

ASX ANNOUNCEMENT

11 September 2020

30 June 2020 Half - Year Financial Report

Please find attached the Financial Report for the Half Year ended 30 June 2020.

-ENDS-

By order of the Board
Eric Hughes
Company Secretary

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ABN 11 113 931 105

Financial Report
for the half-year ended 30 June 2020

*This Half-Year Report should be read in conjunction with the Group's
Annual Report for the year ended 31 December 2019*

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CORPORATE DIRECTORY

Directors

Dr Alistair Cowden (Executive Chairman)
Mr Mark Hepburn (Non - Executive Director)
Mr Brendan Borg (Non-Executive Director)

Chief Financial Officer and Company Secretary

Mr Eric Hughes

Registered Office and Principal Place of Business

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100 -104 Railway Road,
Subiaco WA 6008
Australia
Telephone: +618 6149 6100

Share Registry

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth WA 6000
Australia
Telephone: 1300 850 505 (investors within Australia)
Telephone: +61 (0)3 9415 4000
Email: web.queries@computershare.com.au
Website: www.investorcentre.com

Stock Exchange Listing

Mali Lithium Limited shares are listed on the Australian Securities Exchange.
ASX Code: MLL – Fully paid ordinary Shares
MLLAO – Listed options

Auditors

PricewaterhouseCoopers
Brookfield Place, Level 15
125 St Georges Terrace
Perth WA 6000
Australia

DIRECTORS' REPORT

The Directors of Mali Lithium Limited (**Mali Lithium** or the **Company**) and its subsidiaries (the **Group**) submit their report for the half-year ended 30 June 2020.

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Dr Alistair Cowden (Executive Chairman)
Mr Mark Hepburn (Non-Executive Director)
Mr Brendan Borg (Non-Executive Director)

The following Directors resigned during the reporting period.

Mr Chris Evans (Managing Director, resigned 30 April 2020)
Mr Noel O'Brien (Non-Executive Director, resigned 6 April 2020)

RESULTS OF OPERATIONS

The Group's net loss after tax attributable to the members of Mali Lithium for the half-year ended 30 June 2020 was \$1,072,595 (June 2019: loss of \$1,990,962).

Included in the Financial Report for the Half-Year ended 30 June 2020 is an Independent Auditor's Review Report which includes an Emphasis of Matter paragraph in regard to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. For further information, refer to Note 2 for Directors' assessment of going concern in the Financial Report, together with the Independent Auditor's Review Report.

REVIEW OF OPERATIONS

Mali

The Company's mining and exploration tenure is located in Mali, West Africa. On 18 August 2020, the President and Government of Mali resigned and a temporary council to continue the management of the country was established by the Malian military.

Encouragingly, we note that national dialogue is focussed on the transition to a new civilian government, supported by the majority of Malians. Furthermore, there appears to be no reported impact on operations or security at operating mines in Mali. The Company can confirm its operations are some distance from Bamako and have experienced no adverse impact to date. The Company is monitoring the situation closely in consultation with its local stakeholders.

Drilling Results

2019-20 drilling results from the Goulamina Lithium Project (Goulamina) were delayed due to the COVID-19 related shutdowns of laboratories in South Africa. Results were announced to ASX on 9 June 2020 and were largely for Reverse Circulation (RC) drill holes completed in the Danaya zone of the Goulamina deposit.

Best new results include:

- 64m at 1.85 % Li₂O from 121 metres (GMRC378)
- 81m at 1.47 % Li₂O from 63 metres (GMRC381)
- 72m at 1.73 % Li₂O from 125m metres (GMRC383)
- 57m at 1.38 % Li₂O from 57m metres and 35m at 1.48% Li₂O from 162m. (GMRC384)
- 22m at 1.94 % Li₂O from 77m metres (GMRC386)
- 38m at 2.00 % Li₂O from 74 metres (GMRC387)
- 32m at 1.38 % Li₂O from 93 metres (GMRC388)

DIRECTORS' REPORT (continued)

- 46m at 1.83 % Li₂O from 12 metres (GMRC389)
- 33m at 1.55 % Li₂O from 29 metres (GMRC391)
- 37m at 2.03 % Li₂O from 139 metres (GMRC393)

See ASX Release dated 9 June 2020 for the full listing of drill results together with Figures illustrating the location of drilling and JORC Table 1.

Mineral Resource Estimate for Goulamina

Higher confidence and larger Mineral Resource Estimate for Goulamina was released to ASX on 8 July 2020.

The new Measured, Indicated and Inferred Mineral Resource Estimate is:

108.5 million tonnes at 1.45% Li₂O for 1.57 million tonnes contained Li₂O

Measured and Indicated Resources are:

64.6 million tonnes at 1.49% Li₂O for 0.96 million tonnes of contained Li₂O

A full breakdown of the Mineral Resource Estimate is tabulated in the June 2020 Quarterly Report.

The new resource represents a 48% uplift in Measured and Indicated resources from that disclosed in the Pre-Feasibility Study (PFS) announced in June 2018.

Very significant potential remains to expand the Identified Mineral Resources in the Danaya domain.

The Measured and Indicated Resources are the basis of a new Ore Reserve Estimate being currently being calculated. Initial results from pit optimisations indicate that a material improvement to PFS ore reserves and mine life can be expected.

The Goulamina Definitive Feasibility Study is largely complete at the date of writing and results will be released to market when available

Gold Exploration

Soil sampling has been undertaken on the Massigui and Dankassa gold projects during the period. Both soil and termite mounds were sampled and samples are dried and sieved at the Company's premises in Bougouni and assayed for a range of elements (not including gold) using a portable XRF analyser. As first pass, only samples that are anomalous in arsenic or other indicator elements will be assayed for gold.

Corporate

The Company received a payment of \$50,000 as part of Federal Government COVID-19 stimulus package during the period. A further \$50,000 payment is anticipated. These funds will be received in four equal payments commencing in August. The Western Australian State Government has also announced it will provide a COVID-19 stimulus payment of \$17,500 which was received in August 2020.

The Group submitted its Australian Income Tax return for the year ended 31 December 2019 which contained an application for reimbursement of Research and Development costs of \$494,721.67 which were received in August 2020. The receipt of the stimulus payments and grants post 30 June 2020 are not reflected in the accompanying primary financial statements.

DIRECTORS' REPORT (continued)

Unmarketable Parcels

During the period no new equity was issued or cancelled. However, the company did provide a mechanism for unmarketable parcels to be sold. There were 1,393,718 shares held by 835 shareholders who were eligible to participate in the offer. On close of the unmarketable parcel offer, 202 shareholders representing 351,972 shares declined the opportunity to participate. This resulted in 1,041,746 shares held by 663 shareholders being sold into the market at 4 cents per share in April 2020. On 22 April 2020, funds arising from the sale of these shares were returned to the 633 shareholders.

Reducing the number of very small shareholders reduces various overhead costs of public companies. The Company now has approximately 2,100 shareholders.

Board restructure

Effective from 1st April the number of Board members was reduced from five to three. Dr Alistair Cowden assumed the position of Executive Chairman, Mr Chris Evans resigned as Managing Director and Mr Noel O'Brien resigned as a Non-Executive Director. The Board now comprises Mr Mark Hepburn, Mr Brendan Borg and Dr Alistair Cowden. This Board will be lower cost and more nimble in assessing opportunity.

In addition, Board fees and Australian staff salaries were reduced by 20% in order to reflect the need to preserve the cash held by the Company. Dr Cowden and Mr Borg have deferred drawing salaries or fees and will consider taking shares in lieu of fees at the appropriate time. Mr Hughes, Chief Financial Officer has also deferred a material portion of his salary and will also consider taking shares in lieu of salary at the appropriate time.

A one-off separation payment of \$116,667 was made to Chris Evans in April 2020. As a result, the benefit of the reduction of fees and salary and is not fully reflected in the current period results.

A renewed focus on gold

The Group has had significant gold tenure in Mali for many years. The principal Project is the 90% owned Massigui Project comprising some 674 km² surrounding the 7.4 million-ounce Barrick/Anglogold Morila gold mine in southwestern Mali. The Company also holds a royalty interest over the Viper and N'tolia deposits which were mined by Morila last year.

High grade drill intercepts were reported last year from the Koting prospect within Massigui only 25 kilometres from the Morila Gold Mine. The Company also has a 100% interest in the 199 km² Dankassa Project elsewhere in Southern Mali.

Both Dankassa and Massigui contain significant gold in drilling and in soils anomalies.

During the period, the Group entered negotiations with Barrick Gold Corporation and Anglo Gold Ashanti for the purchase of their 80% interest in the Morila Gold Mine and conducted due diligence. The Morila Gold Mine is an operating mine located in south-west Mali and abuts existing Massigui gold tenements held by the Company. The COVID-19 pandemic impacted the length of time and efficiency of the negotiations and due diligence program.

DIRECTORS' REPORT (continued)

EVENTS SUBSEQUENT TO REPORTING DATE

Execution of Morila Agreement

On 31 August 2020, the Group announced it had executed a binding agreement to acquire 100% of the shares of Morila Limited, a Jersey registered company (Jersey Co), from Barrick and AngloGold. Jersey Co holds the AngloGold and Barrick 80% interest in Morila SA. The Government of Mali owns the remaining 20% of Morila SA.

Morila SA owns the Morila Gold mine which lies within the 211km² Morila Exploitation Licence (Original Decree number 99 217/PM-RM dated 4 August 1999 and subsequent amendments).

The consideration payable is estimated to be between US\$22 and US\$27 million (A\$31 to A\$38 million). The final consideration will be determined with reference to the closing balance of tax credits in Morila SA. It is anticipated that these tax credits will be available to offset future VAT and corporate tax payments.

The Group is required to pay a non-refundable deposit of US\$1 million prior to 18 September, this will be offset against the final consideration payable.

A condition precedent to closing the transaction is securing acquisition finance. A further condition precedent is that the transaction will be acknowledged without objection by the Government of Mali.

The Transaction has been notified to, and discussed with, mining authorities prior to the current instability in Mali. The vendors can waive this condition at their discretion, but only if, after the Group meeting other conditions precedent, the Government has not advised that it opposes or otherwise objects to the Transaction. No such advice has been received to date.

The parties are targeting closing of the transaction before the end of October 2020.

Capital Raising and Share Purchase Plan

On 31 August 2020, the Group entered into a trading halt pending the completion of a placement of shares managed by Euroz Securities Limited. On 8 September 2020, the Group announced that it had received commitments to place 402,736,345 shares at \$0.16 for \$64.4million before fees in conjunction with a share purchase plan, priced on the same terms as the placement.

47,602,216 shares at \$0.16 raising \$7.6million before fees would be allotted and issued under the Group's 15% placement capacity. The issue and allotment of the 47,602,216 shares will occur in mid September 2020.

The issue and allotment of the remaining shares to raise \$56.8 million before fees will be subject to shareholder approval. The General Meeting to obtain shareholder approval is expected to be held in late October 2020.

The Share Purchase Plan entitles shareholders to subscribe for up to \$30,000 of shares on the same terms and conditions as the placement managed by Euroz Securities Limited. The Group expects to raise up to \$6 million through the Share Placement Plan.

Funds raised through this placement and Share Purchase Plan will be applied to the purchase of Morila Limited and ongoing Group activities.

Debt for equity swap

The Group has entered into an agreement with Capital Drilling to convert all or a portion of the costs (Euro 0.8million / A\$1.2 million) incurred during the 2019/20 Goulamina and Koting drilling programme into equity. The issue of shares in satisfaction of this debt is subject to shareholder approval which will be sought at the next General Meeting.

DIRECTORS' REPORT (continued)

AUDITOR'S DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, PricewaterhouseCoopers, to provide the Directors of the Group with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page seven and forms part of this Directors' Report for the half – year ended 30 June 2020.

Signed in accordance with a resolution of the Directors.



Alistair Cowden
Executive Chairman
Perth
11 September 2020

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Auditor's Independence Declaration

As lead auditor for the review of Mali Lithium Limited for the half-year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mali Lithium Limited and the entities it controlled during the period.

Helen Bathurst

Helen Bathurst
Partner
PricewaterhouseCoopers

Perth
11 September 2020

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MALI LITHIUM LIMITED

AND CONTROLLED ENTITIES

ACN 113 931 105

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2020**

	Notes	30 June 2020 \$	30 June 2019 \$
Income			
Interest income		1,696	13,322
Federal Government COVID-19 Grant		50,000	-
Net gain on financial assets at fair value		-	51,077
		51,696	64,399
Expenses			
Administrative expenditure	3	(537,581)	(868,845)
Consultants' and Directors' fees		(196,787)	(313,250)
Depreciation		(150,536)	(117,137)
Share-based payments	12(a)	279,849	(156,229)
Employee salaries		(577,876)	(554,387)
Foreign exchange (loss) / gain		64,805	(13,053)
Finance cost		(4,333)	(2,217)
Loss on sale of assets		(1,832)	(486)
(Loss) before income tax		(1,072,595)	(1,961,205)
Income tax expense		-	(29,757)
Net loss for the period		(1,072,595)	(1,990,962)
Other comprehensive (loss), net of tax			
<i>Items that will be reclassified subsequently to profit and loss</i>		-	-
Other comprehensive (loss) for the period		-	-
Total comprehensive (loss) for the period		(1,072,595)	(1,990,962)
(Loss) per share			
Basic and diluted (loss) per share (cents per share)		(0.34)	(0.8)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the half-year financial report.

MALI LITHIUM LIMITED

AND CONTROLLED ENTITIES

ACN 113 931 105

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020****Consolidated**

		30 June 2020	31 December 2019
	Notes	\$	\$
Current Assets			
Cash and cash equivalents		891,013	3,793,194
Receivable		7,421	364,261
Other current assets	6	69,651	153,079
Total Current Assets		968,085	4,310,534
Non-Current Assets			
Property, plant and equipment	8	393,223	498,152
Right of Use Asset		69,905	109,841
Exploration and evaluation expenditure	9	26,054,495	24,486,347
Other Non Current assets		112,490	112,490
Total Non-Current Assets		26,630,113	25,206,830
Total Assets		27,598,198	29,517,364
Current Liabilities			
Trade and other payables	7	1,614,058	2,149,186
Lease liability	10	67,357	39,474
Provisions		83,756	77,219
Current tax liabilities		18,430	18,021
Total current liabilities		1,783,601	2,283,900
Non Current Liabilities			
Lease liability	10	-	67,358
Total Non Current Liabilities		-	67,358
Total liabilities		1,783,601	2,351,258
Net assets		25,814,597	27,166,106
Equity			
Contributed equity	11	58,029,778	58,028,843
Reserves	12	5,537,537	5,817,386
Accumulated losses		(37,752,718)	(36,680,123)
Total Equity		25,814,597	27,166,106

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the half-year financial report.

MALI LITHIUM LIMITED

AND CONTROLLED ENTITIES

ACN 113 931 105

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2020**

Consolidated	Issued Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserves \$	Share Based Payment Reserves \$	Total \$
Balance 1 January 2019	53,448,920	(33,178,202)	1,284,862	4,184,743	25,740,323
Change in accounting policy	-	1,939	-	-	1,939
Loss for the period	-	(1,990,962)	-	-	(1,990,962)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive profit for the period	-	(1,989,023)	-	-	(1,989,023)
Transactions with owners, directly in equity					
Shares issued during the period	-	-	-	-	-
Transaction costs on share issuances	(170,363)	-	-	-	(170,363)
Shareholder equity contribution	911,399	-	-	-	911,399
Share based payment	-	-	-	156,229	156,229
Balance at 30 June 2019	54,189,956	(35,167,225)	1,284,862	4,340,972	24,648,565
Balance 1 January 2020	58,028,843	(36,680,123)	1,284,862	4,532,524	27,166,106
Change in accounting policy	-	-	-	-	-
(Loss) for the period	-	(1,072,595)	-	-	(1,072,595)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	(1,072,595)	-	-	(1,072,595)
Transactions with owners, directly in equity					
Transaction costs on share issuances	935	-	-	-	935
Shareholder equity contribution	-	-	-	-	-
Share based payment	-	-	-	(279,849)	(279,849)
Balance at 30 June 2020	58,029,778	(37,752,718)	1,284,862	4,252,575	25,814,597

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the half-year financial report.

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR
ENDED 30 JUNE 2020**

	30 June 2020 \$	30 June 2019 \$
Cash flows from operating activities		
Payments to suppliers and employees	(959,202)	(2,215,598)
Federal Government COVID-19 payment	50,000	-
Interest received	1,696	13,322
Net cash flows used in operating activities	(907,506)	(2,202,276)
Cash flows from investing activities		
Expenditure on property, plant and equipment	(27,242)	(50,474)
Proceeds from sale of property, plant and equipment	-	3,358
Proceeds from assignment of mineral rights to Morila	-	2,561,484
Payment of settlement to Hanne	-	(340,592)
Expenditure on exploration and evaluation	(2,032,647)	(2,740,895)
Net cash flows used in investing activities	(2,059,889)	(567,119)
Cash flows from financing activities		
Proceeds from exercise of options	-	-
Net proceeds from issue of shares	-	235,972
Net cash flows provided by financing activities	-	235,972
Net (decrease) in cash and cash equivalents	(2,967,395)	(2,533,423)
Cash and cash equivalents at beginning of period	3,793,194	5,117,735
Net foreign exchange differences	65,214	(13,054)
Cash and cash equivalents at end of period	891,013	2,571,258

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the half-year financial report.

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NOTES TO AND FORMING THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

1. Corporate Information

The financial report of Mali Lithium Limited (**Mali Lithium** or the **Company**) and its controlled entities (collectively **the Group**) for the half-year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 11 September 2020.

Mali Lithium is a public company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

During the half-year ended 30 June 2020, the principal activity was mineral exploration with the focus on advancing the Definitive-Feasibility Study on its Goulamina Lithium Project (**Goulamina** or the **Project**) in southern Mali to Definitive Feasibility Status together with realisation of value from its gold projects in Mali, West Africa.

2. Basis of Preparation and Accounting Policies

Basis of Preparation

This general purpose condensed financial report for the half-year ended 30 June 2020 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report has been prepared on a historical cost basis and is presented in Australian dollars, unless otherwise stated.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the financial report for the year ended 31 December 2019 and considered together with any public announcements made by Mali Lithium during the half-year ended 30 June 2020 in accordance with the continuous disclosure obligations of the ASX listing rules.

Going Concern

The Group incurred a net loss for the six-month period ended 30 June 2020 of \$1,072,595 (30 June 2019: loss of \$1,990,962) and a net cash outflow from operating and investing activities of \$2,967,395 (30 June 2019: \$2,533,423). As at 30 June 2020, the Group had cash and cash equivalents of \$ 891,013 (31 December 2019: \$3,793,194) and a working capital deficit of \$ 815,516 (surplus at 31 December 2019: \$2,026,634).

Based on the Group's cash flow forecast, the Group will require additional funding in the next 12 months to enable the Group to continue its normal business activities and to ensure the realisation of assets and extinguishment of liabilities as and when they fall due, including the acquisition and operation of an 80% interest in the Morila mine, progression of its exploration and project development activities and meeting its annual tenement expenditure commitment (refer to Note 13).

As a result of the above, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial report does not include adjustments relating to the recoverability or classification of the recorded assets nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Group being successful in:

- completing the capital raising announced on 8 September 2020 to raise an initial \$7.6 million dollars and obtaining of shareholders to approve the issue of a further 355,134,128 shares at \$0.16 together with

NOTES TO AND FORMING THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

the completion of the Share Purchase Plan announced on the same day to raise approximately \$6 million.

- the completion of the acquisition of the Morila Limited which owns 80% interest in the Morila mine and its continued operation and expansion; and
- continuing to build relationships and maintain key stakeholder relationships associated with the Group's activities and operations.

The Directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be successful in these endeavours and that the Group will be able to continue to meet its debts as and when they fall due. As a result, the Directors consider it is appropriate for the financial statements to be prepared on a going concern basis.

New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of the adoption of these new standards.

Impact of standards issued but not yet applied by the Group

There are no new or revised accounting standards and amendments that are currently issued for future reporting periods that are relevant to the Group at this point in time.

Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last financial statements for the year ended 31 December 2019.

Additionally, critical estimates and judgements in relation to going concern assessment are outlined in Note 2.

3. Administrative Expenditure

	30 June 2020	30 June 2019
	\$	\$
Accounting and audit fees	37,518	82,944
Bank fees	301	1,167
IT and communications	46,473	83,271
Conferences and seminars	41,727	107,185
Office administration expenses	7,977	15,253
Insurance	42,132	47,957
Investor relations	-	179,910
Legal fees	169,486	16,558
Listing and share registry expenses	41,803	81,423
Rent and outgoings	983	43,504
Subscriptions	39,246	59,189
Travel and accommodation	109,935	150,484
Total Administrative Expenditure	537,581	868,845

NOTES TO AND FORMING THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

4. Dividends

No dividends have been paid or provided for during the half-year period (2019: \$Nil).

5. Segment Reporting

For management purposes, the Group is organised into one main operating segment, which involves mineral exploration. All of the Group's activities are interrelated and discrete financial information is reported to the Board of Directors as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole. The Group operates in Australia and West Africa, with activities in Australia focused on supporting the operations in Mali and fulfilling the Company's obligations as an ASX listed entity. The following table shows the assets and liabilities of the Group by geographic region:

	30 June 2020	31 December 2019
	\$	\$
Segment Assets		
Australia	6,192,529	9,316,796
West Africa	21,405,669	20,200,568
Total Assets	27,598,198	29,517,364
Segment Liabilities		
Australia	476,755	955,982
West Africa	1,306,846	1,395,276
Total Liabilities	1,783,601	2,351,258

6. Other Current Assets

	30 June 2020	31 December 2019
	\$	\$
GST receivable	48,929	101,747
Prepayments	18,167	35,053
Other Receivables	2,555	16,279
	69,651	153,079

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

7. Trade and Other Payables

	30 June 2020	31 December 2019
	\$	\$
Trade payables and accruals	1,614,058	2,149,186
	1,614,058	2,149,186

NOTES TO AND FORMING THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

8. Plant and Equipment

	Furnitures, fittings and equipment \$	Leasehold improvement \$	Machinery and vehicles \$	Total \$
At 31 December 2019				
Cost or Fair Value	258,591	187,157	358,705	804,453
Accumulated Depreciation	(98,386)	(77,891)	(130,024)	(306,301)
Net Book Value	<u>160,205</u>	<u>109,266</u>	<u>228,681</u>	<u>498,152</u>
Half year ended 30 June 2020				
Opening net book value	160,205	109,266	228,681	498,152
Disposals	(4,013)	-	-	(4,013)
Additions	6,409	-	-	6,409
Depreciation charge	(40,494)	(31,162)	(35,669)	(107,325)
Closing net book value	<u>122,107</u>	<u>78,104</u>	<u>193,012</u>	<u>393,223</u>

9. Exploration and evaluation expenditure

	Note	30 June 2020	31 December 2019
		\$	\$
Carrying amount at beginning of period		24,486,347	19,034,425
Expenditure during period		1,568,148	5,458,358
Expenditure Written Off		-	(6,436)
		<u>26,054,495</u>	<u>24,486,347</u>

The Directors' assessment of the carrying amount for the Group's exploration and development expenditure was after consideration of prevailing market conditions; previous expenditure for exploration work carried out on the tenements; and the potential for mineralisation based on the Group's independent geological reports. The recoverability of the carrying amount of the deferred exploration and evaluation expenditure is dependent on successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

10. Lease liability

Current Liability

	30 June 2020	31 December 2019
	\$	\$
Current Lease Liability	67,357	39,474
	<u>67,357</u>	<u>39,474</u>

Non Current Liability

	30 June 2020	31 December 2019
	\$	\$
Non Current Lease Liability	-	67,358
	<u>-</u>	<u>67,358</u>

NOTES TO AND FORMING THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

11. Issued Capital

	30 June 2020		31 December 2019	
	Number of shares	\$	Number of shares	\$
Movements in ordinary shares on issue				
Balance at beginning of period	317,348,112	58,028,843	259,148,940	53,448,920
Share issuances and placements	-	-	58,199,172	5,138,439
Exercise of options and vesting of performance rights	-	-	-	-
Transaction costs on share issue	-	935	-	(558,516)
Balance at end of period	317,348,112	58,029,778	317,348,112	58,028,843

12. Reserves

(a) Movement in Share-based Payments Reserve

Total expenses arising from share-based payment transactions recognised during the period as part of share-based payment expense were as follows:

	30 June 2020	31 December 2019
	\$	\$
<i>Share-based payments reserve</i>		
Balance at beginning of period	4,532,524	4,184,743
Vesting of options	-	-
Issue/ cancellation of employee incentives	(279,849)	347,781
Balance at end of period	4,252,675	4,532,524

(b) Movement in Foreign Currency Translation Reserve

	30 June 2020	31 December 2019
	\$	\$
<i>Foreign currency translation reserve</i>		
Balance at beginning of period	1,284,862	1,284,862
Foreign currency translation	-	-
Balance at end of period	1,284,862	1,284,862

13. Expenditure Commitments

The Group is committed to minimum statutory exploration work requirements on its exploration tenements in order to retain the rights of tenure. These obligations can be reduced by selective relinquishment of exploration tenure or application for expenditure exemptions. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is very difficult to forecast the nature and amount of future commitments.

The Group has expenditure commitments in relation to its West African tenements/licences of \$965,869 (2019: \$1,514,251). There has been no significant change to the expenditure commitments disclosed in the 31 December 2019 financial statements.

NOTES TO AND FORMING THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

14. Events after the Reporting Date

Since 30 June 2020, the Group made the following ASX announcement, which may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods:

Receipt of Government funds

On 25 August 2020, the Company received \$494,721 in funds from the Australian Federal Government as a consequence of application for Research and Development incentive payment. This incentive payment relates to expenditure incurred in 2019 in relation to work research carried out in Australia for the development of the Goulamina project.

On 3 August 2020, the Company received \$12,500 from the Australian Federal Government. This funding is part of the Federal Government COVID-9 stimulus response to support business. Three further payments of \$12,500 are expected to be received in the following months.

On 6 August 2020, the Company received \$17,500 from the Western Australian State Government. This funding is part of the State Government COVID-19 stimulus response to support Western Australian business.

Execution of Morila Agreement

On 31 August 2020, the Group announced it had executed a binding agreement to acquire 100% of the shares of Morila Limited, a Jersey registered company (**Jersey Co**), from Barrick and AngloGold. Jersey Co holds the AngloGold and Barrick 80% interest in Morila SA. The Government of Mali owns the remaining 20% of Morila SA.

Morila SA owns the Morila Gold mine which lies within the 211km² Morila Exploitation Licence (Original Decree number 99 217/PM-RM dated 4 August 1999 and subsequent amendments).

The consideration payable is estimated to be between US\$22 and US\$27 million (A\$31 to A\$38 million). The final consideration will be determined with reference to the closing balance of tax credits in Morila SA. It is anticipated that these tax credits will be available to offset future VAT and corporate tax payments.

The Group is required to pay a non-refundable deposit of US\$1 million prior to 18 September, this will be offset against the final consideration payable.

A condition precedent to closing the transaction is securing acquisition finance. A further condition precedent is that the transaction will be acknowledged without objection by the Government of Mali.

The Transaction has been notified to, and discussed with, mining authorities prior to the current instability in Mali. The Vendors can waive this condition at their discretion, but only if, after the Group meeting other conditions precedent, the Government has not advised that it opposes or otherwise objects to the Transaction. No such advice has been received to date.

The parties are targeting closing of the transaction before the end of October 2020.

Capital Raising and Share Purchase Plan

On 31 August 2020, the Group entered into a trading halt pending the completion of a placement of shares managed by Euroz Securities Limited. On 8 September 2020, the Group announced that it had received commitments to place 402,736,345 shares at \$0.16 for \$64,437,815 before fees in conjunction with a share purchase plan, priced on the same terms as the placement.

47,602,216 shares at \$0.16 raising \$7.6million before fees would be allotted and issued under the Group's 15% placement capacity. The issue and allotment of the 47,602,216 shares will occur in mid September 2020.

NOTES TO AND FORMING THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020

The issue and allotment of the remaining shares to raise \$56,821,461 before fees will be subject to shareholder approval. The General Meeting to obtain shareholder approval is expected to be held in late October 2020.

The Share Purchase Plan entitles shareholders to subscribe for up to \$30,000 of shares on the same terms and conditions as the placement managed by Euroz Securities Limited. The Group expects to raise up to A\$6 million through the Share Placement Plan.

Funds raised through this placement and Share Purchase Plan will be applied to the purchase of Morila Limited and ongoing Group activities.

Debt for equity swap

The Group has entered into an agreement with Capital Drilling to convert all or a portion of the costs (Euro 764,523 / A\$1,244,643) incurred during the 2019/20 Goulamina and Koting drilling programme into equity. The issue of shares in satisfaction of this debt is subject to shareholder approval which will be sought at the next General Meeting.

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DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Mali Lithium Limited, I state that:

In the opinion of the Directors:

1. The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standards AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*;
2. Subject to the matters set out in Note 2 to the Financial Statements, in the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Alistair Cowden
Executive Chairman
Perth
11 September 2020



Independent auditor's review report to the members of Mali Lithium Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Mali Lithium Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mali Lithium Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mali Lithium Limited is not in accordance with the *Corporations Act 2001* including:

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1. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty related to going concern

We draw attention to Note 2 in the half-year financial report which indicates that the Group incurred a net loss of \$1,072,595 and a net cash outflow from operating and investing activities of \$2,967,395 for the half-year ended 30 June 2020. As a result, the Group is dependent on raising additional capital in the next 12 months to enable it to continue its normal business activities, including progression of its exploration and project development activities. These conditions, along with other matters set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers

PricewaterhouseCoopers

Helen Bathurst

Helen Bathurst
Partner

Perth
11 September 2020