

Certain information contained within this Announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 ("MAR") as applied in the United Kingdom. Upon publication of this Announcement, this information is now considered to be in the public domain.

27 July 2023

Mila Resources Plc
(‘Mila’ or the ‘Company’)

Option Agreement with Liontown Resources to Explore for Lithium
&
Amendments to Kathleen Valley Earn-In Agreement

Mila Resources Plc (LSE:MILA), the post-discovery gold exploration accelerator is pleased to announce that, together with the other owners of the Kathleen Valley licence ("Licence"), it has entered into an option agreement with LBM (Aust) Pty Limited, a subsidiary of Liontown Resources Limited (ASX: LTR) ('Liontown'), granting Liontown the option to explore for lithium on the Kathleen Valley Licence Area in Western Australia ('KV Project').

Simultaneously it has entered into a deed of amendment with Trans Pacific Energy Group Pty Ltd ("TPE") and New Generation Minerals Limited ("NGM"), the other owners of the Licence, making certain amendments to the Earn-In Agreement between them dated 29 October 2021 ("Earn-In Agreement") as part of the re-listing of the Company on the LSE in November 2021.

Overview

- Liontown, the ASX lithium developer with a market capitalisation of ~A\$6.0 billion, expects to bring its proximal Kathleen Valley Lithium Project into production in mid 2024, for which it has offtake arrangements in place with LG, Ford and Tesla.
- Under the proposed transaction, Liontown will fund all lithium exploration activities, mining costs and associated Heritage Surveys.
- Mila, TPE and NGM will maintain ownership over the gold and other minerals on the Licence Area.
- Following initial exploration, Liontown will have the option to acquire the right to extract lithium from the Licence Area ("Lithium Rights").
- Liontown has the option to acquire up to 80% of the Lithium Rights from Mila and TPE for a total consideration of up to A\$2,200,000 through a phased investment programme.
- By agreement with TPE and NGM, Mila currently has a 50% interest, in the Lithium Rights, representing 10% of the Lithium Rights following full exercise by Liontown of its option.

Transaction Rationale

- Liontown has significant experience and expertise in lithium exploration and development specific to the wider Kathleen Valley area and has established itself as one of the most successful lithium explorers in Australia.
- All drill and assay analyses from Liontown's work at the KV Project will be shared with Mila's exploration team, potentially enabling a further acceleration of geological assessment across the full KV Project at limited cost to Mila.
- Liontown will be liable for all costs associated with the Heritage Surveys over the relevant areas of the KV Licence and will apply its significant expertise in Heritage Survey management enabling Mila to leverage off the development of these studies for the purposes of its own gold exploration and development activities.

The Liontown Transaction

The transaction has granted Liontown the option to acquire the Lithium Rights on the Licence in a phased programme as follows:

1. Liontown will fund the exploration and mining costs and bring the benefit of its considerable knowledge of local geology to the project.
2. Liontown may acquire a 50% interest in the lithium rights on the Licence for a consideration of A\$200,000; and
3. Liontown may acquire a further 30% interest in the lithium rights for consideration of \$2,000,000.

Liontown has also agreed, subject to completion of transaction documentation, to invest A\$100,000 in Mila through a convertible loan on the following principal terms:

1. the Notes are repayable by conversion into Mila Shares at a price to be determined on Mila's next fundraise;
2. Mila may repay the Notes without penalty after 31 December 2023;
3. Liontown may redeem the Notes following the occurrence of usual events of default or if the Notes have not been converted into Mila Shares by 30 November 2023; and
4. the Notes carry no interest except on the occurrence an event of default, when interest at 10% per annum will become payable.

Amendment to the Earn-In Agreement

Mila, TPE and NGM have also entered into a deed of amendment amending the Earn-In Agreement ("Deed of Amendment") pursuant to which they have agreed that Mila may:

- increase its Participating Interest in the Licence from its current 30% to 80% on the issue of the Stage Two Consideration Shares;

- increase its ownership of the current Lithium rights from 50% to 80% on the issue of the Stage Three Consideration Shares, representing 16% of the Lithium Rights following full exercise by Liontown of its option; and
- at any time when the Parties are not conducting a physical drilling campaign, reduce Mila's liability for expenditure to maintain the Licence to its Participating Interest (currently 30%).

Mark Stephenson commented:

"This is a highly exciting development which adds a new and potentially valuable dimension to the Kathleen Valley Project.

"Through this agreement with Liontown, we will see lithium exploration underway at this area of the Licence, which has been untested to date, and opened-up for exploration whilst being insulated from costs. This lithium mineralisation has been shown to have strategic importance on an international scale, most recently evidenced by a proposed A\$5.5 billion bid for Liontown by Albemarle Corporation (ALB.N) one of the largest lithium producers worldwide. In rejecting the Albemarle approach Liontown asserted its belief that the bid substantially undervalued Liontown, highlighting the significant commercial value of the lithium mineralisation potentially on our doorstep.

"In addition to Liontown's work unlocking the lithium value from this area of the Licence, we will also benefit from their funding of supplementary development work including Heritage Surveys, which are a significant undertaking. We expect there to be considerable geological knowledge from Liontown's exploration data on this area which we will apply to our own understanding of the gold mineralisation at Kathleen Valley, as we look to expand our gold resource inventory this year.

"Finally, the benefits and synergies of this work comes at no incremental cost to Mila and allows us to leverage the deep local experience from the Liontown team."

****ENDS****

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