



CAPITAL RAISING TO ACQUIRE MORILA GOLD MINE

ASX:MLL

Capital Raise Presentation
September 2020



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Image: Mine NRI Digital





SECTION 1

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MORILA MINE

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The information in this presentation that relates to Exploration results, Mineral Resources or Ore Reserves is based on information compiled and reviewed by Dr Alistair Cowden BSc (Hons), PhD, M AusIMM, MAIG. Dr Cowden consults to the Company and has sufficient experience in the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral resources and Ore reserves. Dr Cowden consents to the inclusion in the presentation of the matters based on their information.

ASX RELEASES

Investors are advised that by their nature as visual aids, presentations provide information in summary form. The key information on the Company and its projects can be found in the ASX releases:

- Mali Lithium to Become a Gold Producer by Acquiring the Morila Gold Mine in Mali (31 August 2020),
- Additional Information - Tailings Resource and Production Target (7 September 2020),
- Goulamina Updated PFS Delivers Strong Project Outcomes (4 July 2018),
- Environmental Approval Received - Goulamina Lithium Project (7 March 2019),
- Substantial Increase to Goulamina Mineral Resource (8 July 2020).
- Corporate update (26 August 2020)

The Company confirms it is not aware of any new information that materially affects the information included in any ASX market announcement. The presentation should be read in conjunction with MLL's continuous disclosure announcements lodged with the Australian Securities Exchange (ASX) which are available at www.malilithium.com.

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EFFECT OF ROUNDING

A number of figures, amounts, percentages, estimate, are subject to rounding accordingly, the actual numbers may differ from those in this presentation.

DUE DILIGENCE RISK

Mali Lithium has performed certain due diligence on Morila SA and the Morila Mine. There is a risk that due diligence conducted has not identified issues that would have been material to the decision to enter into the Transaction. A material adverse issue which was not identified prior to the completion of the Transaction could have an adverse impact on the financial performance or operations of Morila SA. As is usual in the conduct of acquisitions, the due diligence process undertaken by Mali Lithium identified a number of risks associated with the Transaction, which the Company had to evaluate and manage. The mechanisms used by Mali Lithium to manage these risks included in certain circumstances the acceptance of the risk as tolerable on commercial grounds such as materiality. There is a risk that the approach taken by Mali Lithium may be insufficient to mitigate the risk, or that the materiality of these risks may have been underestimated, and hence they may have a material adverse impact on Mali Lithium's earning and financial position.

The due diligence process relied in part on the review of financial and operational information provided by Barrick. Despite making reasonable efforts, Mali Lithium has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. If any of the data or information provided to and relied upon by Mali Lithium in its due diligence process proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of Mali Lithium may be materially different to the financial position and performance expected by Mali Lithium.

The information reviewed by Mali Lithium includes forward looking information. While Mali Lithium has been able to review some of the foundations for the forward-looking information relating to Mali Lithium, forward looking information is inherently unreliable and based on assumptions that may change in the future.

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Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out in this presentation, including but not limited to general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold, lithium and other metals; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accident, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities. This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information. The Company disclaims any intent or obligations to or revise any forward-looking statements whether as a result of new information, estimates, or options, future events or results or otherwise, unless required to do so by law. Statements regarding plans with respect to the Company’s mineral properties may contain forward-looking statements in relation to future matters that can be only made where the Company has a reasonable basis for making those statements. Competent Person Statements regarding plans with respect to the Company’s mineral properties are forward looking statements. There can be no assurance that the Company’s plans for development of its mineral properties will proceed as expected. There can be no assurance that the Company will be able to confirm the presence of mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company’s mineral properties.



SECTION 2

TRANSACTION OVERVIEW



A TRANSFORMATIVE TRANSACTION



THE ACQUISITION OF AN 80% INTEREST IN THE MORILA GOLD MINE WILL INSTANTLY TRANSFORM MLL INTO A CASH GENERATING GOLD PRODUCER

- The mine is a monster with **8.7 million ounces** of gold production plus resources
- MLL forecasts that Morila will produce approximately 26,350 ounces of gold and **US\$17 million cashflow** between acquisition date and May 2021 (US\$1850/ounce)
- **Near-term increase in gold production** is anticipated from satellite pits
- A **long mine life** is expected from resumption of mining of the **1.3 million ounce** resource at the main Morila pit
- More than a decade since last major drilling effort at Morila; under MLL ownership we will invest heavily in drilling
- **Resources expected to grow** at Morila and satellites, plus new resources from Koting, drilled and undrilled anomalies



MORILA PLANT



TRANSACTION DETAILS

- Binding Agreement signed for MLL to acquire AngloGold's and Barrick's 80% interest for US\$22 to \$27 million.
- Consideration finalised at closing and dependant on the final value of tax credits.
- Subject to no government objection and obtaining financing
- Targeting 31 October 2020 close date
- Morila SA is currently owned 40% Barrick, 40% AngloGold and 20% Government of Mali
- Technical and corporate due diligence and Resource Estimate completed
- Barrick, the operator, assisting with handover





SECTION 3

EQUITY CAPITAL RAISE



EQUITY CAPITAL RAISE



OFFER STRUCTURE AND SIZE

- Two Tranche placement to sophisticated, professional and other institutional investors to raise up to \$64 million
 - Tranche 1 to raise up to \$7.6 million utilising existing placement capacity pursuant to Listing Rule 7.1
 - Tranche 2 to raise remaining \$56.4 million, subject to shareholder approval at a General Meeting to be held in late October
- Share Purchase Plan (SPP) to raise up to an additional \$6 million on the same terms as the Placement
- New shares will rank pari passu with existing shares

PLACEMENT PRICE

- Fixed bookbuild at \$0.16 per new share (the Price)
- The Price represents a 17.9% discount to the last closing price of \$0.195 per share prior to the Placement and a 11.9% discount to the 5-day trading VWAP

BROKER AND ADVISERS

- Euroz Securities Limited is Lead Manager to the Placement
- Gilbert+Tobin is the legal counsel to MLL

SHARE PURCHASE PLAN

- Eligible MLL shareholders with a registered address in Australia or New Zealand will have the opportunity to apply for MLL shares pursuant to a non underwritten SPP
- Offer price of \$0.16 per new share
- Entitlement of up to \$30,000 worth of new shares per eligible shareholder
- The Board intends to cap the SPP at \$6 million but reserves the right to accept oversubscriptions or to scale back applications at its sole discretion

USE OF FUNDS



A\$ MILLION

Acquisition of Morila

- Consideration is between US\$22 and \$27 million. Assume AUD:USD of 0.71. Final consideration at closing is subject to adjustment to reflect final tax credits held by Morila SA, any excess will be applied to working capital

\$37.8

MLL Current Gold Projects

- The Company intends to drill and develop existing deposits and targets adjacent to Morila on its Massigui Gold Project and explore its Dankassa Gold Project

\$4.0

Morila Working Capital

- Provision for working capital for Morila SA and any adjustment to final consideration for tax credits

\$15.0

General Working Capital

- General working capital and Goulamina Lithium project costs

\$8.8

Capital Drilling Shares¹

- The Company has agreed with Capital Drilling to issue shares to satisfy EUR 0.8 million costs incurred from drilling at the Koting deposit (see ASX release 19 November 2019)

\$1.2

Costs of Issue

- Costs of the Placement, SPP and Transaction

\$3.2

TOTAL

\$70.0

1. Shares to be issued in satisfaction of debt incurred as a result of drilling undertaken by Capital Drilling and requires shareholder approval to be issued.

CAPITAL STRUCTURE

SOURCES OF FUNDS

A\$ MILLION

| | |
|---------------------|-------------|
| Placement Tranche 1 | 7.6 |
| Placement Tranche 2 | 56.4 |
| Share Purchase Plan | 6.0 |
| TOTAL | 70.0 |

PRO FORMA CAPITAL STRUCTURE

SHARES

| | |
|--|--------------------|
| Existing Shares on Issue | 317,348,112 |
| Placement to Sophisticated Investors (Tranches 1 and 2) | 400,313,555 |
| Issue to Directors and Management in lieu of deferred fees and salaries | 2,422,750 |
| Share Purchase Plan | 37,500,000 |
| TOTAL SHARES ON ISSUE | 757,584,457 |

OPTIONS

| | |
|----------------------|------------|
| 40 cent 2022 options | 2,000,000 |
| 15 cent 2021 options | 29,418,937 |



MORILA PLANT

TIMETABLE



EVENT

DATE

| | |
|--|-----------------------------|
| Trading Halt and launch of Capital Raising | Wednesday, 2 September 2020 |
| Record Date for SPP | Tuesday, 8 September 2020 |
| Announcement of completion of Capital Raising | Wednesday, 9 September 2020 |
| Settlement of Tranche 1 Placement Shares | Friday, 11 September 2020 |
| Allotment of Tranche 1 Placement Shares | Monday, 14 September 2020 |
| Notice of Meeting (NOM) sent to shareholders | Monday, 21 September 2020 |
| Dispatch SPP Offer Documents | Monday, 21 September 2020 |
| SPP Opening Date | Monday, 21 September 2020 |
| SPP Closing Date | Wednesday, 21 October 2020 |
| General Meeting for shareholders to Approve Tranche 2 Placement Shares | Late October 2020 |
| Settlement of Tranche 2 Placement Shares | Late October 2020 |
| Allotment of Tranche 2 Placement Shares | Late October 2020 |
| Allotment of new shares under SPP | By 30 October 2020 |



SECTION 4

MORILA GOLD OPERATION



MORILA A WORLD CLASS MINE WITH GREAT INFRASTRUCTURE



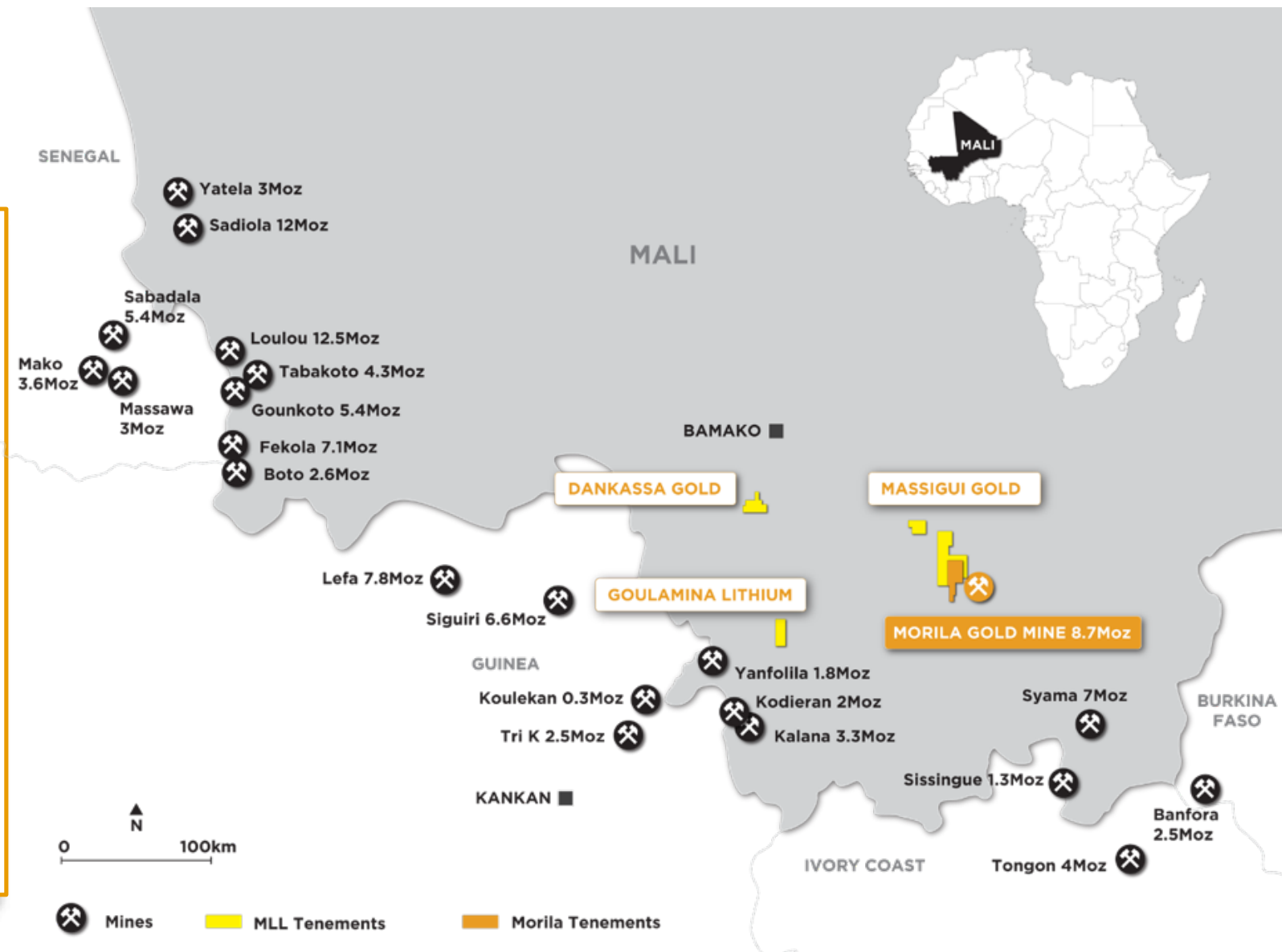
MORILA - ONE OF WEST AFRICA'S GREAT GOLD MINES

- Morila was the foundation asset of Randgold which merged with Barrick in an \$18 billion deal
- Production to December 2019 of 7.45 million ounces gold from 60.6 million tonnes at 3.82g/t gold (mine records)
- MLL estimates a remaining Inferred Mineral Resource of **1.3 million ounces gold**; 32 million tonnes at 1.26g/t gold
- Substantial infrastructure including processing plant with 4.5 million tonnes per annum capacity when treating hard rock
- Now treating 5.5 million tonnes per annum of tailings for up to 50,000 recovered ounces gold per annum, Barrick the operator
- Forecast cashflow from tailings operation to be applied to drilling and potential ramp up of production

MORILA PLANT THICKENER

A WORLD CLASS GOLD BELT

- Barrick, AngloGold Ashanti, Resolute, B2Gold, Endeavour
- Mali is Africa's 3rd largest gold producer; 9 mines
- Mature gold industry, great local skills
- MLL has been exploring for gold in Mali for 9 years
- Recent instability has not impacted mining industry
- Fiscal regime; 30% Corporate tax and 6% Royalty



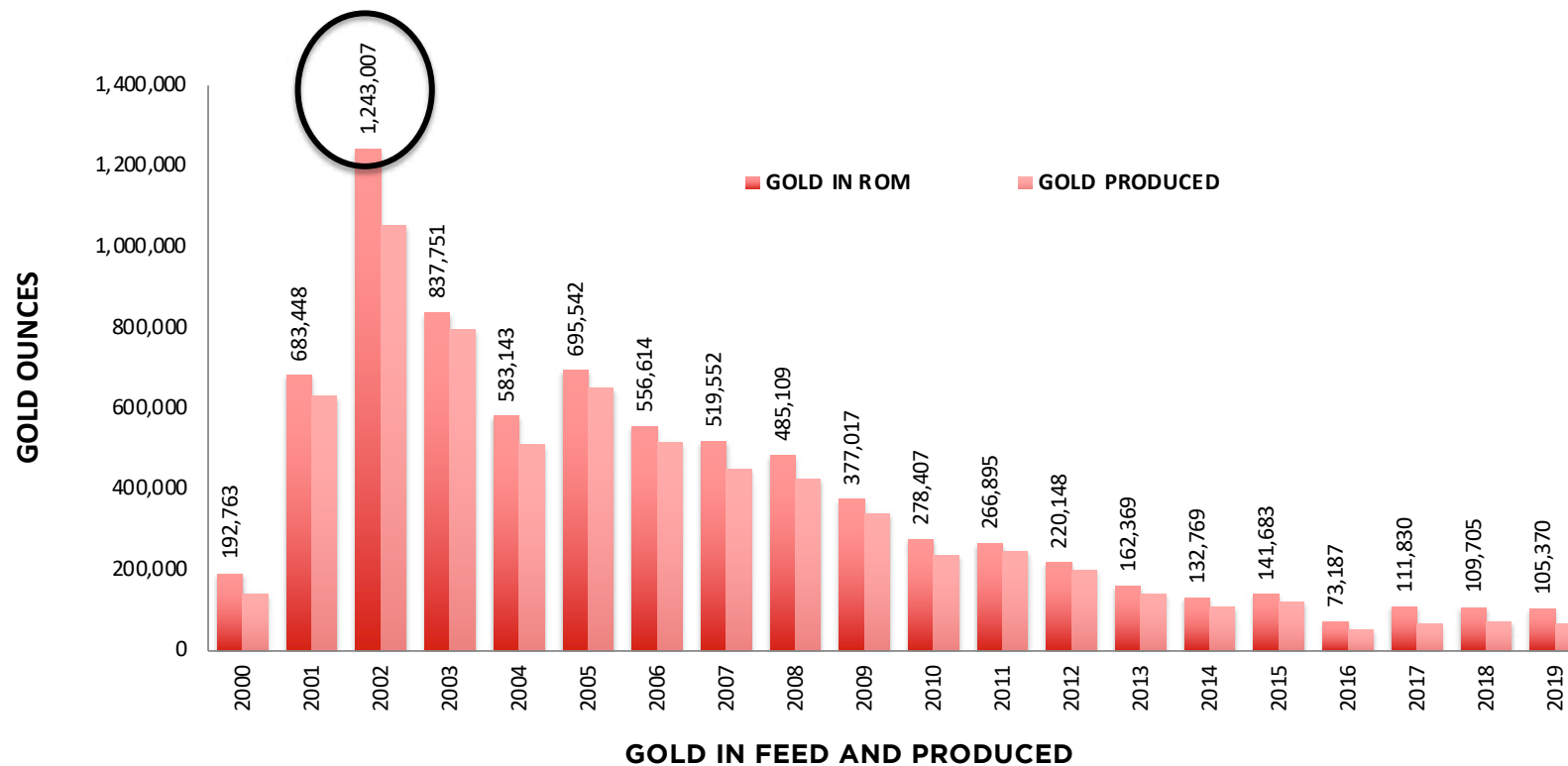
MORILA'S HUGE GOLD ENDOWMENT

20 YEARS OF PRODUCTION AND STILL MORE GOLD TO BE FOUND

2000-2009
MORILA OPEN PIT

2010-2016
STOCKPILES

2016 ONWARDS
TAILINGS AND
SATELLITE PITS



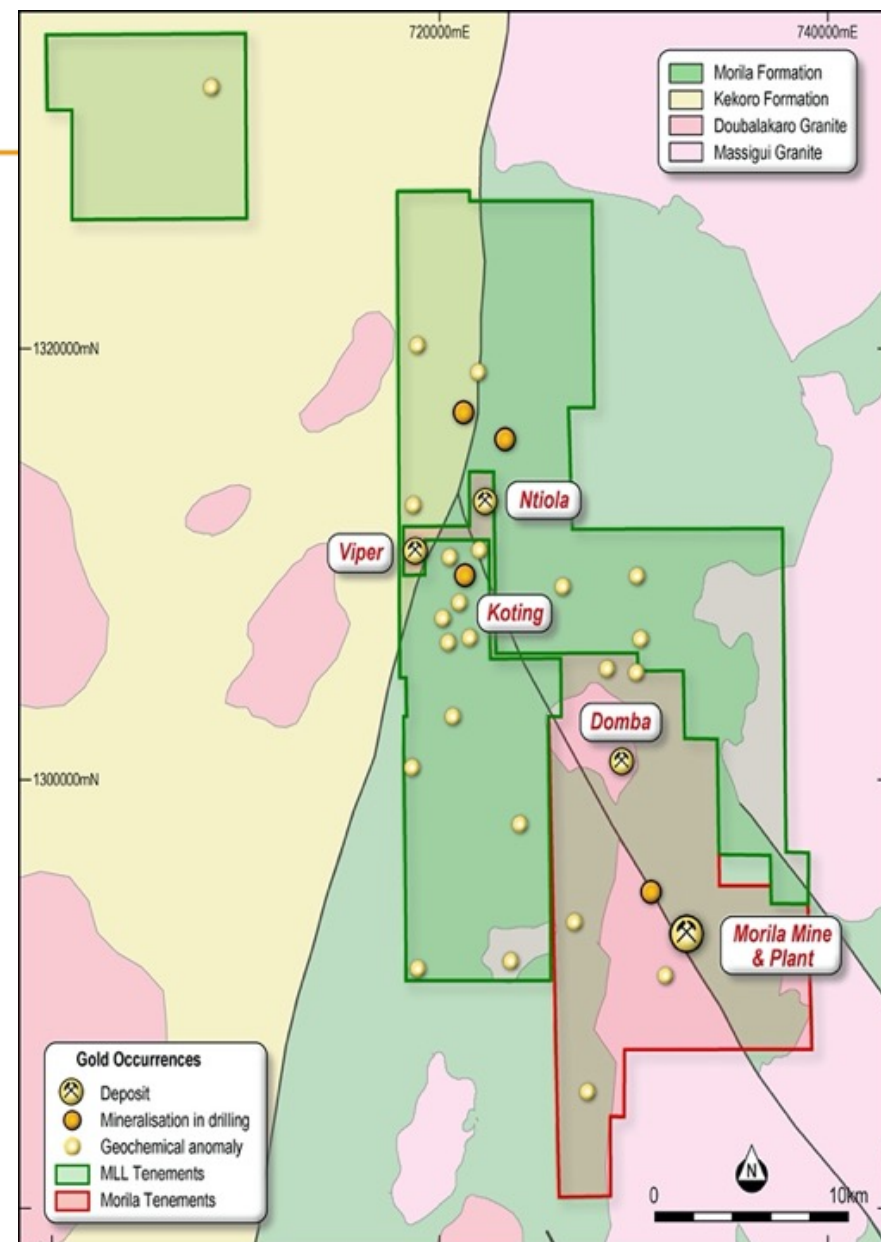
A STRATEGIC COMBINATION

WHY DIVEST?

- Mine in closure mode for many years, planned to close after completion of tailings processing in mid 2021
- Last major resource estimate in 2008, gold at US\$700/ounce
- Not in the interests of Government of Mali to see site dismantled and rehabilitated

WHY MLL?

- MLL's gold tenure surrounds Morila and we have a 7 year relationship, whereby Morila SA paid royalties from mining of shallow oxide ore from the MLL discoveries Viper and N'Tiola
- MLL has expertise and strategic tenure to extract value and re-invigorate Morila. For example, recent drilling success on MLL ground at Koting (best intercept 12m at 8.9g/t gold) indicates Koting will likely provide feed for the Morila plant



MORILA FLY THROUGH – SUBSTANTIAL STRATEGIC INFRASTRUCTURE

[CLICK HERE TO VIEW](#)



MORILA PIT: OPPORTUNITY FOR LONG LIFE PRODUCTION

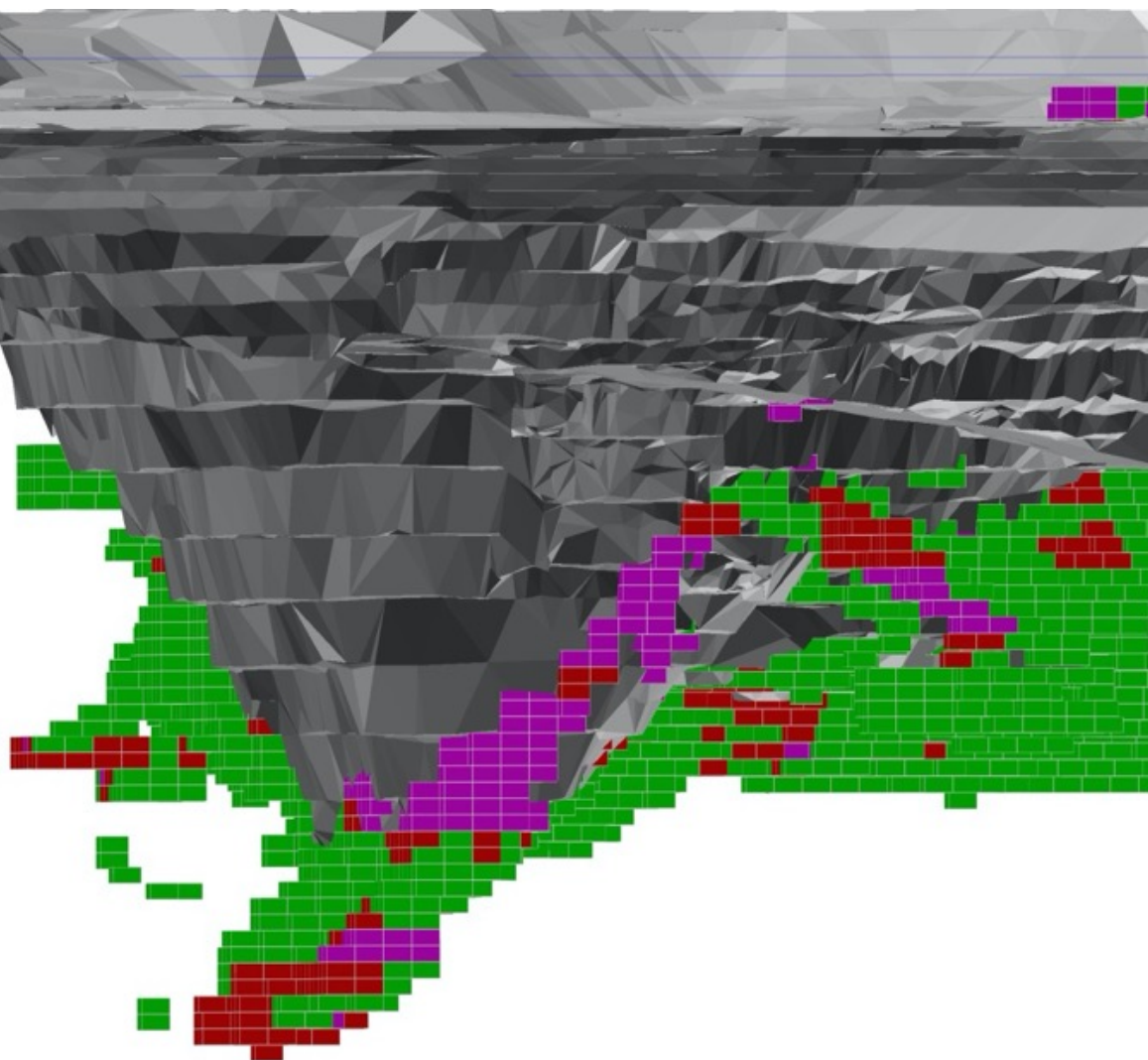
MAIN MORILA PIT 1.6 X 0.7KM IN SIZE



LARGE RESOURCE WILL DRIVE NEW MINE PLAN

THE BEST PLACE TO FIND GOLD IS IN THE SHADOW OF THE HEADFRAME

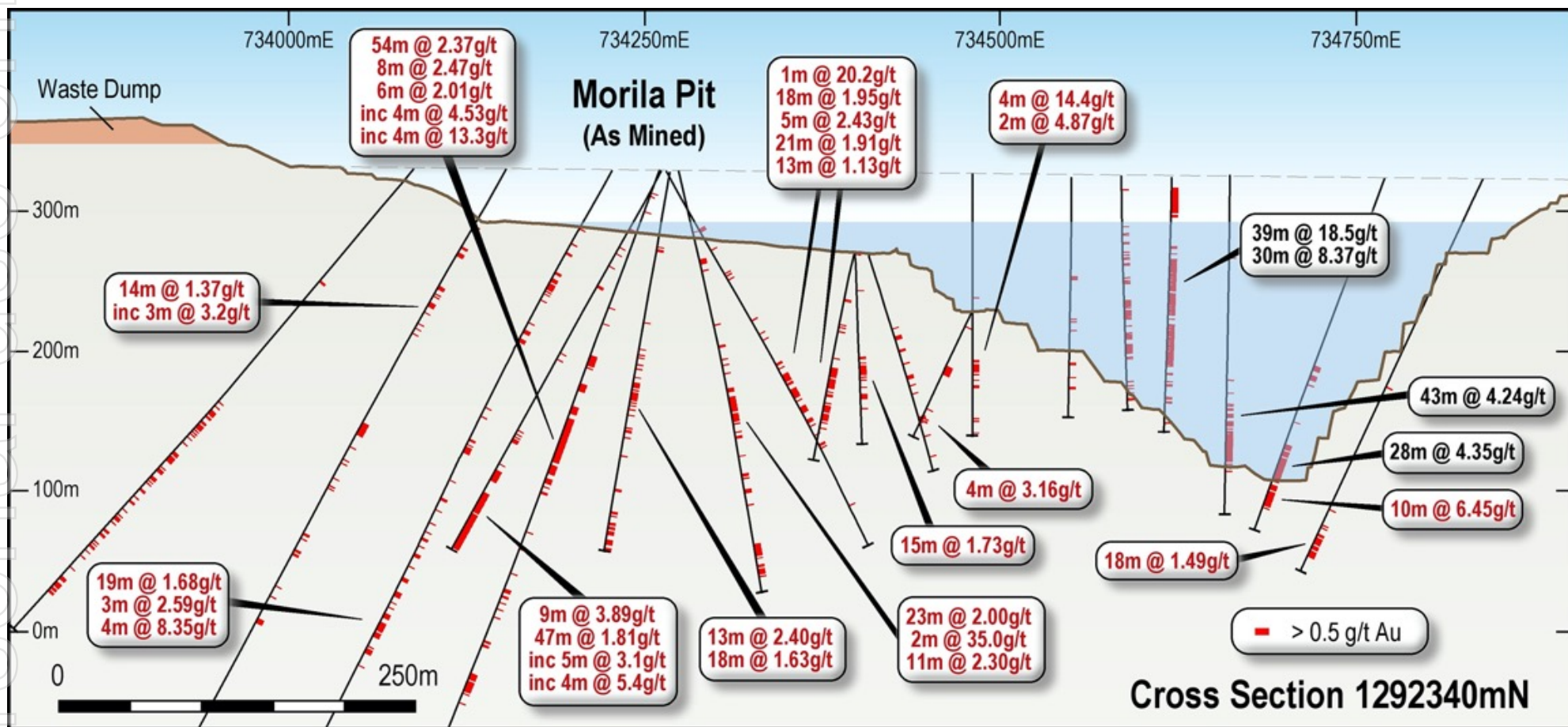
- **Inferred Resource** beneath Morila pit is **1.3 million ounces gold** from 32 million tonnes at 1.26g/t¹ above a 0.5 g/t gold cut off, based on 2008 block model (US\$700/oz)
- Resource estimated by MLL and reported under JORC 2012 and constrained by US\$1250 per ounce gold pit shell
- Resource update underway to incorporate drilling outside current resource and using prevailing gold prices
- Resource will input into Ore Reserves and Mine plan
- Underground potential at Morila yet to be assessed (e.g. Samacline zone with 15m at 4.7g/t gold)



1: See ASX Release dated 31 August 2020

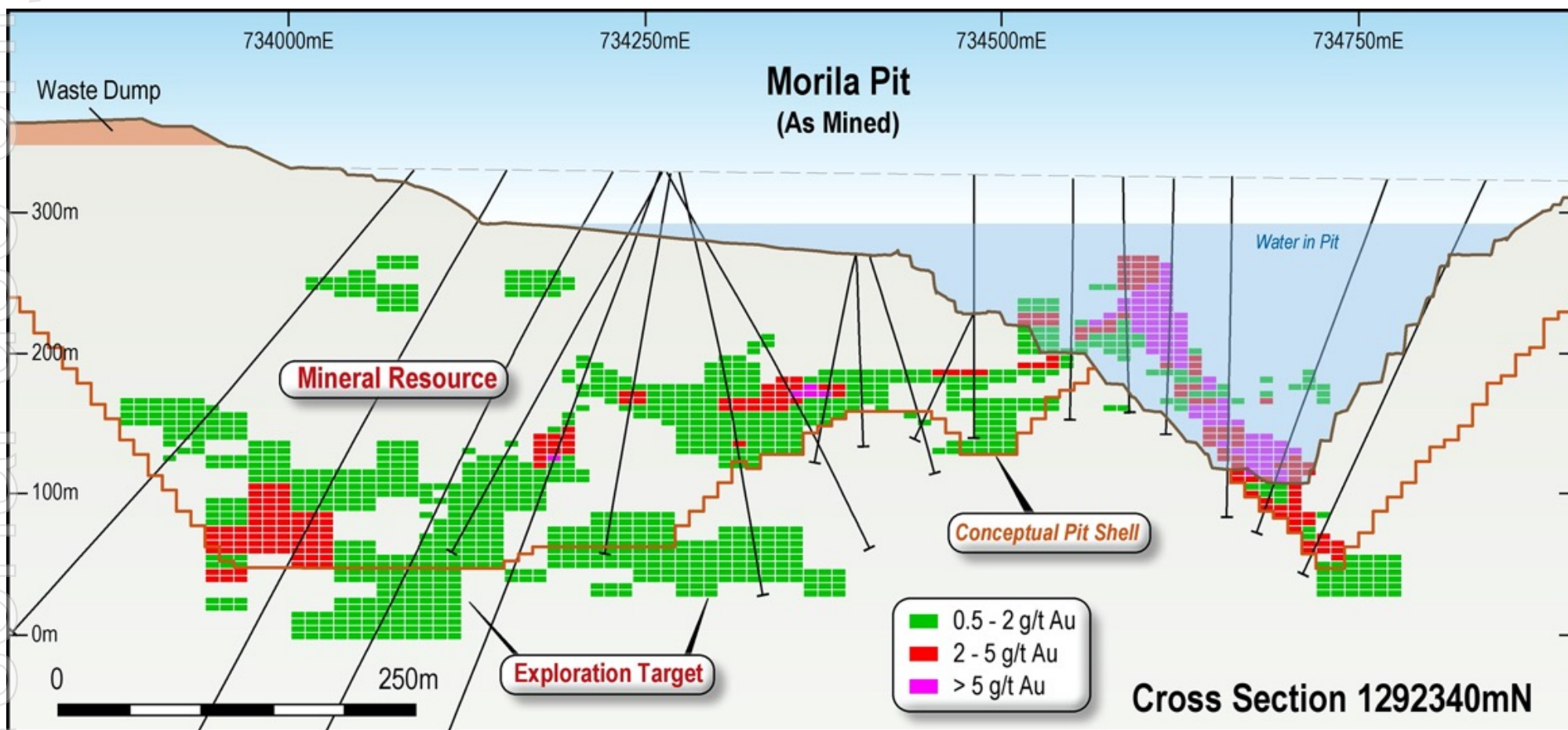
MULTIPLE DRILLING HITS BELOW PIT

(TOTAL OF 170KM OF DIAMOND DRILLING AND 70KM OF RC DRILLING)



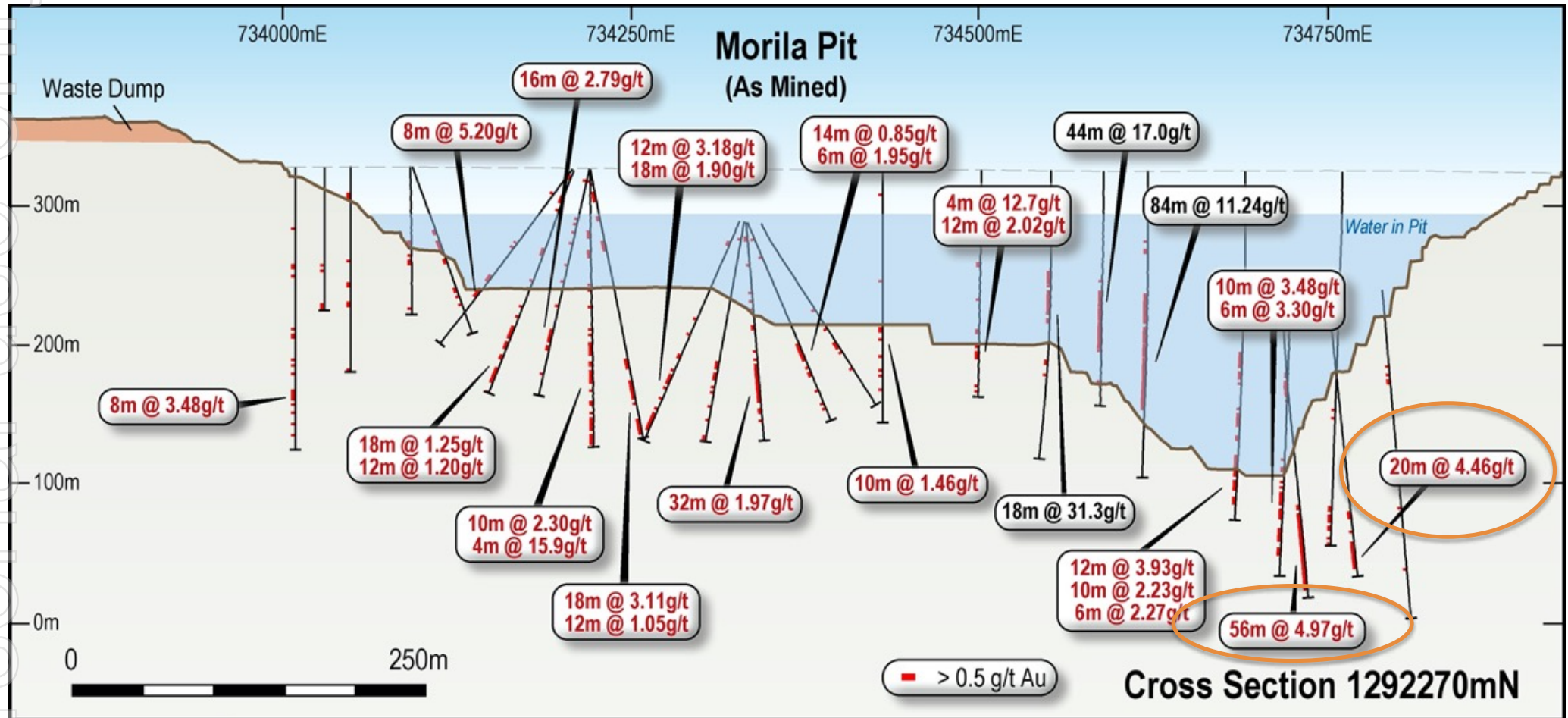
EXTENSIVE MINERALISATION WITHIN US\$1250/OZ PIT

INFERRED RESOURCE IS REPORTED WITHIN CONSERVATIVE CONCEPTUAL PIT



56M AT 4.96g/t GOLD & 20M AT 4.46g/t GOLD

HIGH GRADE AT RIGHT (EAST) OF PIT, SHALLOW MINERALISATION TO WEST BENEATH PIT FLOOR



PLANT AND INFRASTRUCTURE A SIGNIFICANT ASSET

- Conventional gold plant, 3 stage crushing, 6MW Ball Mill and CIL circuit and gravity concentrator
- Up to 4.5 million tonnes per annum historical throughput on fresh rock, 91% historical recovery, abundant free gold (Mine Production records)
- Morila has all the infrastructure required of a self sufficient remote site; village, offices, warehousing, workshops, laboratories, 14MW diesel power station, mobile equipment, water, roads
- Significant sunk capital. For context, Perseus recently built the 3.5 million tonnes per annum Yaoure plant and infrastructure in neighbouring Cote D'Ivoire for US\$265 million

MORILA PRIMARY CRUSHER

A FULLY FUNCTIONING PLANT

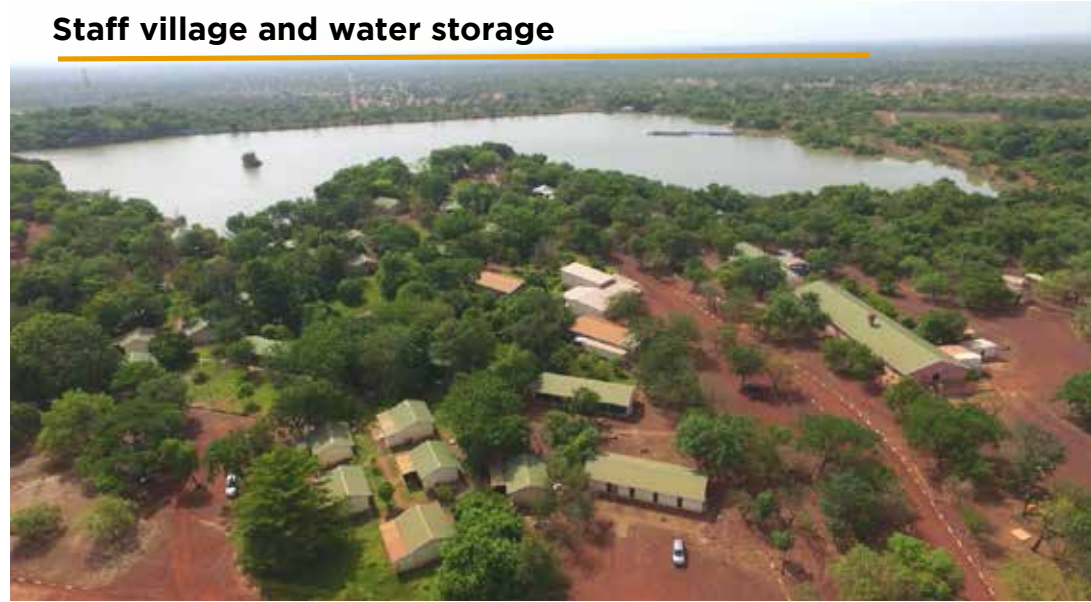


Image: Randgold (This image was captured when plant was processing hard rock ore)

Overview of plant



Staff village and water storage



14MW Diesel power station



Warehousing, reagent handling and power station



TAILINGS OPERATION CASHFLOW TO UNDERPIN PRODUCTION GROWTH

- Tailing operations are forecast to generate free cashflow of US\$17 million (A\$24 million). This will be applied to drilling and the potential production ramp up
- Operations scheduled to complete at the end of May 2021
- Operations comprise hydraulic mining (water cannon) and slurry of tailings
- Low-grade upper tailings layer directly to Morila pit, higher-grade (0.4-0.6g/t gold) lower tailings layer to plant for gold recovery
- Treating tailings at an annual rate of 5.5 million tonnes at 50-60% recovery for up to 50,000 ounces of gold
- Crushing and grinding circuit stood down, spares and minor refurbishment required. Power station requires refurbishment to resume full generating capacity



MORILA BALL MILL AND CYCLONE TOWER

HYDRAULIC MINING OF TAILINGS



SATELLITE PITS TO INCREASE PRODUCTION IN THE SHORT TERM

3 DEPOSITS WERE MINED AND PROCESSED WITH TAILINGS, MLL PLAN TO RESUME THAT PRODUCTION MODEL



- 110,000 ounces of gold mined from Domba, N'Tiola and Viper in 2018-2019
- Predominantly shallow oxide ore mined in lower gold price environment
- Pits are only 8 to 25 kilometres from plant along haul road
- Mineralisation open along strike and below pits
- New resource estimates have commenced; mine plan, costs and schedule to follow
- Koting discovery adjacent to haul road and likely to feed Morila

VIPER PIT

N'TIOLA PIT

EXCEPTIONAL EXPLORATION POTENTIAL MLL TO INVEST HEAVILY IN DRILLING

MORILA ACQUISITION CREATES 685KM² OF CONTIGUOUS TENURE IN A PROLIFIC GOLD DISTRICT WHERE MLL HAS A TRACK RECORD OF DISCOVERY

More than a decade since last major drilling effort at Morila; under MLL ownership we will invest heavily in drilling

Recent drilling at prospects returned high grade intercepts:

- KOTING: **Up to 12m at 8.9g/t gold**, inferred resource to be estimated
- N'TIOLA: **2 metres at 22.8g/t gold** at N'Tiola South
- KONDJI: **11 metres at 2.53g/t gold**
- Further drilling will be undertaken to test the scale of mineralisation

Multiple gold-in-soil targets, structures under regolith:

- 23 gold-in-soil anomalies requiring drill testing
- Much of prior exploration drilling is ineffective shallow RAB in deep weathering
- Much of tenure not amenable to first pass exploration through gold-in-soil sampling

COMMITMENT TO COMMUNITY, ENVIRONMENT AND PEOPLE

- Morila SA has an experienced workforce of 150 staff plus 260 contractors
- MLL intends to maintain workforce and look to further employment opportunities as production expands
- Morila comes with no bond, governed by agreement (Convention) between Government and Morila SA
- Compliant with all environmental conditions; waste dumps rehabilitated
- Commitment to continue support of education, health and cultural programmes in local villages
- Community agribusiness programme provides up to 60 jobs and supports poultry, orchards, beekeeping and fish farming businesses. The aim is to build sustainable local industry



OUR MALIAN GEOLOGISTS; MOCTAR, SOULEYMANE AND YACOUBA

MLL'S GROWTH PLAN AND TIMELINE



IMMEDIATE Set the basis for production growth

- Smooth handover of tailings operation
- Apply cashflow from tailings operation for infill and verification drilling of Morila and satellites
- Complete new Reserve and Resource estimates and mine plan for Morila, satellite pits and tailings,
- Secure acquisition and growth finance



SHORT TERM Grow production

- Bring satellite pits into production in parallel with tailings operation
- Bring Morila main pit into production to further expand production
- Resource extension drilling for Morila, Domba, Viper and N'Tiola pits and the Koting discovery



MEDIUM TERM Extend mine life

- Bring Koting to development decision
- Test existing exploration targets for additional shallow resources
- Systematic regional exploration of combined tenure
- Extension drilling at Morila and satellites



LONG TERM Unearth the true regional potential

- Underground mining possibilities
- Regional exploration to unearth further discoveries on the 685km² combined tenement package - explore for repeats of Morila
- Regional acquisitions and consolidation

SUMMARY – A UNIQUE AND TRANSFORMATIVE TRANSACTION

- **MLL will become the newest gold producer listed on ASX**
- **Immediate gold production and cashflow to fund growth**
- **The mine is a monster with 8.7 million ounces of gold production plus resources**
- **Anticipate potential near term catalysts:**
 - **Increase in gold production from satellite pits**
 - **Extend mine life from resumption of mining of the 1.3 million ounce resource at the main Morila pit**
 - **Resources growth at Morila and satellites, plus new resources from Koting, drilled and undrilled anomalies**
- **Excellent exploration upside - more than a decade since last major drilling effort at Morila; under MLL ownership we will invest heavily in drilling**
- **Morila Plant enables value in MLL's Massigui Project and associated discoveries to be realised**



SECTION 5

KEY RISKS



MORILA MINE

KEY RISKS



SPECIFIC RISKS RELATING TO MALI

The Morila Gold Mine is located in the Republic of Mali and following completion of the Transaction, will be subject to the various political, economic and other risks and uncertainties associated with operating in Mali albeit the Company has existing operations in Mali.

These risks may include, but are not limited to, economic, social or political uncertainty or instability, hyperinflation, currency instability and changes of law affecting the Government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, environmental protection, mine safety, labour relations as well as Government control over mineral resources and regulations requiring the engagement of local staff and contractors or requiring other benefits to local residents. The Company may also be hindered or prevented from enforcing its rights with respect to a Governmental instrumentality because of the doctrine of sovereign immunity.

Any future material adverse changes in Government policies or legislation in Mali that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company. Operations may be affected in varying degrees by Government regulations with respect to, but not limited to, restrictions on exploration, development, mining production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, local economic empowerment or similar policies, employment, contractor selection and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors adds uncertainties that cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

Currently, the country is facing challenges arising from unrest over the results of the Parliamentary elections held in March 2020. The President has resigned following intervention by the military which intervention was peaceful. The military have promised that the functions of government and business will continue as usual, that a transitional President will be appointed and that new elections will be held as soon as possible. West African nations are pressuring the military to return to civilian government as as soon as possible. The actions of the military have not resulted in any impact in current mining operations in Mali.

The Transaction has a Condition Precedent that the Transaction will be acknowledged without objection by the Government (the "Government Condition"). The Transaction has been notified to and discussed with mining authorities in Mali prior to the current instability in Mali.

KEY RISKS



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| CONTRACTUAL | There is a risk the Company may not be able to meet the contractual requirements including the requirement to complete the Transaction by the Completion Date, including securing the required funding to pay the total consideration. If the Transaction fails to complete for any reason then the Company loses its USD\$1 million deposit. |
| FINANCIAL MARKETS | There is no certainty the Company will be able to raise sufficient funds to complete the Transaction and/or to meet the ongoing working capital and exploration and evaluation requirements of the Company's expanded tenure holding after completion. |
| COMMODITY MARKETS | There is no certainty the gold market will continue at its historically high prices. There is a risk of an adverse movement in the gold market that could adversely affect the future potential benefits currently expected from the Transaction. |
| EXCHANGE RATE | The Company is proposing to raise its funding in Australian dollars while the consideration payable to the Vendors pursuant to the Share Purchase Agreement is in US dollars. There is a risk of adverse movements in foreign exchange markets that could adversely affect the AUD value of the consideration and/or future potential benefits currently expected from the Transaction. |
| REHABILITATION & CLOSURE | Currently, Morila SA is implementing the Closure Plan which it has agreed with the Government. Work pursuant to the Closure Plan is proceeding concurrently with the re-treatment operations and during the period prior to the settlement of the Transaction, Morila SA will continue to undertake the work required to ensure that by May 2021, Morila SA will be on track to meet its obligations to the Government under the Closure Plan. The Company will be completing the Transaction with Morila SA being bound to complete work under the Closure Plan and it will be at the Company's sole risk post completion that it can renegotiate the plan to close the Morila Gold Mine. In order to cease work on the Closure Plan and pursue the Company's proposal to explore in and around the Morila Gold Mine with a view to recommencing mining operations, Morila SA will need to reach a new agreement with the Government. There can be no certainty that the Government will agree or be able to agree to abandonment of the Closure Plan and the effective reopening of mining at the Morila Gold Mine. |
| WORKFORCE | There is a workforce of 150 and 260 contractors at Morila and a small number of senior personnel who are seconded from other Barrick operations in Mali. The Vendors intend to make a payment to the workforce in respect of entitlements accumulated during employment at Morila. Morila SA intends to offer new contracts to the workforce on equal or better terms to those currently enjoyed on the basis that entitlements have been extinguished. There is a risk that these terms may not be acceptable and not all of the workforce can be retained or despite the Vendors having made payments to the Morila SA workforce their future redundancy entitlements may be not be extinguished. Similarly, the parties intend that senior managers will be offered similar or better employment terms to accept direct employment with Morila SA. There can be no assurance that this offer will be accepted. |

KEY RISKS



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| EXPLORATION | Mineral exploration and project development are high risk undertakings. There can be no assurance that further exploration on the Morila Gold Project will result in the discovery of additional economic ore reserves. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. Until the Company is able to realise value from its mineral projects, it is likely to incur ongoing operating losses. |
| MINERAL RESOURCE ESTIMATES | <p>Mineral Resource Estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally made may alter significantly when new information become available. In addition, by their very nature, Mineral Resource Estimates are imprecise and depend on interpretations which may prove to be inaccurate, and whilst the Company will employ industry-standard techniques to reduce the resource estimation risk, there is no assurance that this approach will alter the risk.</p> <p>The resource estimates reported may not be able to be economically extracted. As further information becomes available, Mineral Resource Estimates may change. This may result in alterations to mining and development plans which may in turn adversely affect the Company.</p> |
| TOTAL CONSIDERATION | <p>The Company agreed on the amount it is paying the Vendors for the acquisition of Morila Limited which owns 80% of Morila SA and this effectively represents the acquisition of an 80% interest in the Morila Gold Mine. In agreeing to the amount to be paid, the Company has assumed:</p> <p>(i) the Government will provide a timely repayment/set-off against future tax obligations of an agreed VAT amount, which agreed amount was the result of the settlement of a previous VAT refund dispute between Morila SA and the Government; and</p> <p>(ii) there is a risk that assumptions which have been made in order to calculate the total consideration will not be realised or achieved.</p> |
| INTEGRATION | The integration of a business with substantial assets such as Morila SA carries risk notwithstanding the Company and Morila SA having agreed a handover protocol. The success of the Transaction, and the ability to realise the expected benefits of the Transaction, is dependent on the effective and timely integration of the Morila SA operation into the Company's existing business operations. |
| HANDOVER | Again as a result of the impacts of COVID-19 and the Company executives not being able to travel to Mali to take control of Morila SA at completion, or to meet with the senior members of Government, the Company's plans for the Morila Gold Mine may not be fully developed. The Company has had to rely both on its remote communications with members of Government and the staff of Morila SA and the Company's country manager. In the circumstances there is the risk of miscommunication |

KEY RISKS



IMPACTS OF COVID-19 AND DUE DILIGENCE

Although executives of the Company were able to travel to Mali many months ago when the opportunity to consider purchasing the Morila Gold Mine was first identified and as a result of those trips, the executives were able to inspect the Morila Gold Mine and the data associated therewith resulting in the Company being able to undertake a level of due diligence, the Company and its executives have not been able to return to Mali to do any further on-site due diligence or inspections and have had to rely on remote due diligence. The Transaction is best characterised as “a walk in walk out” transaction where the Company is assuming risk with limited warranties and indemnities, there is a risk that because of circumstances, the Company has not been able to do the level of due diligence it may have done had it been able to have people travel freely and as such, it may not have identified all of the potential risks associated with the Transaction or its plans to continue operations at the Morila Gold Mine. In addition there is a risk that with respect to the due diligence that has been conducted has not identified issues that would have been material to the decision to enter into the Transaction. A material adverse issue which was not identified prior to the completion of the Transaction could have an adverse impact on the financial performance or operations of Morila SA. As is usual in the conduct of acquisitions, the due diligence process undertaken by the Company identified a number of risks associated with the Transaction, which the Company had to evaluate and manage. The mechanisms used by the Company to manage these risks included in certain circumstances the acceptance of the risk as tolerable on commercial grounds such as materiality or that because of the potential return the risk is one the Company decided to take. There is a risk that the approach taken by the Company may be insufficient to mitigate the risk or that the materiality of these risks may have been underestimated, and hence they may have a material adverse impact on the Company's earning and financial position.

The due diligence process relied in part on the review of financial and operational information provided by Morila SA. Despite making reasonable efforts, the Company has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. If any of the data or information provided to and relied upon by the Company in its due diligence process proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of the Company may be materially different to the financial position and performance expected by the Company.

The information reviewed by the Company includes forward looking information. While the Company has been able to review some of the foundations for the forward-looking information relating to Morila SA, forward looking information is inherently unreliable and based on assumptions that may change in the future.

TAX

It has been assumed that Morila SA will have substantial tax credits available to it on closing and that such credits will be available to meet VAT and corporate tax payments. Whilst Morila SA has been doing this under an arrangement with the Government, there is no assurance that these credits will continue to be available to Morila SA post completion. There may be tax arising from the Transaction which is payable by the Vendors under Malian law, should such payment not be made, Morila SA may have liability for these payments.

KEY RISKS



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| HISTORICAL LIABILITIES | <p>If the Transaction completes, the Company will become indirectly responsible if not liable for any liabilities that has incurred in the past, including liabilities which were not identified during its due diligence or which are greater than expected, for which insurance may not be adequate or available, and for which the Company may not have post-closing recourse under the Share Purchase Agreement. These could include liabilities relating to environmental claims, workforce claims or breaches, contamination, current or future litigation, regulatory actions, health and safety claims, warranty or performance claims and other liabilities. Such liabilities may adversely affect the financial performance or position of the Company post the Transaction.</p> |
| TENURE | <p>Morila SA is effectively owned 40% by Barrick, 40% by AngloGold and 20% by the Government. The Exploitation Licence held by Morila SA on which the Morila Gold Mine is located was granted pursuant to the original decree number 99 217/PM-RM on 4 August 1999. Morila SA is a party to the Establishment Convention which convention describes the basis on which Morila SA exploits for the Exploitation Licence and this Establishment Convention came into force on 28 April 1992 and has a 30-year term.</p> <p>Prior to 28 April 2022, Morila SA will need to apply for an extension of the Establishment Convention. While similar extensions have been granted by the Government (for reference, Resolute Gold's Syama mine in Mali had a similar establishment convention which was expiring in 2019 to the Establishment Convention, extended to match their exploitation licence), there is a risk that such a request for an extension is at the discretion of the Government and could be unsuccessful or any granted extension may be on terms which are less favourable to Morila SA than the conditions it currently enjoys.</p> |
| INSURANCE | <p>The insurance policies currently in place at Morila SA are Barrick group insurances. A full insurance survey of the plant and infrastructure will be required to obtain new insurance cover. There is a risk that the new policies may not be comprehensive and provide full cover for business interruption, fire and other events or if available they will be at a cost which is substantially higher than the current policies at completion of the Transaction.</p> |
| PLANT AND INFRASTRUCTURE | <p>The plant has been operating efficiently and effectively for 20 years, is still doing so today and the Company is unaware of any issues with major items of plant or equipment. The Company has identified that whilst the power station is operating today, replacement and refurbishment of some generators is required to bring the power plant back to full capacity and support the requirements of processing hard rock at full capacity. There is a risk that given the lack of preventative maintenance at the plant and the depletion of spares leading up to its planned closure, there may be other unforeseen requirements to repair or replace equipment.</p> |

KEY RISKS



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| EXTENSION OF TENURE | The Company will be seeking an extension to the term of the Establishment Convention and as part of the requirements of the Government to grant such extensions the Government may require Morila SA to adopt the application of the new Mining Code, something which is optional under the new Mining Code. Adoption of the new Mining Code will impact on the regulatory and fiscal environment in which Morila SA will be operating effectively reducing the concessions which currently apply to the Morila Gold Mine as a result of the current wording of the Establishment Convention. |
| SECURITY AND STABILITY | Although the Company currently has operations in Mali, there is a risk the security risk in Mali may deteriorate, which could make it difficult to operate safely in that country. |
| CHANGE IN LAW | On 28 April 2020, the Malia Parliament approved a new Mining Code, the impact of which is to place additional fiscal and operational requirements on mining companies. This new Mining Code has not as yet come into effect due to the President not having issued the requisite decree. The Company does not know when this will occur, particularly as the President recently resigned. Currently, the sale of Morila represents a change in control of Morila SA does not require the Minister for Mines to approve that change of control. Under the new Mining Code, such a change of control would require the Minister's approval. If the requisite decree was made prior to completion, the Company understands there would be such a requirement for Ministerial approval and the risk to the Company is that it may at that stage be a party to an unconditional agreement to complete the purchase of Morila SA. |
| TRANSACTION RISK | <p>The Transaction may consume a large amount of management time and attention, and the Transaction may fail to meet strategic objectives, or achieve expected financial and operational performance.</p> <p>Mali Lithium has undertaken financial, operational, business and other analyses of whether to pursue the Transaction. There is a risk that such analyses, and the estimates and assumptions made by Mali Lithium during the course of the analyses, leads to conclusions or forecasts that are inaccurate or which will not be realised in due course. To the extent that the actual results achieved by Mali Lithium differ from those indicated by Mali Lithium's analysis of the Transaction, there is a risk the profitability and future earnings of the operations of Mali Lithium may differ from the estimates and forecasts made by Mali Lithium.</p> |



SECTION 6

CORPORATE PROFILE



MORILA MINE

SNAPSHOT OF MLL

Shares on Issue

317.3m

Board Ownership

14m (4.4%)

Share Price

A\$0.195

Market Cap

A\$62m

Top 20 Shareholders

37%

Major Shareholders

None

Unlisted 40c Options

2.0m (expire 2022)

Listed 15c Options

29.4m (expire 2021)

Cash at 30 June

A\$0.9m

Capital Drilling Debt

A\$1.2m

BOARD AND MANAGEMENT



Alistair Cowden Executive Chairman

41 years as a mining executive and geologist in gold, nickel and copper industry in Australia, Africa, Asia and Europe.

Mark Hepburn Non-Executive Director

28 years+ finance industry experience in stockbroking, corporate funding and business management

Brendan Borg Non-Executive Director

20 years+ experience as a geologist specialising in “battery materials” lithium, graphite and cobalt

Eric Hughes CFO & Company Secretary

20 years+ experience in senior finance executive roles with ASX listed resource companies

Seydou Semega Country Manager Mali

15 years mining and management experience in Mali and West Africa

Image: Morila Gold Mine Facebook

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WORLD CLASS GOLD AND LITHIUM IN MALI

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Image: Randgold

