

## ASX RELEASE

22 April 2020

# Activity Report for the Quarter ended March 2020

Lithium Power International Limited (ASX: LPI) (LPI or the Company) is pleased to submit its quarterly Activity Report for the period ended 31 March 2020.

## HIGHLIGHTS

- On 4 February 2020, the Maricunga Project's Environmental Impact Assessment (EIA) was approved by Chilean authorities following a 15-month review process.
- The Engineering, Procurement and Construction (EPC) bidding process, and the project financing process are both well underway.
- The Chilean State-owned mining company, CODELCO, continues to make progress on its due diligence involving the work undertaken by the project's joint venture, Minera Salar Blanco S.A. (MSB). The legal component has been completed and the technical component is advancing.
- Exploration on the Greenbushes tenements in Western Australia (WA) produced interesting results from the laterite and soil sampling completed in forested areas. Sampling contained lithium values as high as 71ppm.
- All WA exploration activities have been suspended due to COVID-19 and will be reassessed once conditions are normalised.
- Reviews have been undertaken of all operational divisions in light of COVID-19. The Company remains focused on maximising shareholder value during this challenging period.

## MARKET & ACTIVITIES UPDATE

The current socio-economic and market impacts arising from global government measures being taken in response to the COVID-19 pandemic have created global corporate uncertainty. As a result, LPI and its Chilean JV company, Minera Salar Blanco S.A. (MSB), have reduced operational expenditure and prioritised activities to mitigate impacts on the Maricunga Project's delivery time-line and budget.

Some of the actions taken include, but are not limited to:

- The cessation of all operations in Western Australia until further notice. This includes releasing the Perth office space and the reduction of all contracted employees in Western Australia.
- Administration of the Western Australian tenements will be run from Sydney to reduce exploration operating overheads. This will be reassessed on an ongoing basis.
- Salaries and Directors fees have been reduced by a minimum of 30% from April 2020, until further notice.
- All expenditures in Australia have been reviewed and either reduced or ceased for all non-essential services.
- The suspension of all works on the Centenario Project and a critical review of all Argentine holding company costs.
- MSB's budget has been reviewed and reduced without a material impact on the overall progress of the Maricunga Project or compromising the original development timetable.

The Company and its Board remains fully committed to its duty to generate value for all its shareholders.

## MARICUNGA PROJECT - CHILE CHILE JOINT VENTURE COMPANY - MINERA SALAR BLANCO S.A.

The Maricunga Joint Venture project (the Project) is operated under the Joint Venture Company, Minera Salar Blanco S.A.(MSB). LPI currently owns 51% of MSB.

The Project is Chile's highest grade and most advanced lithium project outside the Salar de Atacama, and is one of the most advanced and robust projects in South America. It is the only project on the Maricunga salt lake to have completed a Definitive Feasibility Study (DFS), achieved in January 2019. Its Environmental Impact Assessment (EIA) was approved in February 2020. It is now moving through the final stage of development before construction, with the EPC bidding process and project financing underway.

A total production of 20,000 tonnes of lithium carbonate equivalent (LCE) per annum is planned over a period of 20 years. Production costs will place the Project within the first quartile of the industry in terms of LCE cost-per-tonne and overall LCE extraction efficiency. The Project also has significant potential for future expansion because the resource is open beyond the 200m depth of the DFS resource/reserve assessment.

## CURRENT CHILEAN SITUATION

The Chilean government has been proactively addressing the sources of social unrest which occurred in late 2019. Several laws are now under discussion in the Chilean Congress to address some of the social issues that were raised. A plebiscite to approve changes to the constitution, originally scheduled for April 2020, has been delayed until October 2020 due to the outbreak of COVID-19.

The Chilean government, like most governments, has focused on containing COVID-19 by ordering a partial or total lockdown in different cities and regions throughout Chile. Based on the current situation, restrictions are likely to continue until the number of infections are contained.

MSB's staff has been working from home since the lockdown was enforced in Santiago during the third week of March. Almost all activities continue as expected. External parties working with MSB are operating remotely, which has allowed the Project to proceed in most areas. However, field work has been suspended and is now re-scheduled for the second half of the year.



Figure 1: The Maricunga and Centenario Project's location within the Lithium Triangle in Chile.

## CODELCO DUE DILIGENCE PROGRESS

CODELCO has continued to advance with its due diligence of MSB's records and technical data associated with the Project in accordance with their timetable.

Legal due diligence has been completed and the technically complicated hydro-geological and engineering due diligence commenced earlier in the quarter. MSB's technical specialists are fully engaged with CODELCO in accessing this data. Delays have occurred with the postponement of field activities and some specific activities required to complete analysis of the Project. Both companies and their teams are confident that these delays will not generate a significant impact on the overall due diligence process.

## EIA APPROVAL

MSB received its environmental approval (RCA) for the Maricunga Project on 4 February 2020. The Environmental Impact Assessment (EIA) was submitted to the Chilean Authority, Servicio de Evaluación Ambiental (SEA) in September 2018. It included a comprehensive 11,400-page document, the culmination of more than two years' of field and desk work.

A 15 month evaluation process was undertaken by the Chilean environmental authorities before the approval was granted. The Company worked pro-actively with SEA in responding to queries and requests for clarification or for further information.

This is one of the few EIA's approved in Chile in recent years, which will assist MSB in becoming the third significant lithium operation in the country with an anticipated 20,000 tonnes of annual LCE production.

Under Chilean regulations, any public submissions on the conditions or nature of the approved EIA are to be received by mid-May 2020, which would then require responses from SEA and/or MSB. To date, all submissions have been addressed without any material effect on the overall conditions of the EIA.

The EIA approval represents the final major regulatory milestone in advancing the Project.

## PROJECT FUNDING

Discussions and communications with a number of well-established companies regarding product off-take agreements and project finance continue despite the emergence of COVID-19. Australian-based Treadstone Resource Partners has been appointed to work alongside the LPI and MSB teams.

## WATER RIGHTS

LPI has received a number of shareholder queries concerning media reports on access to water rights in Chile.

In general terms, water issues need to be analysed in each specific region because each can have very different conditions. Significant water issues occur mainly in the Antofagasta and 2nd Region of Chile. The Maricunga salar, however, is located in the 3rd Region, about 800km to the south.

LPI can confirm that there are no water issues with the Maricunga project. MSB secured its water rights two years ago, and those rights have been included as a significant component in the EIA approval.

## ARGENTINA CENTENARIO PROJECT – SALTA PROVINCE, ARGENTINA

The Centenario Project is a 70:30 joint venture between LPI and Marquee Resources Ltd (MQR). It is located in the Centenario salar in Salta Province, Argentina, one of the Argentine provinces most in favour of mining development. No significant activities occurred during the quarter.

## WESTERN AUSTRALIA

The Company's Western Australian (WA) properties (Figure 2) are 100%-owned by LPI and are located a short distance from the ports of either Port Hedland or Bunbury, and have well-developed infrastructure for potential development.

During the quarter, LPI's WA exploration team concentrated activities on the Greenbushes project in the south-west region of WA.



Figure 2: Location of LPI's properties in the Pilbara and Southwest region of Western Australia

## GREENBUSHES – SOUTHWEST WA

The Greenbushes project is located 250 km south of Perth and comprises two properties located immediately north and south of the block which hosts the Greenbushes mine, owned by major lithium producers Tianqi Lithium and Albemarle.

Soil sampling and mapping activities occurred late in Q4 2019 and during this quarter in state forest areas subject to an approved Environmental Management Plan. Results have been encouraging, with elevated lithium concentrations found, along with other trace metals, within the two areas of interest.

Further analysis in one of the target areas showed that an identified shear zone appears to be an extension of the same shear zone at the Greenbushes mine and is less than 1km from the mapped pegmatite. The highest lithium anomaly in the soils sampled was 71 ppm.

These were encouraging results and warrants further work in the area. The Environmental Approval Plan prohibits activity in the winter months, so all work is suspended until further notice. It will recommence subject to the resolution of the COVID-19 situation and an improvement in general lithium market conditions.

## PILBARA PROJECTS, WA

No field work was carried out on the Tabba Tabba, Pilgangoora or Strelley projects during the quarter.

## CORPORATE UPDATE

### Appendix 5B

The Appendix 5B quarterly cashflow report for the quarter ended 31 March 2020, is to be submitted separately.

The Company had a cash balance of AU\$9.6 million at 31 March 2020.

This amount is currently held in the Company's bank accounts in Australia, Chile and Argentina in Australian dollars, US dollars and a small amount of Chilean or Argentina Peso's. The Australian dollar equivalents were converted at the closing foreign exchange spot rate.

Total funds within the Maricunga Joint Venture at the end of the quarter totalled US\$840,000.

### Capital Structure

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

- 262.5 million Ordinary Shares on issue, and
- 46.3 million Unlisted Options on issue.