

# ASX ANNOUNCEMENT

10 October 2024

## POWER ADVANCING TO FULLY FUNDED JV & 100% OFF TAKE AT PULAR LITHIUM PROJECT

### Highlights

- **Power Minerals and lithium extraction technology provider Heng Li Technology (HengLi) have successfully completed due diligence for the proposed joint venture for the funding and development of the Pular Lithium Project**
- **The parties now plan to execute a formal Transaction Agreement by entering into a binding Joint Venture to fund and develop Pular into a lithium-producing operation**
- **Under the proposed Transaction Agreement, HengLi will fully fund and manage development of the Project with funding to be provided at the project level, avoiding Power shareholder dilution**
- **HengLi also proposes to purchase 100% of the lithium concentrate produced at the Pular Project**
- **HengLi's technology uses a combination of direct lithium extraction (DLE) and evaporation and can deliver cost, water and energy savings compared to DLE and evaporation methods used separately**
- **Power has funding and development agreements in place for the Incahuasi, Rincon and Pular Projects, providing a commercialisation pathway for the Salta Project's core assets**

Power Minerals Limited (ASX: **PNN**, **Power** or **the Company**) is pleased to announce the successful completion of due diligence in respect of its binding funding and development agreement with Heng Li Technology (HengLi) for the Pular Lithium Project, within the Company's Salta Lithium Project, in the Lithium Triangle of Argentina.

Power recently entered into a Binding Term Sheet (BTS) with HengLi for the strategic funding and development of the Pular Project (ASX announcement 11 July 2024).

Under the BTS, Power and HengLi undertook to negotiate and execute a formal Transaction Agreement in the form of an incorporated Joint Venture (Pular JV), designed to secure the funding and development of the Pular Project into a lithium-producing operation utilising HengLi's lithium extraction technology.

As part of the proposed Transaction Agreement, HengLi also proposes to purchase 100% of the lithium concentrate, in the form of lithium chloride or lithium carbonate, produced at the Pular Project.

Heng Li's technology uses a combination of direct lithium extraction (DLE) and evaporation and has the ability to deliver cost, water and energy savings compared to DLE and evaporation methods.

With HengLi successfully completing its due diligence over the Pular Project, the parties plan to now move forward to complete the Transaction Agreement and enter into the Pular JV.

Heng Li has also agreed to invest US\$50,000 (AUD\$75,732.44) in Power via a share placement of 540,946 PNN shares at an issue price of AUD\$0.14 per share. Receipt of funds is expected imminently.

### **About the Transaction Agreement**

The proposed Transaction Agreement is contemplated in two stages. The key terms of the proposed Transaction Agreement are outlined below. The final, binding terms are subject to the negotiation and execution of the Transaction Agreement by the parties.

- **Under the first stage Power will:**
  - Secure all required permits for the export of lithium concentrates - lithium chloride or lithium carbonate (with lithium concentration of 5% or higher) prior to project start-up.
  - Secure Environmental Impact Assessment (EIA) approval for production capacity of 3000 tons of LCE per year using HengLi's technology.
  - Secure 400 hectares of evaporation pond approvals within six months of project start.
  - Assist in the importation process for required chemicals and equipment for the project.
- **Under the first stage HengLi will:**
  - Achieve and fund the first phase of LCE production capacity, being production of 100 tons of LCE per year (where 100 tons of LCE per year equals approximately 400 tons of salt with 5% or higher lithium concentration in the form of lithium chloride or lithium carbonate).

On successfully completing the first stage of the Transaction Agreement, Power will hold a 70% interest in the Pular JV company and HengLi (or its subsidiary) will hold a 30% interest in the Pular JV company.

- **Under the second stage Power will:**
  - Ensure the precondition that more than 400 hectares of evaporation pond can be built for the Pular Project is met.
  - Assist in the importation process for the required chemicals and equipment for the project.
- **Under the second stage HengLi will:**
  - Make an investment of US\$5 million into the Pular JV company and deliver the second phase of LCE production capacity, being production of 1,000 tons of LCE per year (where 1,000 tons of LCE

per year equals approximately 4,000 tons of salt with 5% or higher lithium concentration in the form of lithium chloride or lithium carbonate).

On successfully completing the second stage of the Transaction Agreement, HengLi (or its subsidiary) will hold a 75% interest in the Pular JV company and Power will hold a 25% interest in the Pular JV company. Power may not be diluted below a 25% interest in the Pular JV company.

**“We are pleased to have successfully completed due diligence for the proposed joint venture for the Pular Project, and commend our partner HengLi for completing this process in such a timely manner. We are now in a position to move forward with HengLi to negotiate and execute the binding Transaction Agreement, under which the Project is proposed to be developed into a significant lithium producing operation.**

**We see HengLi’s lithium extraction technology and expertise as an ideal partner for us to maximise the commercial outcomes at the Pular Project. Under the proposed Transaction Agreement, HengLi will fully fund and manage development of the Project, with project funding to be provided at the project level which will avoid dilution for Power shareholders. HengLi will also purchase 100% of the lithium concentrate offtake produced at the Pular Project.”**

**Power Minerals Managing Director, Mena Habib**

### **HENG LI’s lithium extraction technology**

HENG LI has successfully deployed its lithium extraction technology in Qinghai and Tibet Provinces, China, producing 9,000 tons of lithium carbonate in aggregate per year since November 2021.

Its lithium enrichment and extraction technology has environmental advantages relative to membrane and adsorption technologies in that there is no waste discharge, and it operates under a closed extraction system utilising recycled water. It also has the potential to deliver cost, water and energy savings compared to DLE and evaporation methods for lithium extraction.

### **About the Pular Project**

The Pular Project is located on the Pular Salar in the northwest of Salta Province, in Argentina (Figure 1). It has a JORC Mineral Resource Estimate (MRE) of 173,000t Lithium Carbonate equivalent (LCE)<sup>1</sup>, which forms part of the Salta Project’s global JORC MRE of 714,872t LCE<sup>2</sup>

Power is focused on the accelerated development of the key assets within the Salta Project into potential, future lithium producing operations. Consistent with this goal, it has executed separate agreements for

<sup>1</sup> Pular Project has JORC Minerals Resource Measured 91,000t and Inferred 82,000t LCE, see ASX announcement 23 January 2019.

<sup>2</sup> Salta Project’s global JORC MRE includes 396,300t Measured, 86,900t Indicated & 43,500t Inferred LCE, see ASX announcement 2 November 2023.

each of the Rincon, Incahuasi and Pular projects within wider Salta Project area, which cover the Salta Project's total current JORC Mineral Resource base.

**Authorised for release by the Board of Power Minerals Limited.**

**- Ends -**

**For further information, please contact:**

Power Minerals Limited

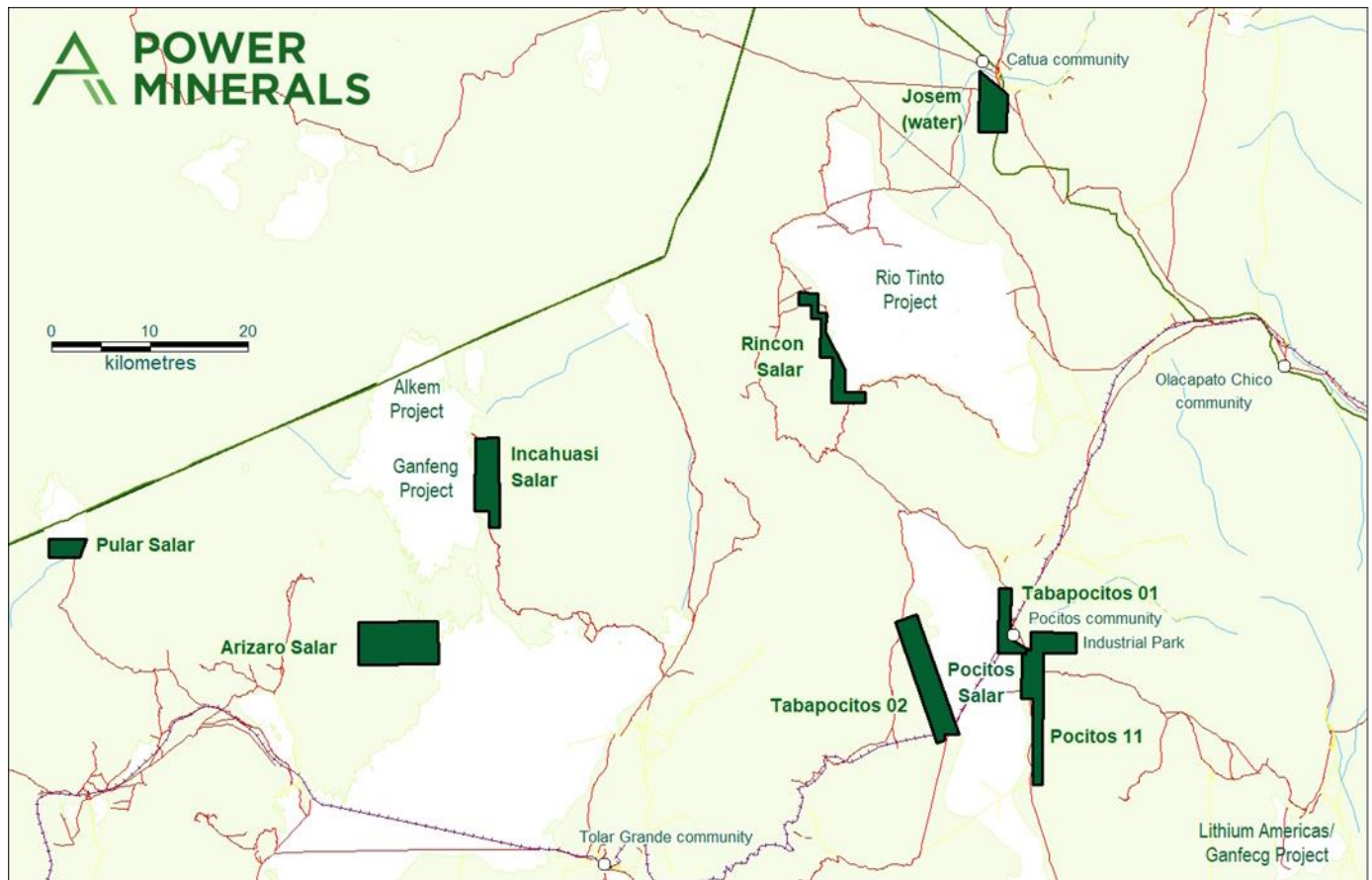
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#### **ABOUT POWER MINERALS LIMITED**

Power Minerals Limited is an ASX-listed exploration and development company. We are committed to the development of our lithium assets in Argentina into significant lithium producing operations, the exploration of our niobium prospective assets in Brazil and delivering value from our non-core Australian assets.



**Figure 1:** Salta Lithium Project location map, including the key Pular, Rincon and Incahuasi projects.

### Competent Persons Statement

The information in this document that relates to Salta Lithium Brine Project has been prepared with information compiled by Steven Cooper, FAusIMM (member 108265). Mr Steven Cooper is the Exploration Manager and is a full-time employee of the Company. Mr Steven Cooper has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Steven Cooper consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The Competent Person is not aware of any new information or data that materially affects the mineral resources information as reported in previous ASX announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant previous market announcements continue to apply and have not materially changed.