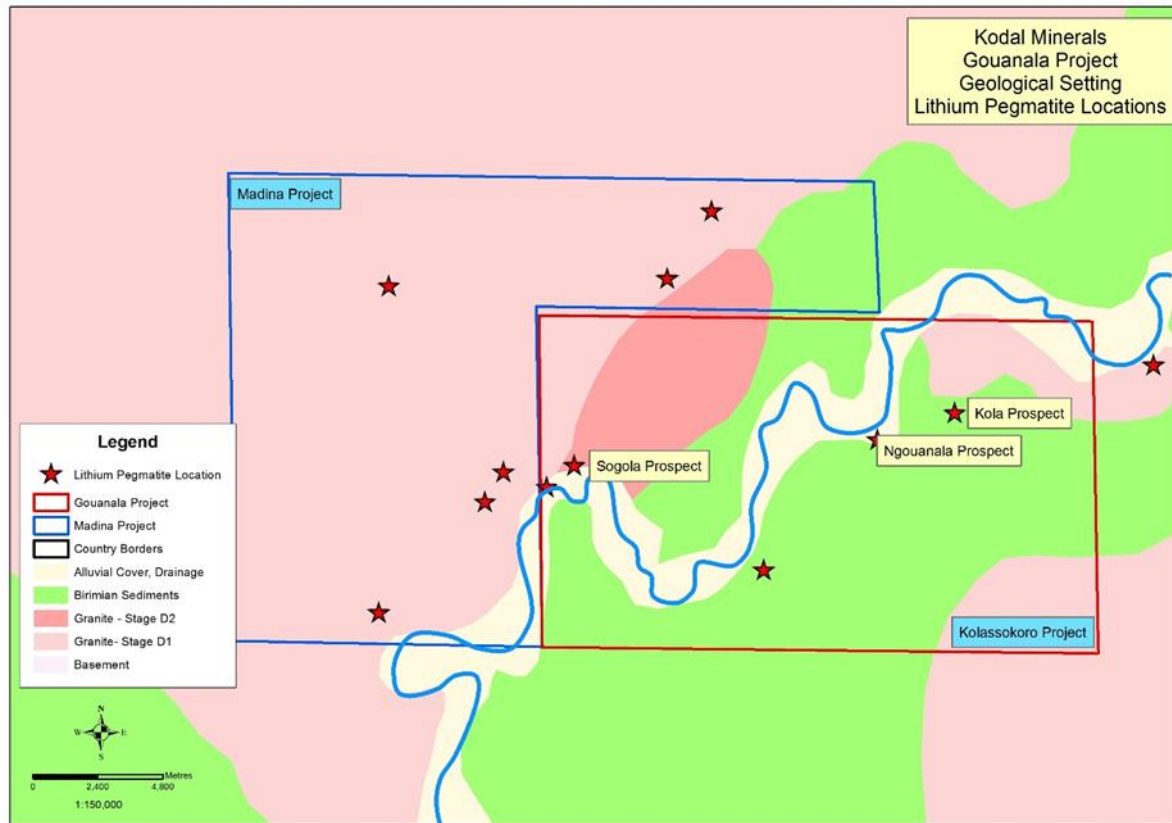
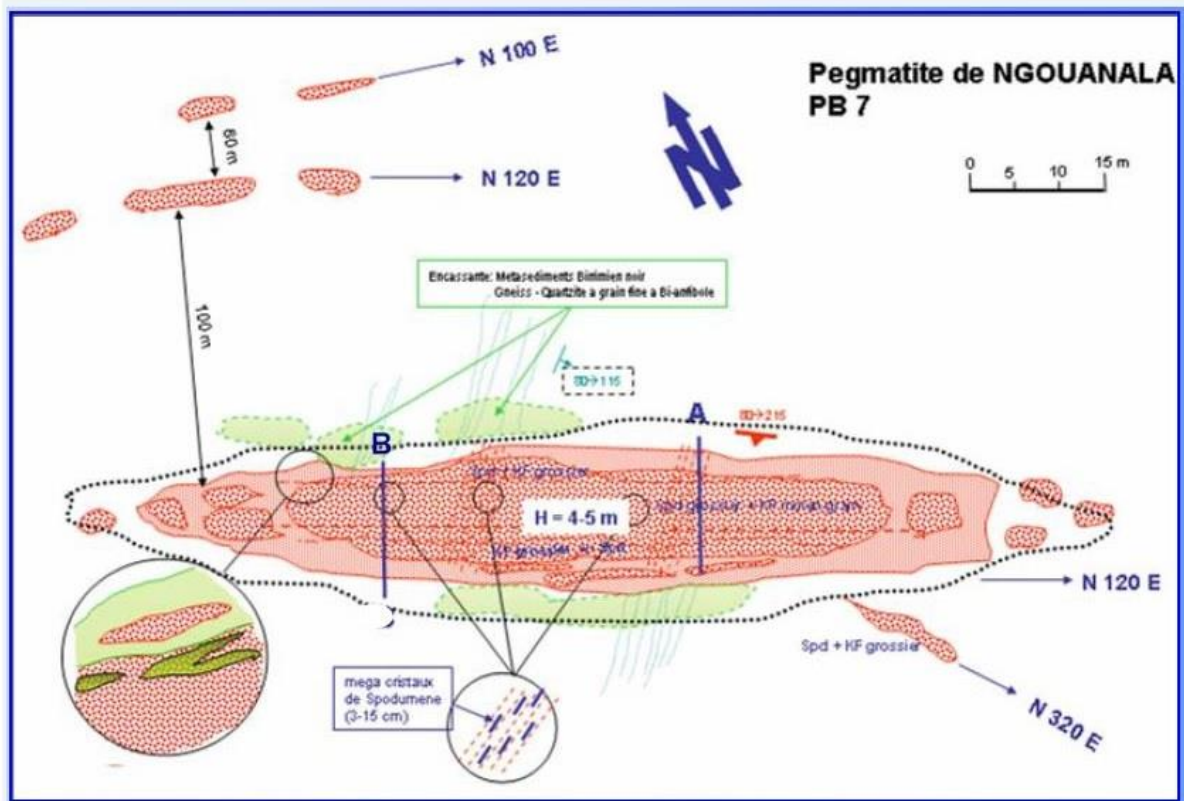


Figure 3 – Mapping of the Nguanala pegmatite vein. Mapping completed by CSA as part of SYSMIN Mali project 7



****ENDS****

For further information, please visit www.kodalminerals.com or contact the following:

<p>Kodal Minerals plc Bernard Aylward, CEO</p>	<p>Tel: +61 418 943 345</p>
<p>Allenby Capital Limited, Nominated Adviser Jeremy Porter/Nick Harriss</p>	<p>Tel: 020 3328 5656</p>
<p>SP Angel Corporate Finance LLP, Financial Adviser & Broker John Mackay/Laura Harrison</p>	<p>Tel: 020 3470 0470</p>
<p>St Brides Partners Ltd, Financial PR Susie Geliher/Lottie Brocklehurst</p>	<p>Tel: 020 7236 1177</p>