

## ASX RELEASE

29 October 2021

# Activity Report for the Quarter ended September 2021

Lithium Power International Limited (ASX: LPI) (“**LPI**” or “**the Company**”) is pleased to submit its quarterly Activity Report for the period ended 30 September 2021.

## HIGHLIGHTS

- The updated Maricunga DFS for Stage One continues as expected and will be completed by year’s end.
- LPI received firm commitments for a share placement of A\$12.4 million from sophisticated and institutional investors.
- Updated Measured and Indicated (M+I) resource for the Maricunga Stage One mining concessions confirmed an increase by 90 per cent compared with the 2019 Definitive Feasibility Study (DFS). Deposit still open at depth, with a new exploration target down to 550m.
- M+I resource now estimated as 1,905,000 tonnes of Lithium Carbonate Equivalent (LCE) to a depth of 200m for the Stage One (Old Code) mining properties, in addition to 979,000 tonnes of LCE already included on the 2019 DFS for the New Code mining properties.
- Deloitte has been appointed to assist the Company to develop a robust Environmental, Social and Governance (ESG) program at Maricunga.
- All Greenbushes Programs of Works (PoWs) and heritage approvals have been obtained for our next exploration drilling program, with work to commence in early December.

## MARICUNGA PROJECT – CHILE

### STRATEGY UPDATE – MARICUNGA STAGE ONE

Lithium Power International Limited (ASX: LPI) (“LPI” or the “Company”), through its Joint Venture company Minera Salar Blanco (“MSB”), has completed the Maricunga Stage One drilling program and released a 90 per cent increase in Measured and Indicated Resource on the Stage One properties.

The Stage One project comprises the Old Code properties of Cocina 19-27, Salamina, Despreciada and San Francisco, which have a total combined area of 1,125 hectares. These properties were constituted under the 1932 Chilean mining law and have grandfathered rights for the exploitation, production, and sale of lithium.

Work continues by Wolley, GEA and other advisors on the updated Definitive Feasibility Study (“DFS”), scheduled to be completed in December 2021.

Discussions continue with several international financial institutions for the overall funding of the project as it moves towards the final investment decision. The company has advanced the process with the Mitsu agreement as the cornerstone for off-take and funding of the project.

### 2021 DRILLING PROGRAM

Five (5) tricone/diamond HQ/HWT core holes (S-24 through S-29) were drilled as part of the 2021 drilling program. The holes were drilled from ground surface to 200m in depth and cored at HQ diameter from 200m–400m depth. HWT casing was installed to provide hole stability and to facilitate depth-representative brine sampling. Continuous HQ core was collected for geological logging and the collection of undisturbed sub-samples at 12m intervals between 200m and 400m depth (with exception of S-29 on the north-western edge of the properties, which intercepted bedrock at 219m depth).

The five boreholes were completed as monitoring wells, with blank and slotted 3-inch diameter PVC casing to facilitate BMR logging, water level assessment and brine chemistry monitoring.

### PUMPING TESTS

Pumping tests were carried out on wells P-1, P-2 and P-4 between 2015 and 2017. A further pumping well will be installed in October 2021 to provide additional information on brine flows in the Old Code tenements to optimise well design and pump sizing for production from this area.



Figure 1: Brine samples collected



Figure 2: Core hole samples collected



Exploration drilling on a general grid basis supports the estimation of in-situ brine resources. The drilling methods were selected to allow for the collection of continuous cores to prepare undisturbed samples at specified depth intervals for laboratory porosity analyses. They also allowed the collection of depth-representative brine samples at specified intervals without the possibility of contamination by drilling fluids.

- The 2011 campaign included six (6) sonic boreholes (C-1 through C-6) on the Lito 1-6 claims.
- The 2016-2018 campaign included six (6) sonic boreholes (S-1, S-2, S-18 and S-20, S-23, and S-24) and eight (8) tricone /HWT boreholes (S-3, S-3A, S-5, S-6, S-10, S-11, S-13, and S-19).
- The recent 2021 campaign included five (5) diamond core holes (S-25 through S-29) in the Old Code properties.

## PRODUCTION PROCESS DESIGN

The Company has further advanced improvements to its production process design, yielding efficiency increases. The purity level of the Lithium Carbonate product is expected to be significantly higher compared with the original samples produced in 2018, which indicated a 99.5% purity. Such an outcome would allow the Company to reach a wider spectrum of customers with different quality requirements.

The Company has made important efforts to become one of the first Zero Emission lithium brine producers. That effort includes using electricity only produced by solar generators through long term power purchase agreements; minimising water consumption in the production process design (self-producing through condensation recovery of more than 30 per cent of the water used); and strict protocols to ensure any negative environmental impact on the area provides an opportunity to set a higher standard for the whole industry. Additionally, social aspects have been important to the Maricunga project, receiving open and ongoing support from both indigenous and civilian communities. These initiatives have been widely recognised by the Chilean authorities.

## UPDATED DEFINITIVE FEASIBILITY STUDY (“DFS”)

An update of the DFS is advancing as planned by Worley (engineering), GEA Messo (production process) and Atacama Water (hydrological modelling). Several opportunities for optimisation have been identified in the engineering. The update is expected to be completed by the end of 2021.

As part of the updates to the DFS, Deloitte has been engaged to provide a verification, evaluation and gap analysis on the ESG strategy of all MSB production and operational processes. This will ensure they are linked with the operational, environmental and social requirements under the already approved Environmental Impact Assessment (“EIA”).

## RESOURCE ESTIMATE HIGHLIGHTS

The updated resource estimate of 1,905,000 tonnes of lithium carbonate equivalent (LCE) represents close to double the initial resource of 1,020,000 tonnes of LCE in the equivalent area (Stage One) in the 2019 Definitive Feasibility Study (DFS). A resource equivalent to 4.95 Mt of KCl was also defined. The resource estimate was prepared in accordance with JORC and NI 43-101 international reporting standards.

Results of 2021 Stage One Drilling Program are summarised in Table 1, below.

	Measured (M)		Indicated (I)		M+I	
	Li	K	Li	K	Li	K
Area (Km <sup>2</sup> )	4.5		6.76		11.25	
Aquifer volume (km <sup>3</sup> )	1.8		1.8		3.6	
Mean specific yield (Sy)	0.09		0.12		0.1	
Brine volume (km <sup>3</sup> )	0.162		0.216		0.378	
Mean grade (g/m <sup>3</sup> )	87	641	111	794	99	708
Concentration (mg/l)	968	7,125	939	6,746	953	6,933
Resource (tonnes)	154,500	1,140,000	203,500	1,460,000	358,000	2,600,000

Table 1: Stage One Mineral Resource Estimate for Lithium Metal (Li) and Potassium

Table 2 below shows the total resources of the Stage One concessions (Old Code concessions) expressed as Lithium Carbonate Equivalent (LCE) and Potash (KCL).

	M+I Resources		Notes:
	LCE	KCL	
Tonnes	1,905,000	4,950,000	<ol style="list-style-type: none"> <li>Lithium is converted to lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) with a conversion factor of 5.32.</li> <li>Potassium is converted to potash with a conversion factor of 1.91</li> <li>Numbers may not add due to rounding.</li> </ol>

Table 2: Stage One Mineral Resource Estimate for Lithium Carbonate Equivalent (LCE) and Potash

## TARGET RESOURCE

The Maricunga resource remains open at depth. A new exploration target between 400m–550m has been defined for further resource expansion below the Old Code Concessions, and between 200m–550m below the New Code concessions. They could potentially contain between 1.2Mt–2.1Mt of LCE<sup>1</sup>.

## BRINE SAMPLING

Brine sampling was carried out on samples taken every 200m between depths of 200 and 400m in the five diamond holes (except within the basement rocks in hole S-29).

## DRAINABLE POROSITY SAMPLING

Extensive testing has been undertaken on sediment samples from the different lithological units in all of the drilling programs conducted to date. This included samples from both sonic and diamond drilling. Samples have been analysed in four separate laboratories, each using a proprietary testing procedure. Laboratories include the Daniel B. Stevens & Associates Inc. (DBSA) lab and Core Laboratories in the USA, and the British Geological Survey. For the two most recent drilling programs the Geosystems Analysis (GSA) was used as the primary laboratory, with the DBA Stephens lab used as the major check laboratory.

<sup>1</sup> An Exploration Target is not a mineral resource. The potential quantity and grade of the Exploration Target is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource in the volume where the Exploration Target is outlined. It is uncertain if further exploration drilling will result in the determination of a Mineral Resource in this volume.

## WESTERN AUSTRALIA EXPANSION UPDATE

In addition to continued development at Maricunga, the company is progressing with its exploration program in the Greenbushes project area. Preparatory work is currently being undertaken, with a 2,900m drilling program being planned in Q4 2021. In addition, the Company is considering expanding its holdings in Western Australia, and is currently assessing several prospective acquisitions.

### GREENBUSHES PROJECT

LPI has previously announced that it would be commencing an exploration and drilling program across the WA lithium tenements, particularly those immediately adjacent to the Greenbushes lithium mine owned by Talison Lithium.

Extensions to the term of tenements hosting the Blackwood Prospect – E70/4774 and the East Kirup Prospect – E70/4763 have been granted by the Department of Mines, Industry, Regulation and Safety (DMIRS) for a further five-year term.

A drilling company has been engaged, with drilling to commence in early December on the East Kirup Prospect E70/4763. This work is along existing tracks and will assist in developing an understanding of the geology along the Bridgetown-Donnybrook Shear Zone as well as examining the geochemical anomalies identified by the laterite program. The conditions set out in the Conservation Management Plan (CMP), however, restrict the drilling to the existing tracks and to a depth of 100m, and to only occur in dry conditions. The completion of the program will be weather dependant.

All Program of Works (PoWs) and heritage approvals have been obtained for this drilling program, which will be conducted under the approved Dieback Management Plan. In addition, consultants have been engaged to conduct flora and fauna surveys at E70/4763. Cameras have been put in place to monitor and identify any fauna living in the area. This work will allow the development of a new CMP designed to allow the clearing of vegetation to enable targeted drilling to occur.

Meanwhile, work has commenced on updating the existing Conservation Management Plan for work in Biodiversity, Conservation and Attractions (DBCAs) controlled areas within E70/4763. This is to obtain permission to collect further laterite and soil samples in both regional and infill programs.

The infill programs are aimed at following up a number of PEG4\* anomalies that were identified in the regional sampling.

A drone magnetic survey over the Blackwood Prospect (E70/4774) is planned for early November.

### PILGANGOORA PROJECT

A review was completed of the Pilgangoora tenement (E45/4610) and highlighted a young, hot granite within one of the Greenstone Belts, indicating potential hosting of lithium.

A program of soil sampling will take place in November 2021. Infill sampling will also occur on a number of smaller lithium anomalies that were identified in the early soil sampling (2018). The ranking of these anomalies was re-evaluated after removing anomalies that potentially were associated with alluvial material.

Applications have been submitted to the Department of Mines, Industry, Regulation and Safety for E45/4610 for further works in the winter months of 2022.

## CORPORATE UPDATE

### CAPITAL RAISE

The Company completed a placement of new, fully paid ordinary shares in August 2021 to existing and new, sophisticated and institutional investors to raise gross proceeds of \$12.4 million ("Placement"). New and existing shareholders located both domestically and internationally supported the raising as the Maricunga project progresses to a final project development decision.

Canaccord Genuity (Australia) Limited acted as Lead Manager and Everblu Capital Pty Ltd acted as Co-Manager. The placement resulted in the issue of approximately 47.69 million new shares and was conducted using the Company's available placement capacity under ASX Listing Rules 7.1 & 7.1A

A resolution for the ratification of these shares issued under the placement capacity, will be put to shareholders at the Annual General Meetings, scheduled for 25 November 2021.

### APPENDIX 5B

The Appendix 5B quarterly cashflow report for the quarter ended 30 September 2021, is submitted separately.

The Company had a cash balance of AU\$15.4 as of 30 September 2021.

This amount is currently held in the Company's bank accounts in Australia and Chile in Australian dollars or US dollars. The Australian dollar equivalents were calculated using the closing foreign exchange spot rate on 30 September 2021.

During the quarter the company completed a capital raise of AU\$12.4m, (AU\$11.8m after costs), as detailed above.

The major movement in cash for the period was a capital contribution to MSB of AU\$2.25m, associated with the Stage One drilling program at Maricunga and the DFS update process. This contribution also took up a portion of the pro rata contribution due by joint venture partner Bearing Lithium. This additional contribution increased LPI's share by 0.2% to 51.6%

Total funds within the Maricunga Joint Venture at the end of the quarter totalled US\$2.3m

### PAYMENTS TO RELATED PARTIES OF THE COMPANY AND THEIR ASSOCIATES

Section 6.1 Appendix 5B description of payments to related parties of the Company.

Directors Fees	\$206k	Three months' salary and superannuation paid to the Australian based Directors via the company payroll
DHJPLM Pty Ltd Rental for Sydney office	\$36k	Mr Hannon is a Director and shareholder of DHJPM Pty Ltd

### AUDITED ANNUAL REPORT – 30 JUNE 2021

The audited annual report for the year ended 30 June 2021 along with the Annual Corporate Governance Statement was released ASX on 30 September 2021

The Company auditors, Ernst Young, provided a clean audit of the financial statements for the group without any qualification.

### AUDITED ANNUAL GENERAL MEETING (AGM)

The Company's Annual General Meeting is to be held on an online platform at 10am on Thursday 25 November 2021. The Notice of Annual General Meeting was distributed to all shareholders on Friday 22 October 2021.

The AGM has five resolutions for Shareholders to consider at the meeting.

- Resolution 1 – Approval of the Remuneration Report for 30 June 2021.
- Resolution 2 – Approval of 10% Placement Facility.
- Resolution 3 – Re-election of David Hannon as Director.
- Resolution 4 – Re-election of Andrew Phillips as Director.
- Resolution 5 – Ratification of issue of Shares under the August 2021 placement.

Due to COVID-19 the AGM is to be held virtually. Instructions on how to log in the virtual environment is contained in the Notice of Meeting. All shareholders are encouraged to send in their proxy voting forms within the prescribed deadline.

## CAPITAL STRUCTURE

The Capital Structure at the end of the Quarter is as follows:

- 348.8 M Ordinary Shares on issue; and
- 6.75 M Unlisted Options on issue.
- 12.5 M Share Appreciation Rights on Issue

The changes from the previous quarter capital structure were:

- The issue of 17,692,309 shares issued on 26 August 2021 under the Placement Capacity; a capital raise in December 2020 to Directors, as approved at the EGM on 14 April 2021, was imade on 30 April 2021, and
- The cancellation of 1.45M options.

The announcement has been approved by the Board of Directors.

### For further information, please contact:

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