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

**30 August 2016**

**Kodal Minerals Plc**

**("Kodal" or the "Company")**

### **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 entered into an agreement with Gorutumu Mining SARL ("Gorutumu"), giving Kodal the exclusive rights to explore and acquire a controlling interest in a prospective high grade lithium project in Southern Mali (the "Agreement"). This is in line with Kodal's strategy to identify value accretive strategic mineral opportunities in West Africa.

#### **Highlights**

- The Agreement grants Kodal exclusive rights to explore the 250km<sup>2</sup> Madina concession in southern Mali ("Madina" or the "Project") (refer Figure 1);
- As part of the Agreement, Kodal has the option to acquire a 90% interest in Madina by completing payments totalling US\$140,000 over three annual stages with the initial payment of US\$25,000 having been made to Gorutumu;
- Lithium bearing pegmatite units identified in the Project, with initial sampling returning high-grade lithium anomalies (>2% Li<sub>2</sub>O) (refer Figure 2);
- Historic geochemical sampling has indicated zones of anomalous lithium response associated with known pegmatite and has identified new areas to be reviewed;
- Field review and reconnaissance mapping of pegmatite occurrences to be undertaken immediately – geochemical sampling and prioritisation for drill testing will be completed with the aim of drilling as soon as possible;
- Key targets identified that have potential to advance the Project rapidly with the aim of delineating a mineral resource estimate;
- Lithium has been identified by the Board as a high-value strategic mineral having recently seen strong demand for batteries (electric cars and static storage) and tight supply apply upward pressure on prices;
- Madina is also prospective for gold mineralisation, with previous geochemical sampling returning anomalous gold values – review of exploration work and further follow-up will be undertaken following assessment of lithium potential;

**Bernard Aylward, CEO of Kodal Minerals, said:** *"The market dynamics surrounding lithium are highly compelling, and I am delighted to announce the acquisition of, what I believe has*

*the potential to be, a quality, high grade lithium project with identified priority targets and known mineralisation. The acquisition of Madina is a direct result of our team leveraging its extensive West African experience to identify value accretive opportunities to build a portfolio of quality assets. We now intend to apply our exploration expertise to the Project and rapidly advance it towards proving up a JORC compliant mineral resource. Further news regarding this exploration process, and concurrent work programmes across our gold properties, will be made 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 Gorutumu covering the Madina concession. Gorutumu is a Mali company with interests in mining concessions and related businesses in Mali. Madina is a mining concession owned by Gorutumu and issued by the government of Mali granting exclusive mineral exploration rights, both surface and sub-surface, over an area of approximately 250km<sup>2</sup>. The Madina concession was granted for an initial three-year term from July 2011, was renewed in April 2015, and can be further renewed in 2017 for an additional two years. Under the terms of the Agreement, Gorutumu 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 payments to Gorutumu:

- US\$25,000 upon signing of the Agreement on 20<sup>th</sup> August 2016 (the “Effective Date”);
- US\$40,000 on the first anniversary of the Effective Date; and
- US\$75,000 on the second anniversary of the Effective Date (collectively, the “Payments”).

The Payments grant Future Minerals exclusive access and exploration rights, including access to all existing data on the Project. Once all three Payments have been made, Future Minerals will have acquired a 90% interest in the Project transferred to its ownership (the “Option”). Until Future Minerals completes all payments to exercise the Option, Madina will remain wholly owned by Gorutumu. 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 Gorutumu 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. On application for a mining licence by MiningCo, Future Minerals must make a further payment to Gorutumu of:

- US\$1 million if a resource (indicated or better) of less than 5 million ounces (“Moz”) of gold has been defined; or
- US\$2 million plus US\$2 for each ounce above 5 Moz of gold if a larger resource is defined.

Under the Agreement, Gorutumu will have the option of subscribing for 5% of the shares in MiningCo (and 5% of any future equity contributions into MiningCo) or receiving a 2% net smelter royalty on MiningCo’s production (the “NSR”). Future Minerals will hold 75% of the shares in MiningCo, or 80% if Gorutumu chooses the NSR. The remaining 20% 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. Future Minerals may return ownership of Madina to Gorutumu prior to application for a mining licence if it does not wish to proceed, with no consideration being paid by either party.

### ***Madina***

Madina covers an area of approximately 250km<sup>2</sup> and is located 150km south of Bamako, the capital of Mali. Access to the Project is by sealed road from Bamako, then good access throughout the concession area by local road and track.

Madina 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. Regional geochemical sampling completed by the government of Mali has also identified lithium anomalies within the Bougouni-Sikasso region, and anomalies have been identified within Madina.

Previous exploration within Madina has included surface sampling and regional scale geophysical surveying primarily for gold. Exploration was completed in part by Randgold Resources Limited under earlier joint ventures with Gorutumu. 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 Madina.

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.

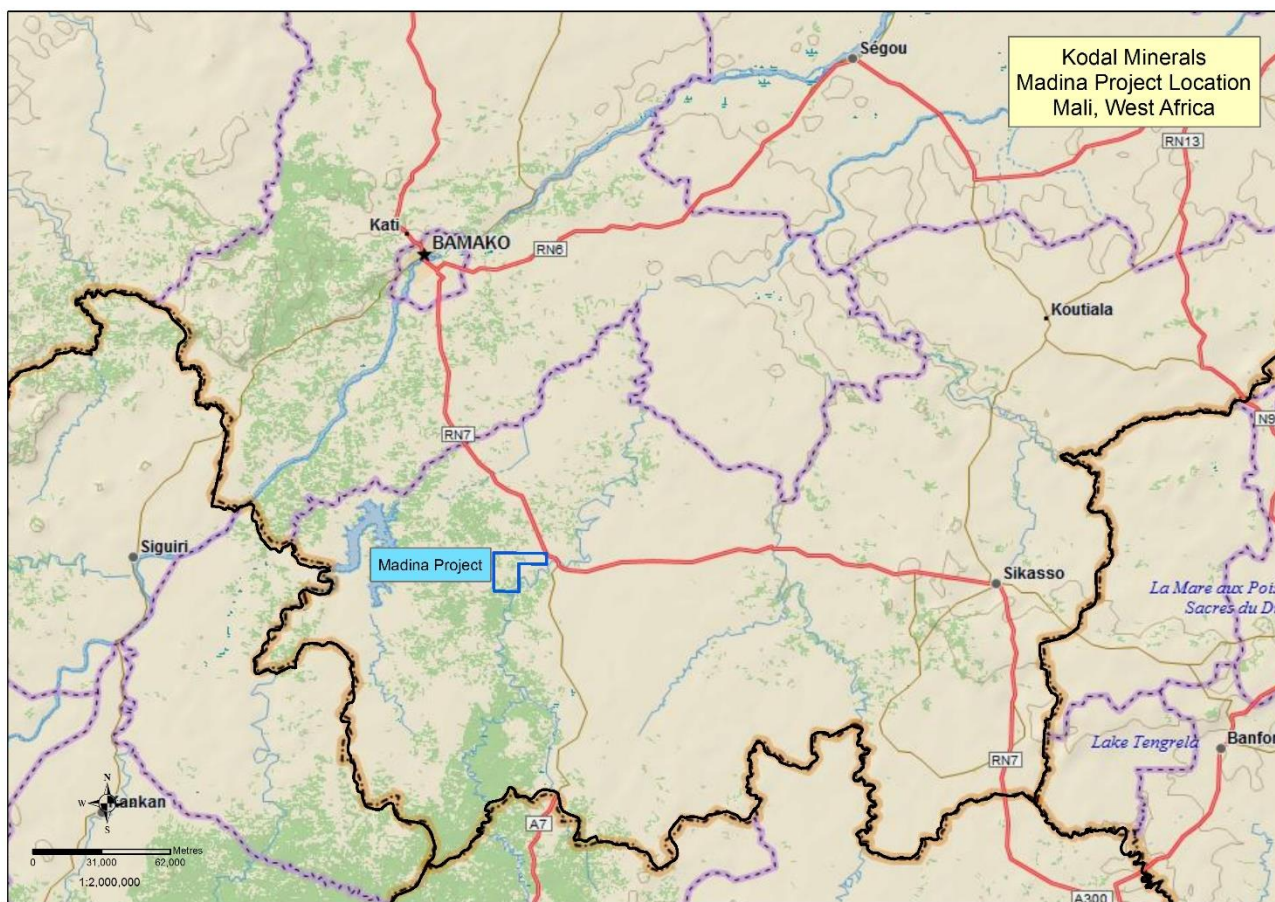


Figure 1 – Madina Project location, Mali

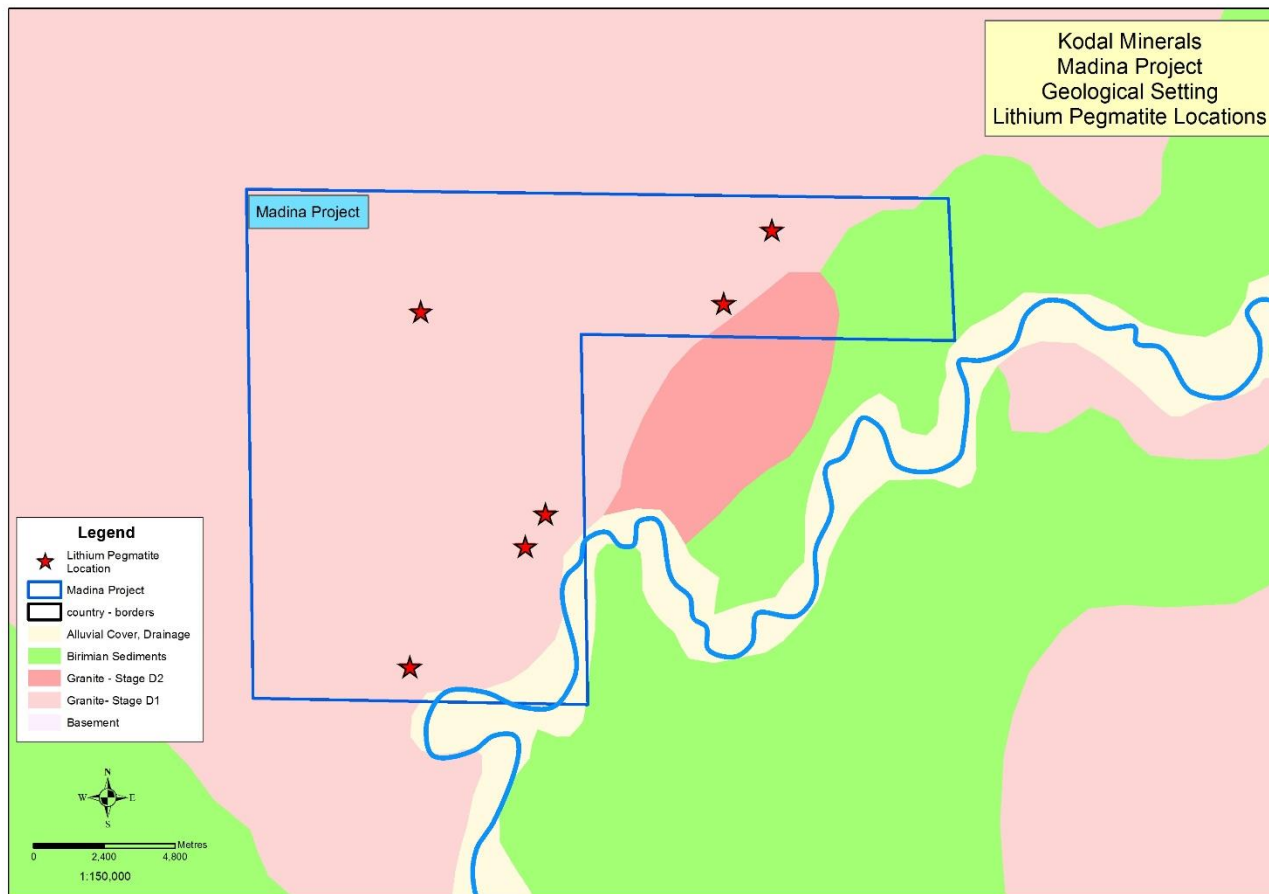


Figure 2 – Madina Project geology

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

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

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