

10 March 2017

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

Completion of £500,000 Placing, Proposed Off-Take Agreement & Proposed £4.3 million Strategic Investment

Kodal Minerals plc, the mineral exploration and development company focussed on West Africa, is pleased to advise that it has completed a £500,000 share placing (the "Placing") and entered into an agreement to commence negotiations for an off-take agreement for the future spodumene concentrate produced from its Bougouni Lithium Project, in Southern Mali (the "Project") as well as a potential further investment into the Company of up to £4.3 million (the "Agreement").

Highlights

- Agreement is with Suay Chin International Pte Ltd ("Suay Chin"), a Singapore registered company formed to take advantage of its extensive connections to supply the Chinese lithium market with a range of clients from acid producers to lithium carbonate producers and to the final lithium-ion battery manufacturer.
- Suay Chin has strong support from Shandong Mingrui Chemical Co Ltd, which is a long-term supplier to existing lithium carbonate producers in Shandong Province.
- £500,000 placing completed with Suay Chin at an issue price of £0.003 per share for the issue of 166,666,667 new ordinary shares of 0.03125 pence each in the Company (the "Placing Shares") – representing a 30% premium to the closing share price on the date prior to this announcement.
- The Company and Suay Chin have agreed to commence negotiations immediately for an off-take agreement over 20% of the spodumene concentrate to be produced from the Project, with potential for this to increase to 100% at a later date.
- The Agreement allows Suay Chin a period of 30 days to undertake due diligence on the Company and the Project, including conducting site visits, preliminary metallurgical testing and confirmation of geology.
- Following the due diligence period and if successful, the Agreement contemplates Suay Chin completing a second share placing within a further 15 days (or 30 days with Kodal's consent) to increase its shareholding in Kodal to 20% at a price of £0.0038 per share (expected to result in a further cash investment of approximately £4.3 million) (the "Second Placing"). The price of the proposed Second Placing represents a 65% premium to the closing share price on the date prior to this announcement .

Bernard Aylward, CEO of Kodal Minerals, said: *"This Placing, completed at a premium to the current market share price, and the negotiations for an off-take agreement are a great endorsement of our Bougouni Lithium Project and emphasises the perceived strategic and*

commercial value in its development. Our exploration activity has confirmed the lithium mineralised pegmatite veins at surface and the demonstration of high-grade lithium mineralisation from our drilling has generated a lot of interest in fast-tracking potential development. Suay Chin is very positive about assisting us through the metallurgical testwork and development phase of the Project, and with the additional funding we will continue to advance the Project rapidly.

“This investment highlights the emerging lithium mineralised region in Mali, and Kodal is continuing to progress its strategy of developing a mining hub at Bougouni based on multiple high-grade lithium pegmatite veins within the Project area. The potential Second Placing with Suay Chin, if completed, will ensure that Kodal is well funded to produce initial mineral resource estimates at Bougouni and commission further scoping studies.”

Further Information

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM ("Admission"). It is expected that Admission will become effective and that dealings in the Placing Shares will commence on or around 15 March 2017.

The Placing Shares will be issued within the Company's existing share allotment authorities and represent approximately 3.09% of the Company's issued share capital as enlarged by the issue of the Placing Shares. Accordingly, Suay Chin's total shareholding in the Company is declared as being 166,666,667 ordinary shares representing approximately 3.09% of the Company's issued share capital.

Following completion of the Placing, the Agreement provides that the parties commence negotiations to complete an off-take agreement for the supply of spodumene concentrate from the Project that will cover 20% of the production. A due diligence period of 30 days will commence to allow for the review by Suay Chin of all aspects of the Project. At the completion of the due diligence period, Suay Chin will have 15 days to notify Kodal of its intentions to continue with the Second Placing.

If due diligence is satisfactory to Suay Chin, the Second Placing will be undertaken such that the shareholding in the Company of Suay Chin reaches 20% of the enlarged issued ordinary share capital of Kodal. It is anticipated that this will require the issue of an additional 1,138,227,978 ordinary shares in the Company ("Second Placing Shares"). An issue price of £0.0038 per share has been agreed for the Second Placing. The Second Placing Shares will be issued within the Company's existing share allotment authorities and represent approximately 17.45% of the Company's issued share capital as enlarged by the issue of the Second Placing Shares.

Following the completion of the Second Placing, Suay Chin will have the right to nominate a director to the Board of Kodal. In addition, Suay Chin will enter into a relationship agreement

with Kodal, its AIM Nominated Adviser and Broker that will govern its actions whilst it retains its shareholding above 15% of Kodal's issued ordinary share capital, including agreeing to act at all times in the best interests of all Kodal shareholders, acknowledging that all transactions between Suay Chin and Kodal will be conducted on normal arm's-length terms, and agreeing to a lock in and orderly market arrangement over its shareholding.

Following the completion of the Second Placing, Suay Chin and Kodal will negotiate an extended off-take agreement for 100% of the spodumene product produced at the Project. Shareholders should note that there can be no guarantee at this stage on the timing of completion of such agreement or if any such agreement will ultimately be agreed.

Total Voting Rights

Following the issue of the Placing Shares and with effect from Admission, the Company's issued share capital will consist of 5,386,254,850 ordinary shares of 0.03125 pence each ("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 5,386,254,850. 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 share capital of the Company.

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 has 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.

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.

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