

## ASX RELEASE

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# LPI Market Update - June 2020

Given the easing of restrictions associated with Covid-19, Lithium Power International Limited (ASX: LPI) (LPI or the Company) is pleased to provide a general update of activities adding to the Quarterly Report released on 22 April 2020.

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## HIGHLIGHTS

- The Engineering, Procurement and Construction (EPC) bidding process for the Maricunga project continues.
- Two major global engineering groups, Worley Parsons and Bechtel, have been chosen to provide a comprehensive construction proposal for the project.
- Due diligence continues under the Memorandum of Understanding (MOU) between the Chilean State-owned mining company, CODELCO, and the Maricunga project's joint venture company, Minera Salar Blanco S.A. (MSB).
- Discussions continue with parties on project funding and off-take agreements for the Maricunga project.
- A Program of Works for the exploration of the Greenbushes tenements in Western Australia is in the process of being approved.

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## Market & Activities Update

The socio-economic and market impacts arising from the COVID-19 pandemic have created considerable corporate uncertainty. LPI and its Chilean JV company, MSB, have addressed this situation by reviewing all operations so they comply within the confines of the current norm.

Staff have been working from home, as directed by governmental and/or sensible corporate guidelines. All field work has been suspended, but desktop work continues primarily out of our home offices. Teleconferencing is being used to help advance operational and strategic matters.

LPI has commenced virtual investor meetings to keep shareholders informed, and to stimulate interest among new investors in the potential of the Maricunga Lithium Brine Project. LPI is also from time to time in high level discussions with parties looking to gain exposure to the project via control or minority investment transactions affecting LPI, MSB or its assets – there is no certainty any of these discussions will lead to a firm proposal or transaction. Amongst other financing discussions underway, consideration is being given to using all effective avenues to advance these initiatives, within the limitations of current social distancing parameters. The Company and its Board remain fully committed to generating value for all shareholders and will keep investors informed of any tangible progress.

### **Maricunga Project – Chile**

#### **Chile Joint Venture Company - Minera Salar Blanco S.A.**

The Maricunga Lithium Brine Project is operated by MSB, which is 51% owned by LPI.

It is Chile's highest grade and most advanced lithium project outside the Salar de Atacama. It is one of the most advanced and robust projects in South America and is the only one on the Maricunga salt lake to have completed a Definitive Feasibility Study (DFS). The DFS was finalised in 2019, and an Environmental Impact Assessment (EIA) was approved in February 2020. The project is now moving through the final stage of development before construction, with the EPC bidding process to the point that the Company has selected two international engineering firms, Worley Parsons and Bechtel, to provide a comprehensive construction proposal.

Total annual production of 20,000 tonnes of lithium carbonate equivalent (LCE) 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 has significant potential for future expansion because the resource is open beyond the 200m depth limit of the DFS resource/reserve assessment.

### **Current Chilean Situation**

The Chilean Government has focused on containing COVID-19 by ordering a partial or total lock down in different cities and regions. MSB's staff have been working from their homes since the lock down was enforced in Santiago during the third week of March. While restrictions were eased in early May, the country returned to a stricter lock down on 18 May, and that level remains.

Almost all activities on the project continue as expected. External parties working with MSB are operating remotely, the use of video allowing interaction between internal management and with strategic partners. Field work has been suspended and is now re-scheduled for the second half of the year.

### **CODELCO Due Diligence Progress**

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

### **EIA Approval**

MSB received 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.

A 15-month evaluation process was undertaken by SEA before the approval was granted. The Company worked proactively with SEA responding to queries, requests for clarification and for further information.

Under Chilean regulations, any public submissions on the conditions or nature of the approved EIA need to be received by mid-May 2020. They would then require responses from SEA and/or MSB. To date, all submissions have been addressed.

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. These discussions are very early stage and high level and entirely normal in light of the quality of the Maricunga project. We will update shareholders if and when there are any material developments.

## **Argentina**

### **Centenario – 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, a region that strongly supports mining development. The Company is currently in discussions with a third-party to take a strategic position in this project

## **Western Australia**

The Company's Western Australian (WA) properties are 100%-owned and are located a short distance from the ports of either Port Hedland or Bunbury which have well-developed infrastructure to support potential developments.

The Company's WA exploration team concentrated activities on the Greenbushes project in the south-west region of WA. The Company has recently submitted a Program of Works (POW) for approval with the WA Mines Department, having been granted approval for the Environmental Management plan and completing soil sampling and mapping activities in the past two quarters. Upon this approval being granted, the POW would be valid for four years. Exploration work would proceed once COVID-19 restrictions were eased and general lithium market conditions improved.