

MEDIA RELEASE

19 June 2023

BOARD OF DIRECTORS

 Mr Jeff Moore
Non-Executive Chairman

 Mr John Lamb
Managing Director

 Mr Rowan Caren
Executive Director

ISSUED CAPITAL

Shares	418 m.
Performance Rights	4 m.
Convertible Notes	\$2 m.
Warrants	19 m.

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Binding Financing Facility and Operations Update

Hartree Incremental Facility

Mallee Resources Limited (“Mallee” or “the Company”) is pleased to announce that it has entered into binding agreements with Hartree Metals LLC (“Hartree”) for a secured incremental loan facility of up to US\$25 million (“Hartree Incremental Facility”).

Hartree is the Company’s largest shareholder.

The Hartree Incremental Facility provides essential funding to assist the Company in realising its objective of achieving sustainable nameplate operations from the Avebury Nickel Mine. It also mitigates risks associated with the Company not being funded to meet short term debt repayments, including the Hartree Bridge Facility, which is presently repayable on 31 July 2023.

The Hartree Incremental Facility is available to the Company in 3 tranches, it has an interest rate of 10% per annum plus one month Term SOFR and a term to 30 September 2024, which is capable of being extended at Hartree’s election. The amounts associated with the tranches are set out in the table to follow.

Hartree’s wholly owned subsidiary, Hartree Metals Investments SARL (**HMI**), will receive 213,268,000 share warrants across the 3 tranches which are convertible into Shares on a 1 for 1 basis for an aggregate of \$1 with a four-year term. 19,450,000 Tranche A warrants have been issued. Shareholder approval will be sought at an Extraordinary General Meeting for the issuance of 135,109,000 Tranche B and 58,709,000 Tranche C warrants. The drawdown of Tranches B and C of the Hartree Incremental Facility will be conditional on Shareholder approval of the associated warrants. Further details of the terms, including the facility fees, of the Hartree Incremental Facility will be set out in a notice of meeting to be sent to Shareholders.

Incremental Facility Tranches	Amount	Status
Tranche A	USD 8 Million	Fully drawn.
Tranche B	USD 7 Million	Undrawn. Tranche B will repay the existing Hartree Bridging Loan. Conditional on shareholder approval.
Tranche C	USD 18 Million	Undrawn. Tranche A will be repaid by Tranche C. Conditional on shareholder approval.



The Company recognises the latest facility to be provided by Hartree represents a continuation of the valuable support that Hartree has provided to the Company over the past year, which has been instrumental in our ability to overcome obstacles and improve our operations with a view to getting the business to a firm and profitable footing over the medium term.

Proceeds of the Hartree Incremental Facility will be used to repay the Hartree Bridge Facility, repay principal and interest amounts outstanding on Hartree loans and for operational funding purposes.

Managing Director, John Lamb, commented:

“This facility provides a crucial piece of short-term operational funding for Mallee and allows for the partial repayment of current Hartree loans. The proceeds realised through this facility will be spent in accordance with our recently updated 18 month budget which is directed at achieving sustainable nameplate operations and reducing operational risk. I thank Hartree for their continued support of Mallee.

We look forward to meeting with our shareholders at the General Meeting which will be scheduled for late July. Notice materials will include an independent expert report to assist shareholders in their consideration of whether to approve the transaction.

At that meeting, I look forward to providing a detailed update on operations at Avebury.”

Avebury Operations Update

In the months of April and May 2023, the rates of concentrate production were adversely affected by the presence of clay-like minerals within the mill feed. As noted in the March Quarterly report, clay-like minerals negatively impact time taken to filter the concentrate to a dry product and this can render the filter press a bottleneck in the processing plant. Downtime was also encountered in the tertiary crusher as a consequence of crushing ore with a greater portion of clay-like minerals. The crusher has now been repaired and the processing plant has been operating at or above targeted concentrate production levels in the month of June.

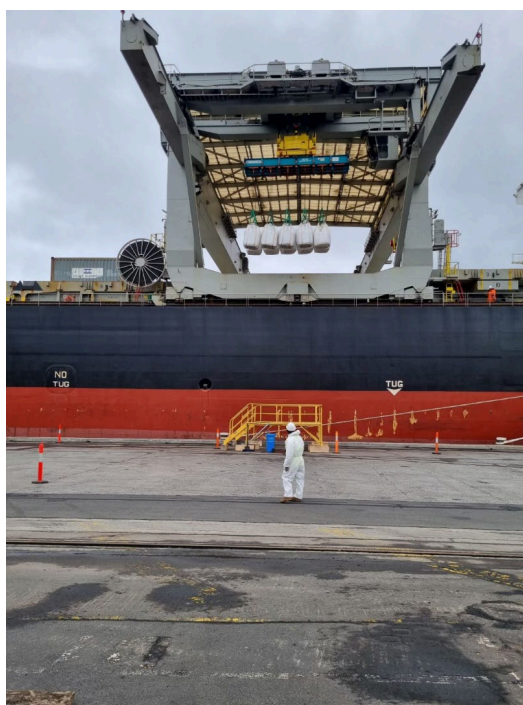


Figure 1. Break bulk shipment of Avebury concentrate from the port of Burnie.



In the short term, to aid mine planning, Mallee is focused on geo-metallurgical domaining the Avebury orebody to identify regions of the orebody which are likely to have a high proportion of clay-like minerals. By August 2023 Mallee expects to be able to use core scanning technology on-site to provide rapid analysis of drill core which can be integrated into the Avebury resource block model and further aid mine planning.

By the end of 2023 the Company plans to commission a larger filter press, with around four times the filtration capacity of the existing filter press. The new filter press will be installed in parallel with the existing unit and Mallee expects the additional filtration capacity will allow for continuous production at nameplate capacity regardless of the variability in ore types.

The Avebury operations have experienced some challenges during the re-commissioning process, but our dedicated and skilled team on site is gradually overcoming these challenges. With the arrival of new underground machinery in coming months, installation of a Minalyzer core scanning tool, establishment of a site laboratory, tailings dam embankment lifts, continuation of the TSF quarry and installation of the much larger Larox filter - all to be funded from this new Hartree facility- we have confidence that the second half of 2023 will see a rapid improvement in the reliability and productivity of operations as we seek to attain nameplate levels of production.

John Lamb

Managing Director

About Mallee Resources Limited

Mallee Resources Limited is an Australian based miner of critical minerals. The Company wholly owns the Avebury Nickel Sulphide Project in Zeehan, western Tasmania. The Avebury Project hosts JORC (2012) compliant Mineral Resources of 29.3 Mt at 0.9% Ni¹, an operating underground mine and a modern processing plant and mine infrastructure. The Avebury Mineral Resource is open at depth and along strike and the prospective host geology hosts outstanding exploration potential.

JORC classification	Tonnage (Mt)	Ni (%)	Co (ppm)	As (ppm)
Indicated	8.7	1.0	244	378
Inferred	20.7	0.8	223	297
TOTAL	29.3	0.9	229	321

Table 1: Avebury Mineral Resource estimate, reported from all blocks within Ni > 0.4 % envelope.

¹ 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>.