

ASX ANNOUNCEMENT

29 June 2022
ASX Code: MYL

BOARD OF DIRECTORS

Mr Jeff Moore
Non-Executive Chairman

Mr John Lamb
Managing Director

Mr Rowan Caren
Executive Director

Mr Paul Arndt
Non-Executive Director

ISSUED CAPITAL

Shares	190 m.
Performance Rights	5 m.
Unlisted Options	1 m.

Mallee Resources Limited

Suite 1, Ground Floor,
9 Havelock Street
West Perth 6005
Western Australia

info@malleeresources.com.au
P +61 (0)8 6147 8100
malleeresources.com.au

ABN: 48 124 943 728

Managing Director Presentation to EGM

The following Presentation is to be delivered to shareholders at today's EGM by the Managing Director, Mr John Lamb.

Authorised for release to the ASX by



Rowan Caren

Executive Director and Company Secretary

About Mallee Resources Limited

Mallee Resources Limited (ASX: MYL) is an explorer and mine developer listed on the Australian Securities Exchange. MYL aims to become a leading regional base metals producer. The Company is seeking to acquire 100% of the Avebury Nickel Project in Tasmania pursuant to the terms of a Deed of Company Arrangement.



**MALLEE
RESOURCES
LIMITED**

CRITICAL MINERALS FOR A SUSTAINABLE FUTURE

MANAGING DIRECTOR'S PRESENTATION TO EGM

JUNE 2022

Disclaimer

DISCLAIMER

These presentation materials and the accompanying verbal presentation (together, the Presentation Materials) have been prepared by Mallee Resources Limited (Company or MYL) as at 10/6/2022 and statements are current only as at that date. Information in the Presentation Materials remains subject to change without notice. The Company has no responsibility or obligation to inform you of any matter arising or coming to its notice, after the date of this document, which may affect any matter referred to in this document. By receiving the Presentation Materials, you acknowledge and represent to the Company that you have read, understood and accepted the terms of this disclaimer. It is the responsibility of all recipients of these Presentation Materials to obtain all necessary approvals to receive these Presentation Materials and receipt of the Presentation Materials will be taken by the Company to constitute a representation and warranty that all relevant approvals have been obtained.

NOT AN OFFER

These Presentation Materials are for information purposes only. The Presentation Materials do not comprise a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with the Australian Securities and Investments Commission) or any other law. The Presentation Materials also do not constitute or form part of any invitation, offer for sale or subscription or any solicitation for any offer to buy or subscribe for any securities nor shall they or any part of them form the basis of or be relied upon in connection therewith or act as any inducement to enter into any contract or commitment with respect to securities. In particular, these Presentation Materials do not constitute an offer to sell or a solicitation to buy, securities in the United States of America.

NOT INVESTMENT ADVICE

The Presentation Materials are not investment or financial product advice (nor tax, accounting or legal advice) and are not intended to be used for the basis of making an investment decision. Recipients should obtain their own advice before making any investment decision.

SUMMARY INFORMATION

The Presentation Materials do not purport to be all inclusive or to contain all information about the Company or any of the assets, current or future, of the Company. The Presentation Materials contain summary information about the Company and its activities which is current as at the date of the Presentation Materials. The information in the Presentation Materials is of a general nature and does not purport to contain all the information which a prospective investor may require in evaluating a possible investment in the Company or that would be required in a prospectus or product disclosure statement or other offering document prepared in accordance with the requirements of Australian law or the laws of any other jurisdiction, including the United States of America.

While reasonable care has been taken in relation to the preparation of the Presentation Materials, none of the Company or its directors, officers, employees, contractors, agents, or advisers nor any other person (Limited Party) guarantees or makes any representations or warranties, express or implied, as to or takes responsibility for, the accuracy, reliability, completeness or fairness of the information, opinions, forecasts, reports, estimates and conclusions contained in this document. No Limited Party represents or warrants that this document is complete or that it contains all information about the Company that a prospective investor or purchaser may require in evaluating a possible investment in the Company or acquisition of shares in the Company. To the maximum extent permitted by law, each Limited Party expressly disclaims any and all liability, including, without limitation, any liability arising out of fault or negligence, for any loss arising from the use of or reliance on information contained in this document including representations or warranties or in relation to the accuracy or completeness of the information, statements, opinions, forecasts, reports or other matters, express or implied, contained in, arising out of or derived from, or for omissions from, this document including, without limitation, any financial information, any estimates or projections and any other financial information derived therefrom.

FORWARD LOOKING STATEMENTS

Certain statements contained in the Presentation Materials, including information as to the future financial or operating performance of the Company and its projects, are forward looking statements. Such. Subject to any continuing obligations under applicable law the Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in this document to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any such statement is based.

REFERENCES TO MINERAL RESOURCES 2022

The Mineral Resource estimate including JORC Table 1, sections 1, 2 and 3 and the competent persons statement has been previously reported by the Company in accordance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves' (JORC Code) on 8 April 2022 and is publicly available at <https://bit.ly/3jifzIM>. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

PROSPECTUS

The Company is in the process of preparing a prospectus (Prospectus) for the offer of fully paid ordinary shares in the capital of the Company (Shares) in relation to the capital raising contemplated by the Presentation Materials. A copy of the Prospectus is anticipated to be available by June 2022 and will be available on the Company's website at <https://malleeresources.com.au/>. All offers of Shares for the capital raising referred to in the Presentation Materials will be made in, or accompanied by, the Prospectus. Investors should consider the Prospectus in deciding whether to acquire Shares and any person who wishes to apply for Shares must complete the application form that will be in or will accompany the Prospectus.



Australia's next nickel sulphide producer

Class-1 nickel in tier one location

- Substantial nickel sulphide Mineral Resources of 29.3 Mt at 0.9% Ni (264 Kt contained Ni) (JORC 2012)¹
- Tasmania is an excellent mining jurisdiction
- Readily available, skilled local workforce

Short term production potential

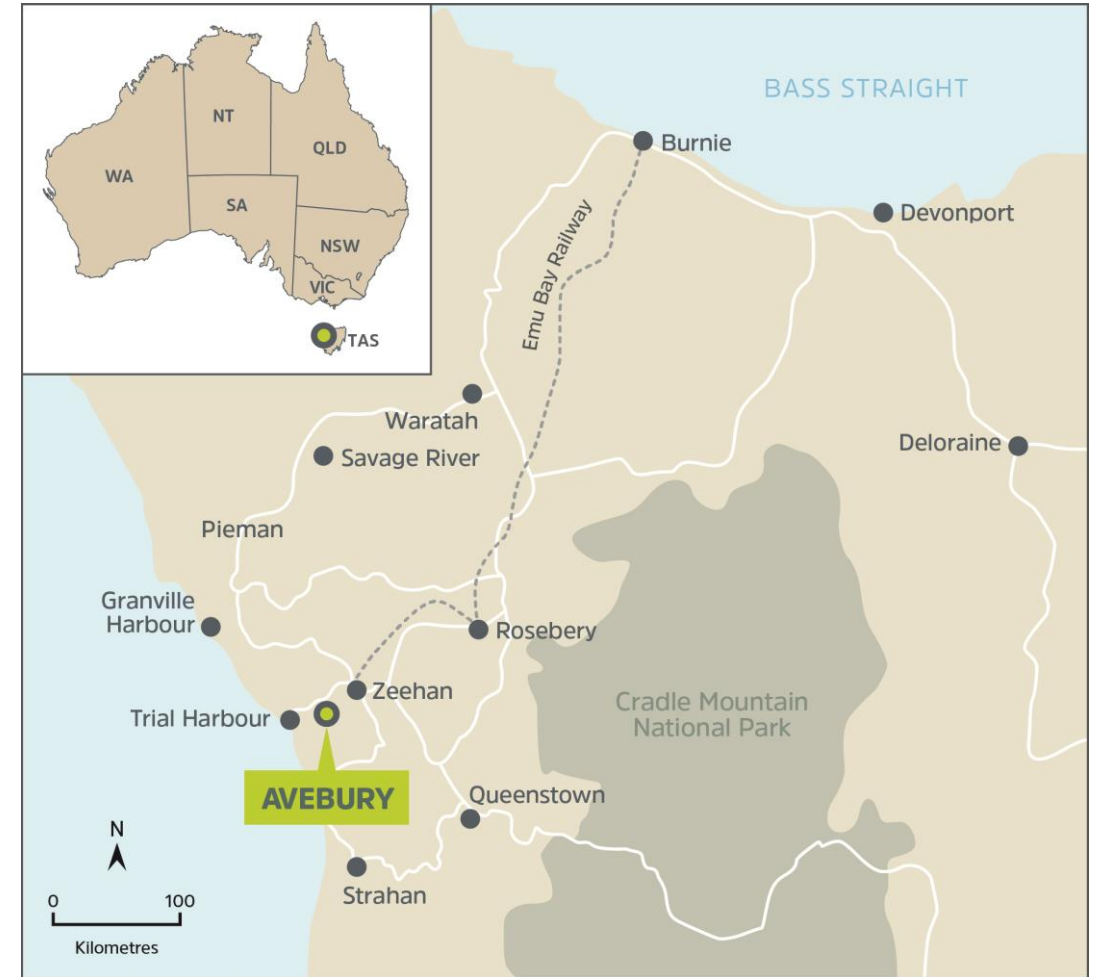
- Mining operations have commenced at Avebury
- Underground mine and processing plant are in excellent condition and allow for a short term re-start to production

Experienced executive team

- Track record in base, battery and precious metals
- Demonstrated ability to deal with complexity and challenges

Positioned for a low carbon future

- MYL is aligned with the ICMM Mining Principles and has adopted the Global Reporting Initiative framework (GRI)
- Tasmanian grid power is 100% renewable²



Notes:

1. See page 2 on references to Mineral Resources

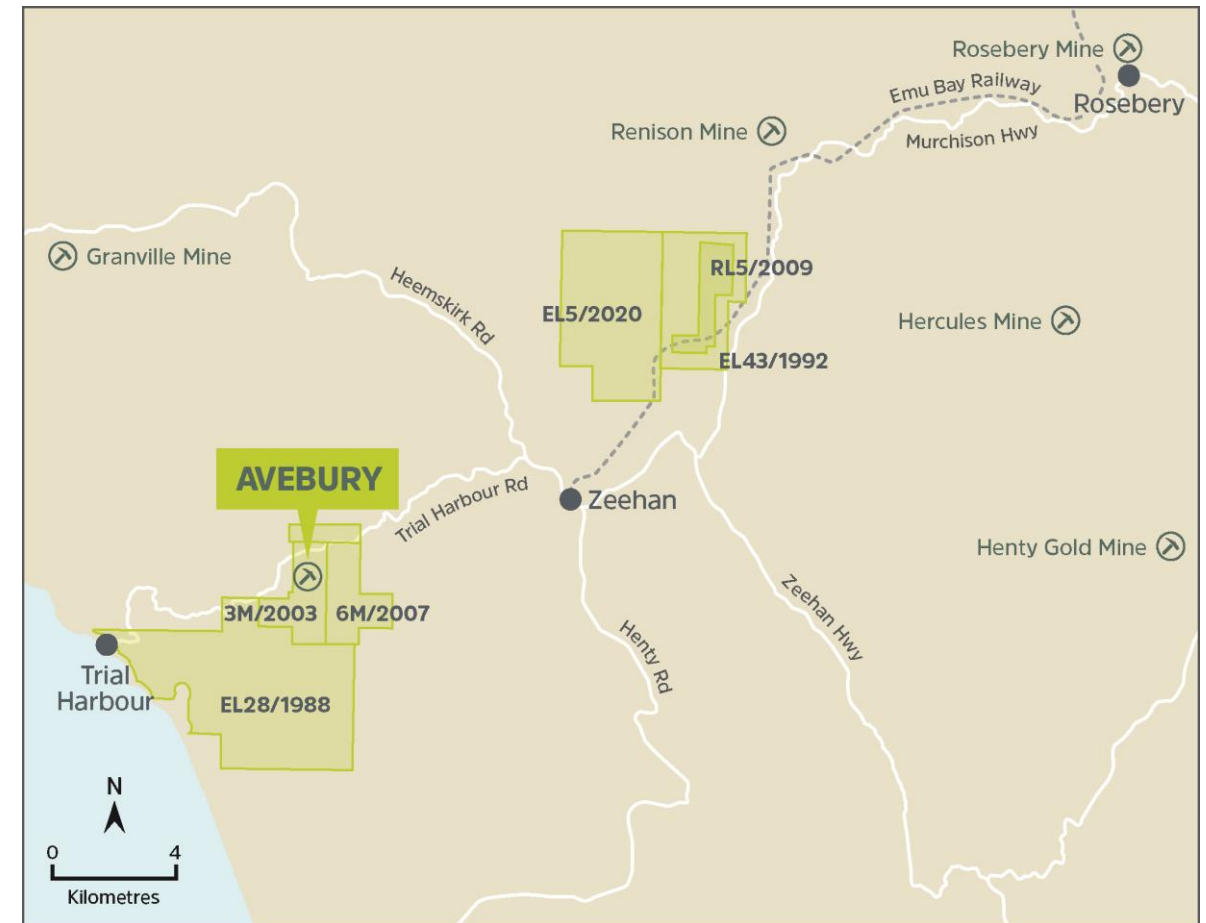
2. Tasmanian Government (https://recfit.tas.gov.au/renewables/100_target_achievement)



Compelling acquisition of a highly prized asset

Acquisition	- MYL acquires 100% of the shares of Allegiance via a deed of company administration (DOCA) - The DOCA extinguishes creditor claims and terminates non-governmental royalty agreements
Consideration	\$85.9 m. in cash and shares ~\$23.2 m. reimbursement of expenses incurred during the DOCA terms ~\$5.6 m. of fees payable to the receivers, legal fees and accrued interest
Outstanding Approvals	MYL shareholder approval (29 June)
Agreements with Hartree	- Life of mine offtake agreement - Loan agreement - Hedging agreement - Security documentation
Hartree Metals LLC (Hartree)	- Secured creditor of Allegiance Mining Pty Ltd (Allegiance) and co-proponent of the DOCA for Allegiance - Hartree is a metal trader and is part of Hartree Partners, a global energy and commodities firm - Funds managed by Oaktree Capital Management are the majority shareholder of Hartree Partners

Map of Avebury Tenements



Avebury assets to be acquired by MYL

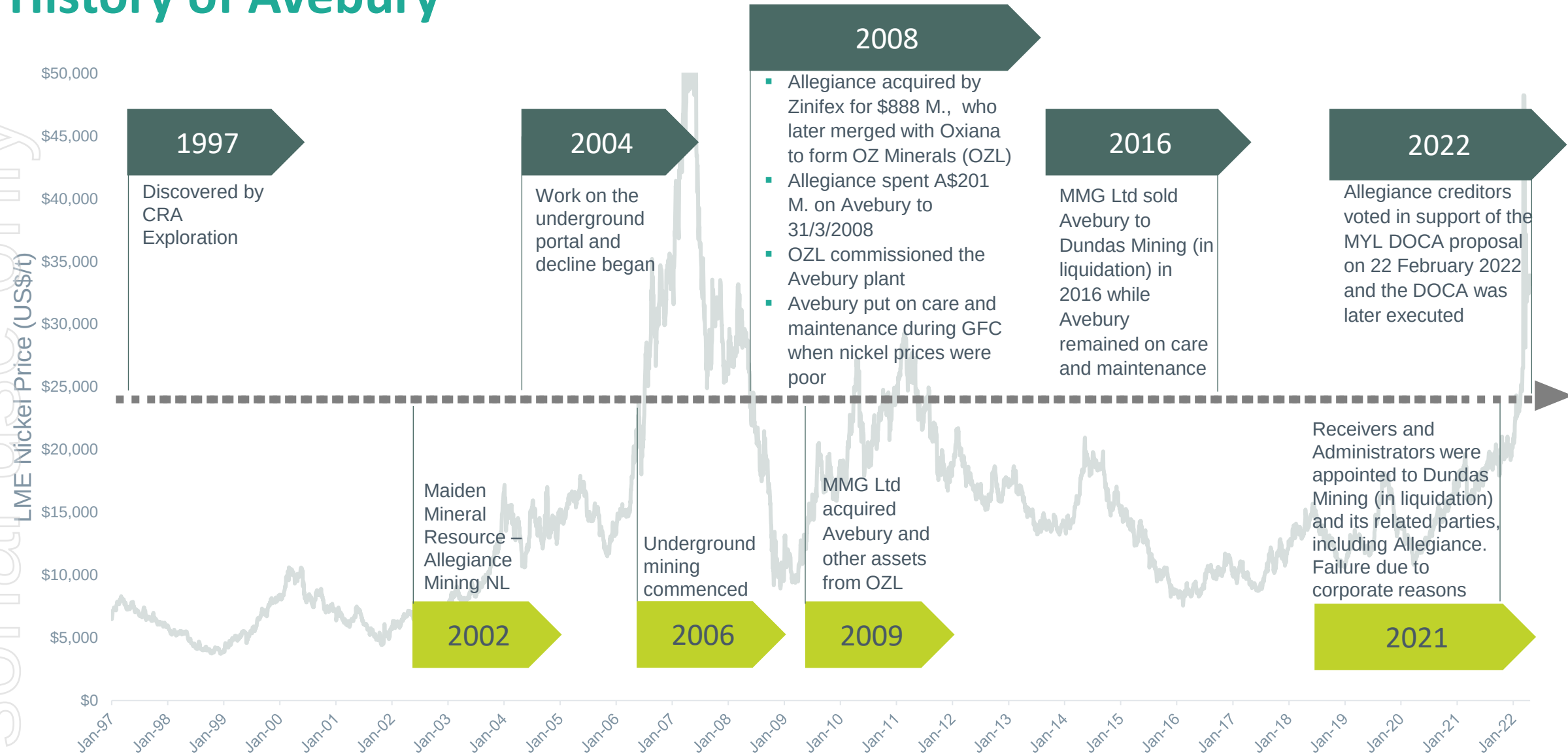
Avebury processing facilities and infrastructure

Project Interest	▪ 100%
Licences	▪ 3 Mining Licences ▪ 2 Exploration Licences ▪ 1 Retention Licence
Project Location	▪ 8km west of the town of Zeehan on Tasmania's western coast within a known mining district
Mineral Resources	▪ 29.3 Mt at 0.9% Nickel for 264 Kt contained nickel (JORC 2012)¹
Project Status	▪ Avebury plant and infrastructure established around 2007 ▪ Avebury plant produced for 9 months from 2008 and has been on care and maintenance since 2009 ▪ Plant and site infrastructure remains in excellent condition
Mine and Plant	▪ 8,500 m of underground development ▪ 900 ktpa processing plant
Infrastructure	▪ Access to mine site is via a high quality, purpose-built bitumen road ▪ Emu Bay Railway is in close proximity to Avebury² ▪ Export facility at the Port of Burnie can be efficiently accessed by road or rail



Notes:
1. See page 2 on references to Mineral Resources
2. A rail logistics study has not been completed to date. Upgrades to existing TasRail railway lines or infrastructure may be required.

History of Avebury



Notes:

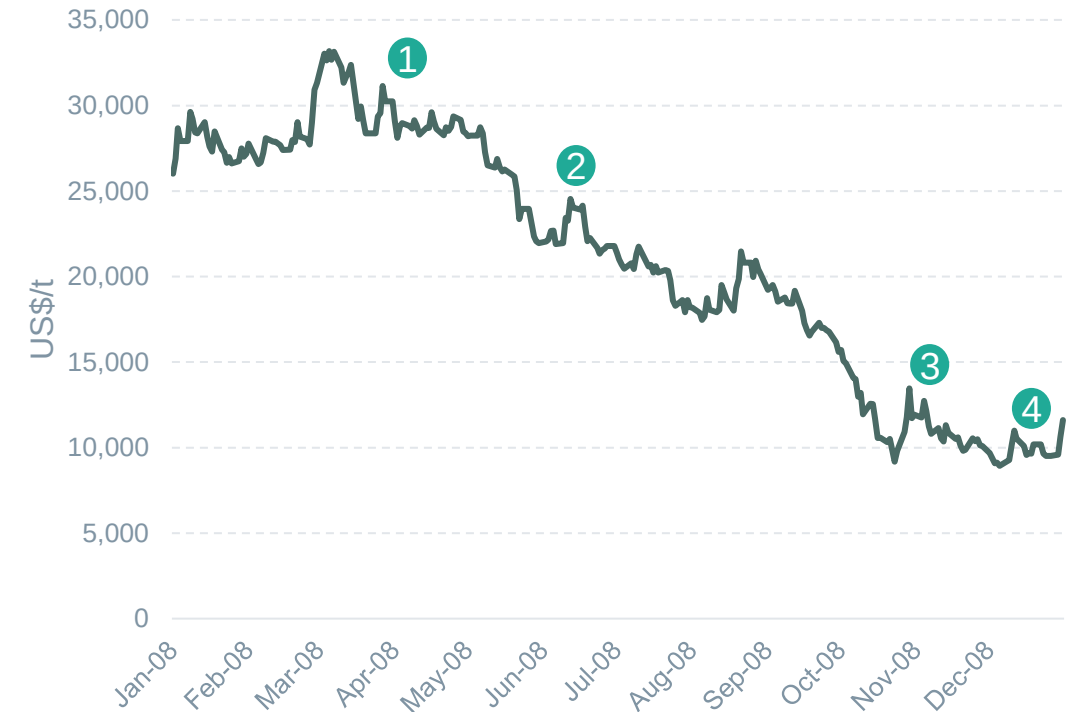
1. Source: Allegiance Mining NL, Zinifex Limited and Oz Minerals Limited ASX announcements.



Why did production at Avebury cease?

- Avebury was commissioned in 2008 in the global financial crisis. Nickel prices fell 68% during commissioning, below US\$10,000 / t
- OZL announced major cuts to the capital and operating budgets of its mines including Avebury and had difficulty in re-financing its debt facilities
- Less capital equipment and financial resources were available to facilitate the commissioning which allowed no tolerance for commissioning challenges, including the management of arsenic in the Avebury ores. This was further compounded by an offtake agreement which did not allow for the sale of concentrates outside of China, a country which has strict arsenic importation limits
- In December 2008, after producing 10kt of nickel concentrate, OZL announced that the Avebury operation was not profitable and that it would be placed on care and maintenance

2008 LME Spot Nickel Price



- ① Avebury plant commissioning commences
- ② First concentrate produced
- ③ OZL suspended pending re-finance of debt
- ④ Avebury placed on care and maintenance

Notes:

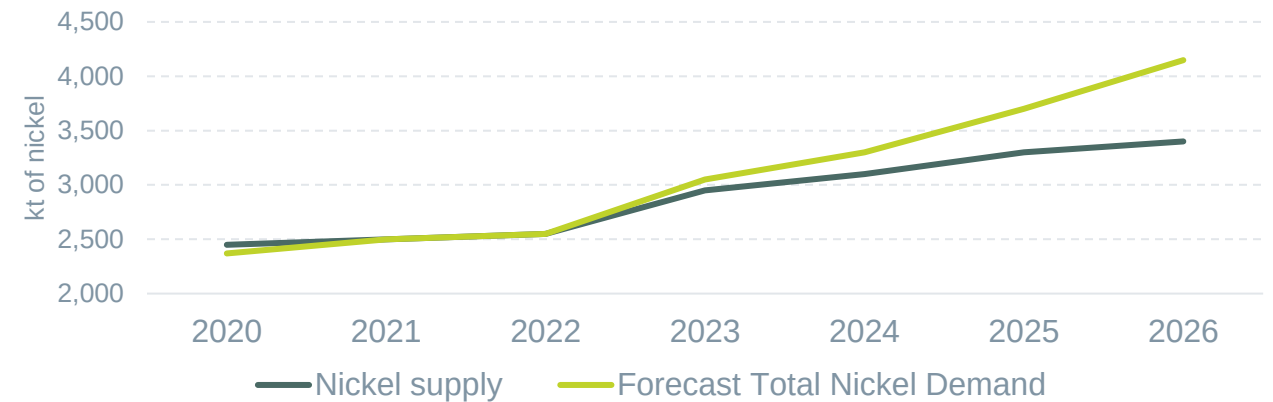
1. Source: Allegiance Mining NL, Zinifex Limited and Oz Minerals Limited ASX announcements.



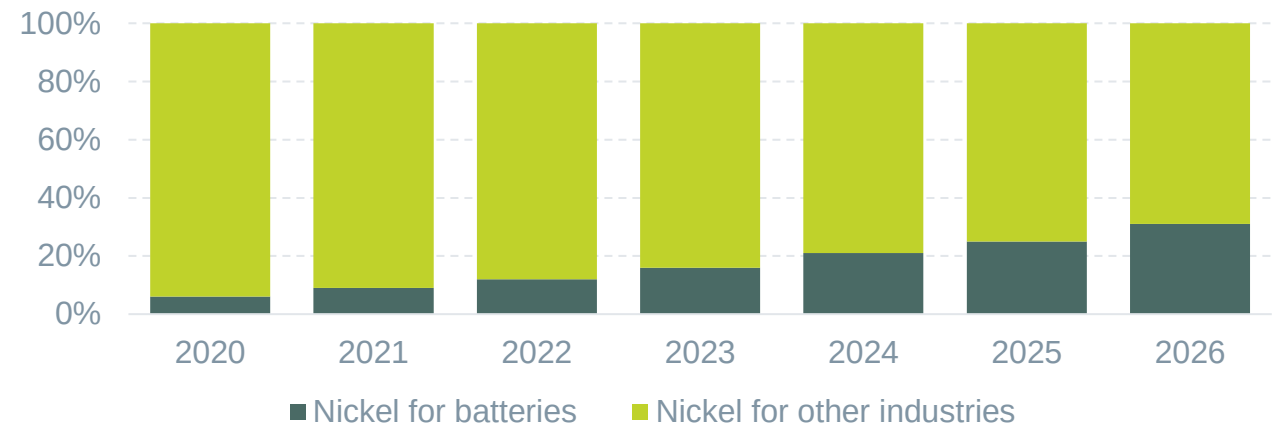
A favourable landscape for a re-start of Avebury

- **Favourable nickel pricing environment.** Spot LME nickel prices and futures contracts are supportive
- **Robust demand outlook.** Demand for nickel in battery technologies provides a robust outlook:
 - ~20 million passenger EV sales in 2025 is expected to grow to over 70 million by 2040¹
 - High nickel content batteries are the key to longer range, more efficient EV's
 - Downstream users are seeking responsibly sourced Class-1 nickel
- **Short path to re-start.** The care and maintenance program has kept the mine and processing plant in good condition allowing for a start to mining operations. Processing operations will commence once sufficient ore stockpiles are available on the ROM pad

Global Nickel Supply Capacity & Demand ²



Forecast Global Use For Nickel By End-Use Industry ²



Notes:

1. Wood Mackenzie
2. Rystad Energy Battery Metals Cube, Rystad Energy research and analytics



An enviable ESG proposition



**MINING WITH
PRINCIPLES**

Environmental

- **Renewable grid power.** A rare opportunity to decarbonise a mining operation
- **Small disturbance footprint.** Key mine infrastructure is established and permitted
- Tailings storage facility permitted. Future tailings to be backfilled into underground mine
- Mine has a waste rock deficit. No surface waste landforms will be created
- **Improving water quality.** Positive site water balance. Avebury wetlands enhancing water quality
- Conservation plans in place to protect local fauna

Social

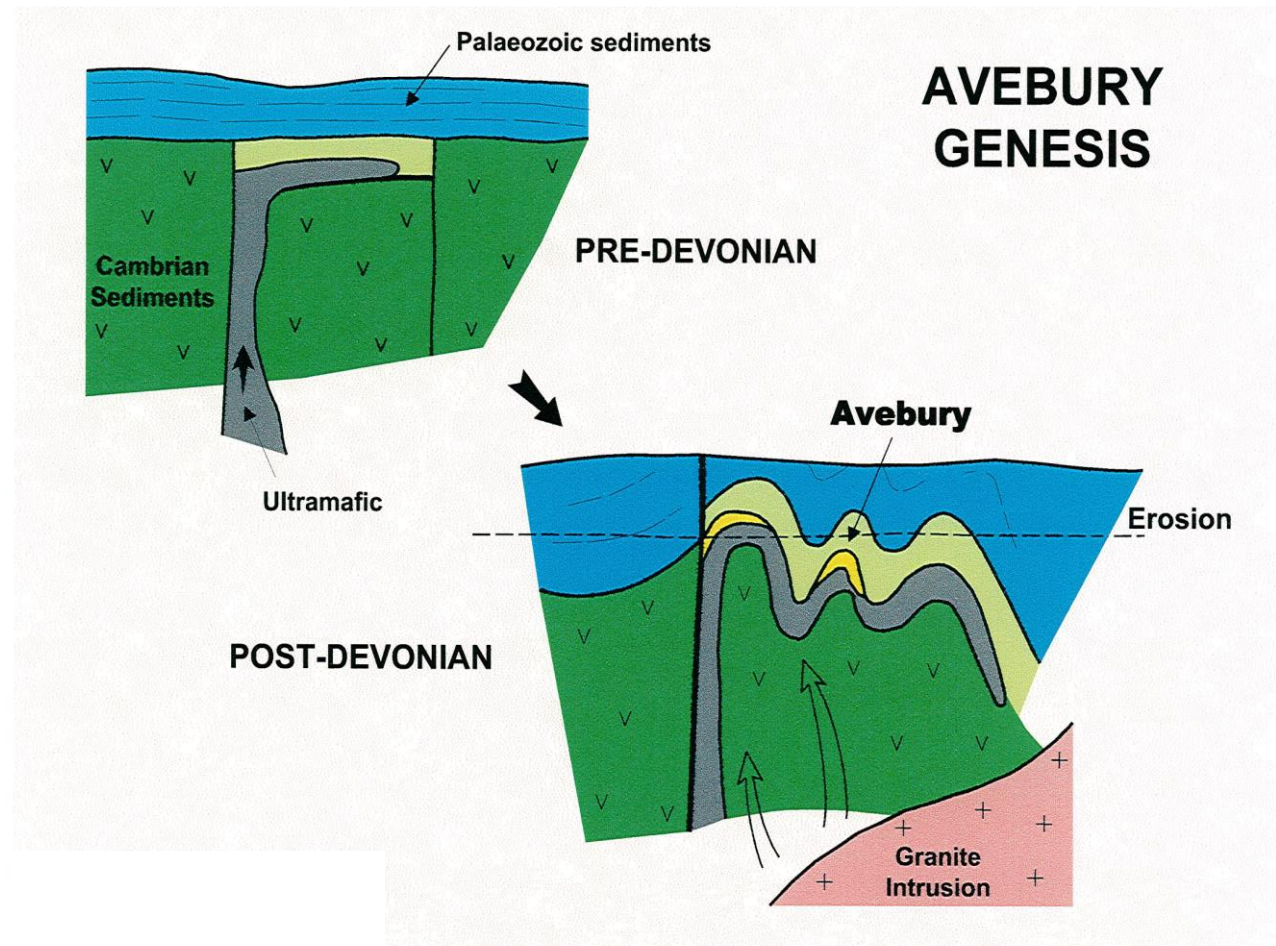
- **Zero LTI within the past 24 months**
- Safety conscious culture with implementation of workplace management procedures
- **Local workforce.** New jobs start with locals
- No native title disputes
- Strong Tasmanian Government support

Governance

- Aligned with International Council on Mining & Metals (ICMM) Mining Principles
- Global Reporting Initiative (GRI) reporting framework
- ASX Corporate Governance Principles and Recommendations

Geology of Avebury

Avebury Genesis Model¹



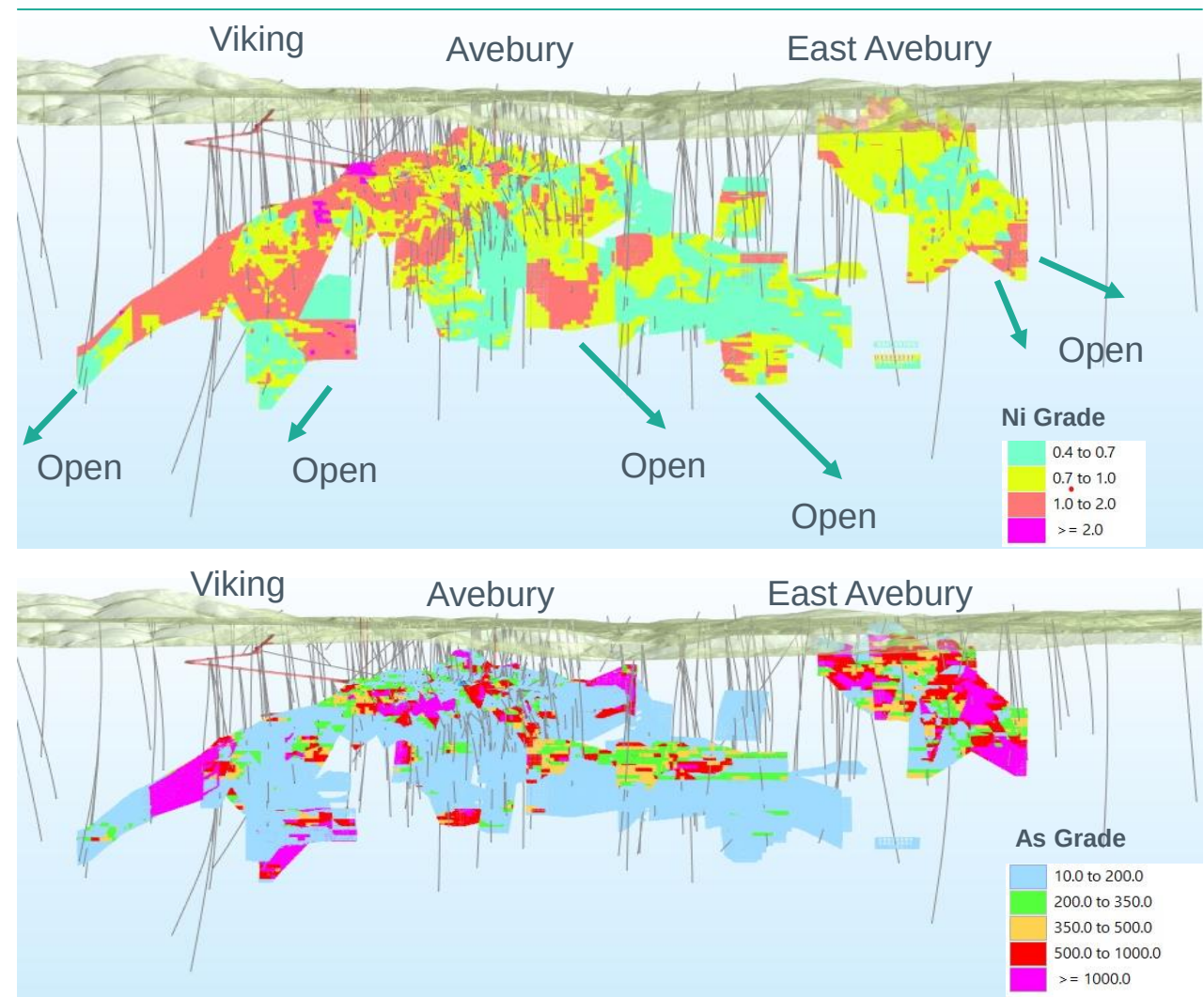
- Deposit is hosted in an ultramafic body located within a sedimentary sequence comprising volcanoclastic turbidites
- Mineralisation consists of veins and coarse-grained disseminations of sulphides that can be hosted by both serpentinised ultramafic rocks and skarn-altered rocks
- Grades of mineralised serpentinite and skarn range from 0.4% to 4% Ni, with an average of about 0.9% Ni at a cut-off grade of 0.4% Ni
- Mineralised zones in the ultramafic body vary in true width from 4 – 40m and average around 10 metres
- Mineralised lenses range from 50 to 600 metres in length and can extend over 400m down dip

Notes:
1. See MYL announcement date 8 April 2022.

Enhanced understanding of Avebury

- An ore genesis model developed using all the drilling data, including data acquired post Avebury being placed on care and maintenance, supports the view that Arsenic (As) is within discrete zones within the ore body
- MYL's solutions to managing arsenic
 - Hartree offtake agreement allows for sales of nickel concentrate outside of China, where higher thresholds are permitted
 - Greater flexibility on concentrate grade allowing control of As content in product
 - Better understanding of As distribution in ore body allows for As management in the mine schedule
 - Blending of run-of-mine ore to optimise As grade
 - Blending of concentrate to optimise As grade
- None of these solutions were effectively implemented by the prior operator of Avebury due to a lack of financial resources and no contractual flexibility

Long Sections of Avebury Block Model for Nickel (Upper) and Arsenic (Lower)



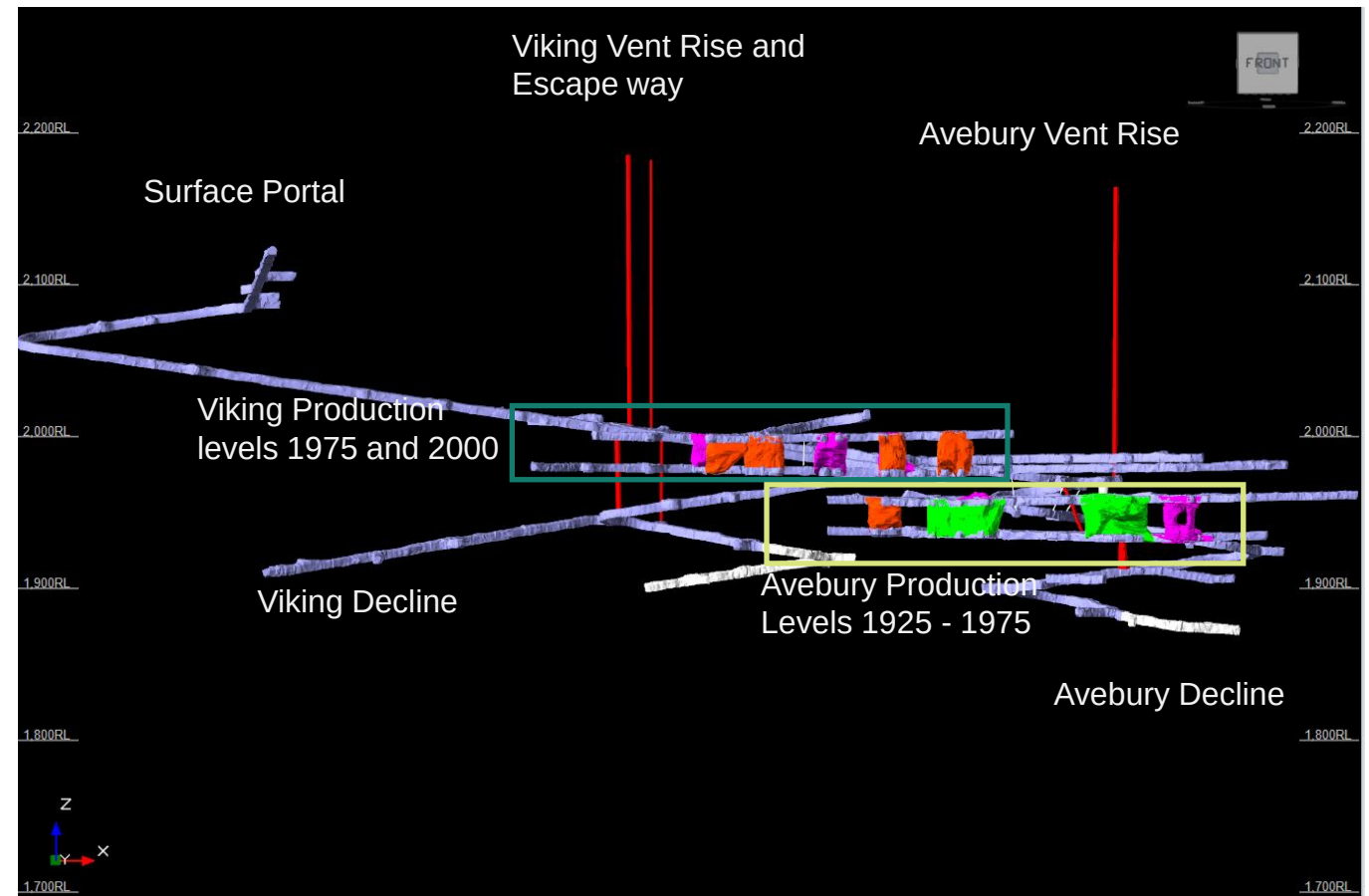
Advanced underground mine

The Avebury underground is an established, modern underground mine with 8.5 km of underground development, two vent rises, an escape way and underground mine infrastructure

Advantages of Avebury:

- The ore body is close to surface
- Simple longitudinal and transverse stoping mining method will be utilised
- There is a relatively high proportion of stope ore to development ore
- Waste development has been completed well in advance of that needed for mine production (future production flexibility for blending)
- The three Avebury lodes are accessible from the existing decline and underground development, resulting in excellent mine working area flexibility

Avebury Underground Mine



Established mine infrastructure



Underground Water Pumping Station



Avebury No.2 Vent Rise



Underground Electrical Substation

Modern processing infrastructure

Grinding and Flotation Circuits



Crusher House and Fine Ore Bin



- Avebury's processing infrastructure is in very good condition with most of the processing equipment housed in sheds to prevent weathering
- Nameplate processing capacity of 900,000 tonnes of ore per annum, with potential for greater throughput identified¹
- Designed to recover 79% of the nickel in ore to a nickel concentrate, with a nickel grade around 20%. Potential for enhanced metallurgical recovery identified¹
- Site also includes stores, workshops, an administration building, land holdings and accommodation facilities
- Tailings storage facility is fully permitted and retains storage capacity

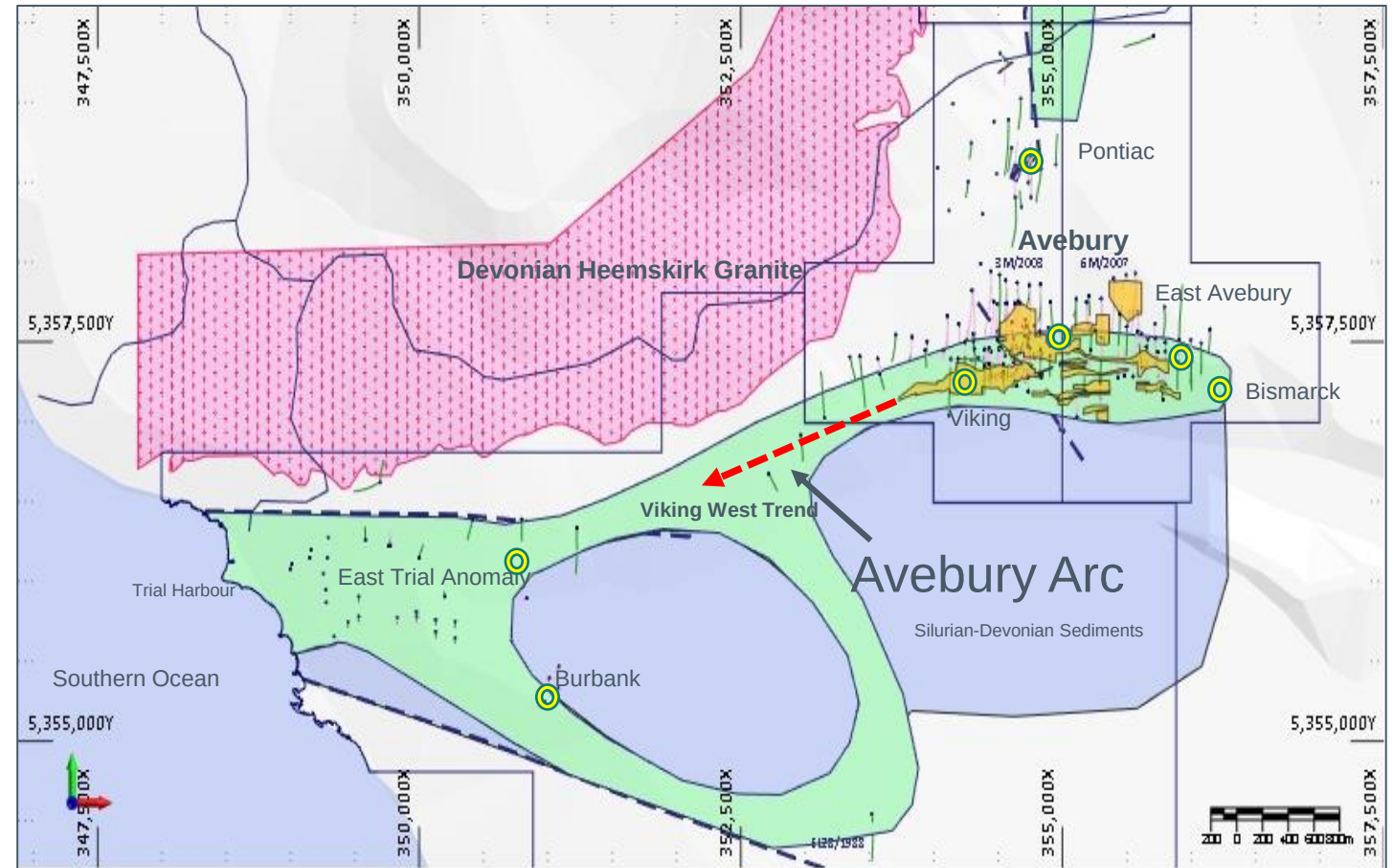
Notes:

1. Capacity enhancement and improved metallurgical recoveries are subject to further technical studies



Only 12% of the Avebury Arc has been tested¹

Avebury Ultramafic Host Rock in the Avebury Region



7 km

- There remains excellent potential for further Avebury-style deposits along the Avebury Arc (ultramafic host rock) as:
 - The Avebury region is underexplored
 - There is extensive source host rock
 - Nickel sulphide formation was due to serpentinization. Over 1km³ of serpentinite is estimated to be hosted in the Avebury region²
 - Magmatic olivine

Notes:

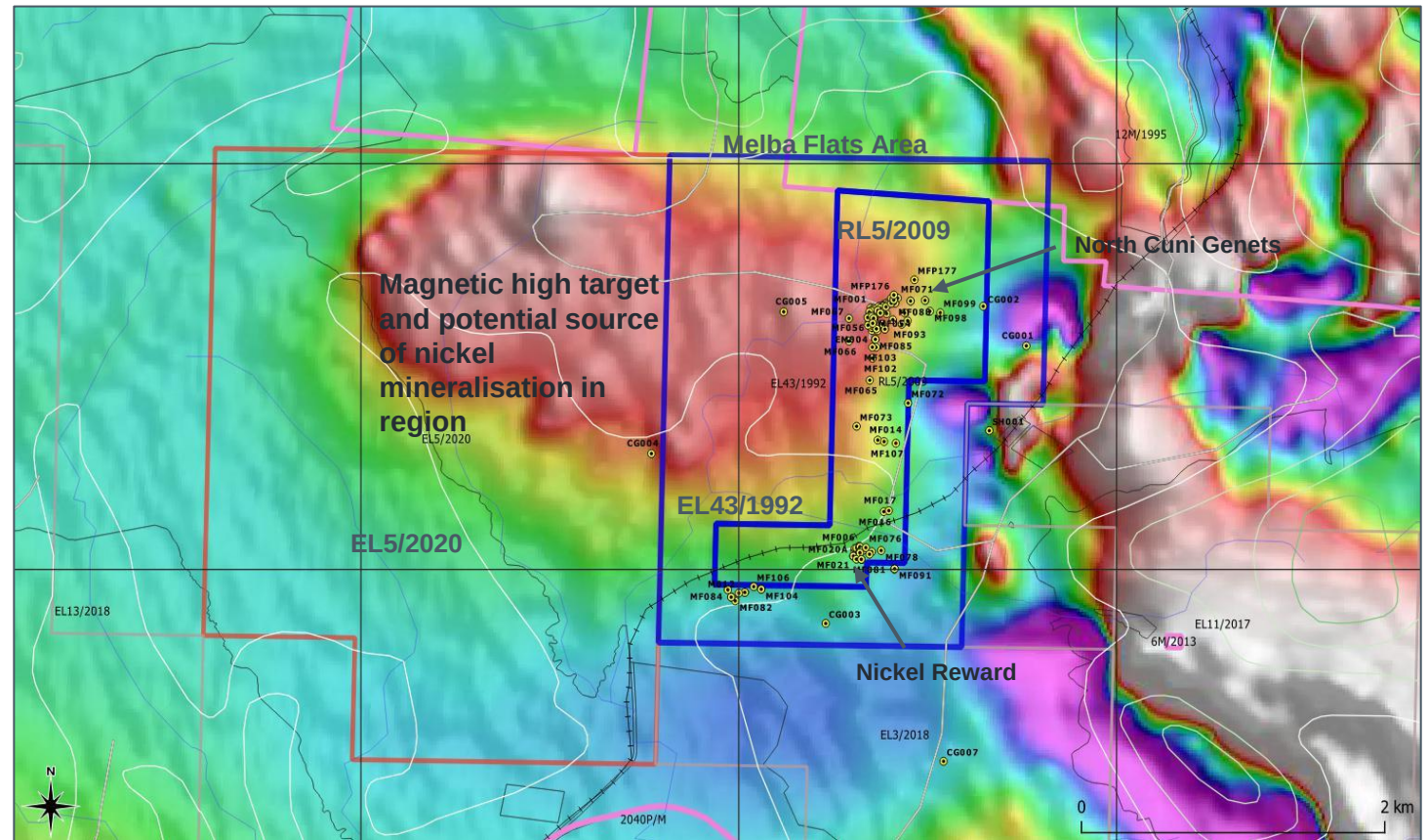
1. Zinifex Limited (2008). No material exploration has been undertaken along the Avebury Arc since 2008

2. Kamenetsky et. al. 2016



Outstanding exploration potential

Avebury Tenements on Airborne Electromagnetic Survey Image



■ Melba Flats hosts high-grade Ni-Cu-Co-PGE mineralisation close to surface. Testing of mineralisation at depth is limited

■ Melba Flats mineralisation is hosted in gabbro dykes and bears similar characteristics to large magmatic deposits such as Voisey's Bay

■ Tenements include a significant aeromagnetic anomaly which could represent a mafic-ultramafic complex, the ultimate source of the nickel sulphides discovered at Melba Flats

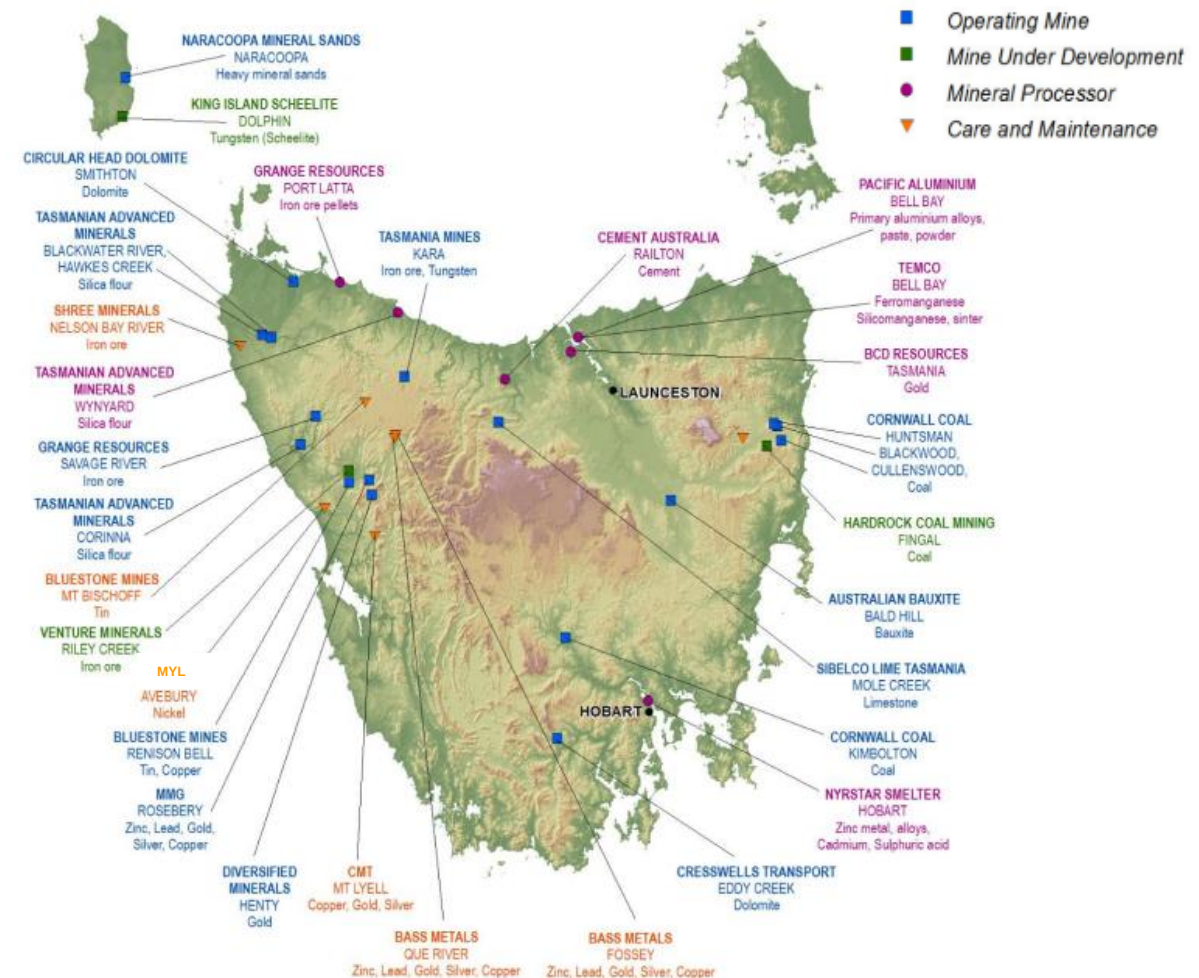
■ Exploration priorities:

- Convert Avebury Inferred Resources into Indicated Resources
- Extend resources at Avebury – focusing on East Avebury and North Avebury (Pontiac)
- Drill test the Melba Flats and Trial Harbour licences

Tasmania – a world class mining district

- One of the most highly mineralised regions in the world, with an extensive range of mineral deposits
- The mining and minerals processing sector is a key pillar of economic growth in Tasmania and the sector employs around 5,200 people²
- The majority of the state's mining operations are located in close proximity to Avebury in Western Tasmania. This includes the Rosebery (zinc, lead, gold, copper and silver), Renison Bell (tin) and Savage River (iron ore) mines
- \$2.8 billion worth of minerals were mined and processed in Tasmania in FY21 with \$2.3 billion of mineral products being exported. This accounted for 61% of Tasmania's exports

Map of Tasmanian Mineral Projects ¹

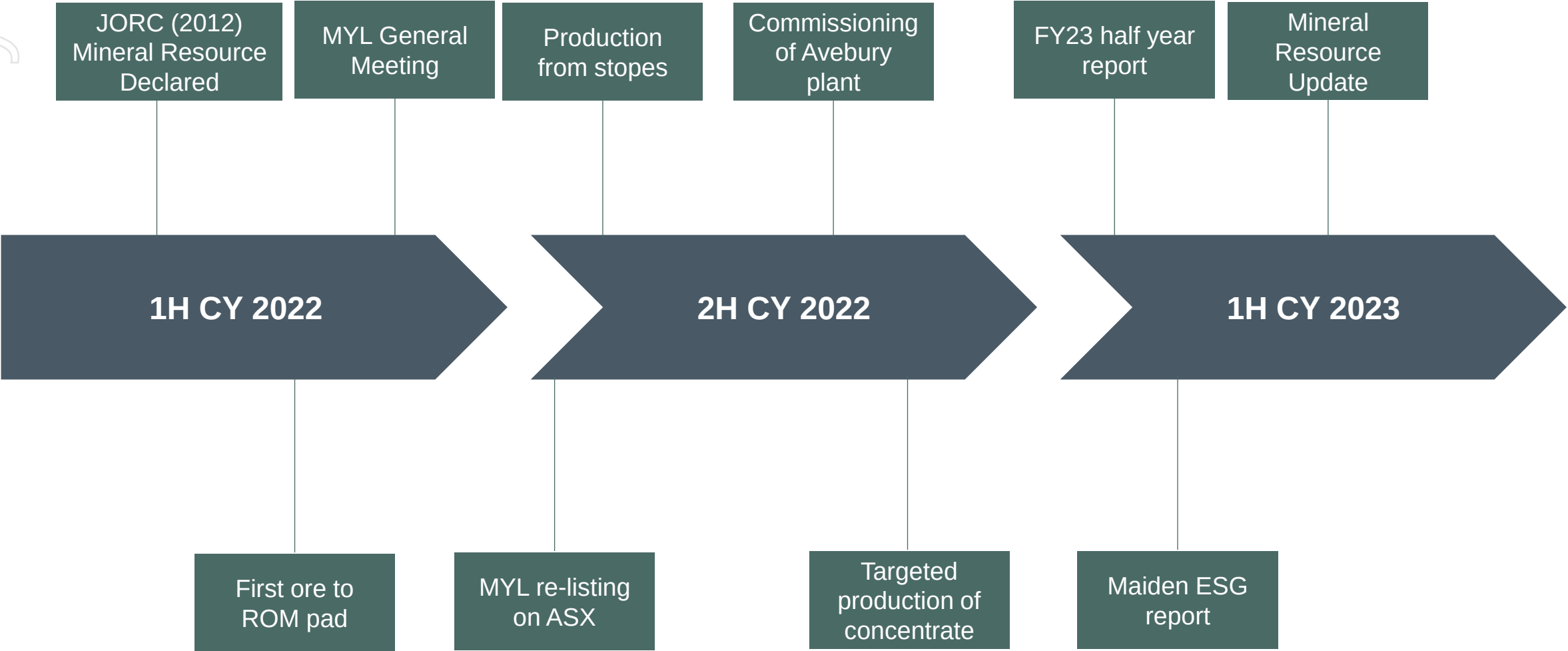


Notes:

1. Western Tasmania Export Corridor Plan 2017
2. MRT, TMEC:



Indicative timeline



Notes:
1. Times are indicative only and are subject to change. A re-listing of MYL on the ASX is at the ASX's sole discretion. Accordingly, there is no certainty that MYL will successfully re-list. There can be no guarantee that commissioning of the Avebury plant will be successful and that first concentrate will be produced in accordance with the indicative timeline.



A start to mining operations

First blast in 13 years at Avebury May 2022

- Nameplate Avebury processing plant throughput is 900 ktpa or 75 ktpm
- OZL achieved a maximum plant throughput of 70 ktpm when commissioning Avebury in 2008
- MYL will seek to develop a stockpile on the ROM pad in the coming months sufficient to allow for the commissioning of the plant
- MYL plans a graduated commissioning phase to test plant bottlenecks before bringing production up to nameplate capacity

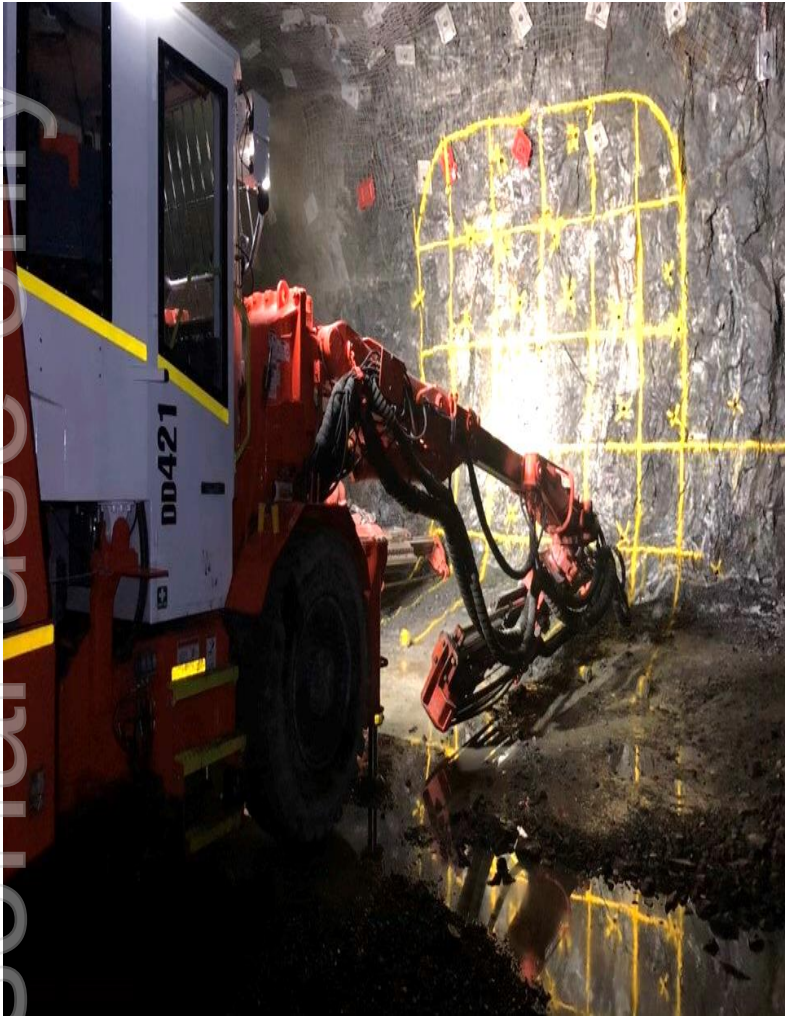


Notes:

1. See notes on Forward Looking Statements on page 2.



Snapshots from site



Jumbo drilling



Underground drone survey



Heli-supported geophysics survey



Loader #1 arriving



Mine Rescue training

Snapshots from site



Underground Bagger



Production Drill Rig



First Ore Truck in 13 Years

ersonal use only



**MALLEE
RESOURCES
LIMITED**

ASX: MYL | malleeresources.com.au



Mineral Resource Estimate

Avebury Mineral Resource estimate, reported from all blocks within Ni > 0.4 % envelope

JORC classification	Tonnage (Mt)	Ni (%)	Co (ppm)	As (ppm)	Contained Ni (kt)	Contained Co (kt)
Indicated	8.7	1.0	244	378	87	2
Inferred	20.7	0.8	223	297	166	5
TOTAL	29.3	0.9	229	321	264	7

Notes:
1. See page 2 on references to Mineral Resources

