

ASX RELEASE

LPI.ASX

19 December 2023

SCHEME BOOKLET REGISTERED BY ASIC

Lithium Power International Limited ("LPI" or the "Company") refers to its previous announcement made on 18 December 2023 in relation to:

- the proposed scheme of arrangement pursuant to which a wholly-owned subsidiary of Corporación Nacional del Cobre de Chile ("Codelco"), Salar de Maricunga SpA, will acquire all of the shares in LPI ("Scheme"); and
- the orders made by the Federal Court of Australia that LPI convene a meeting of LPI shareholders to consider and vote on the proposed Scheme ("Scheme Meeting") and approving the despatch of an explanatory statement providing information about the Scheme, together with the Notice of Scheme Meeting (together, the "Scheme Booklet"), to LPI shareholders.

Scheme Booklet

LPI confirms that the Australian Securities and Investments Commission ("ASIC") has today registered the Scheme Booklet. A copy of the Scheme Booklet is attached to this announcement and will also be made available for viewing and downloading on LPI's website at www.lithiumpowerinternational.com.

The Scheme Booklet will be despatched to LPI shareholders by Thursday, 21 December 2023. For details of how you will receive your Scheme Booklet, please refer to the Company's previous announcement made on 18 December 2023.

LPI shareholders should carefully read the Scheme Booklet in its entirety, including the material accompanying it, before deciding whether to vote in favour of the Scheme. If, after reading the Scheme Booklet, you have any further questions about the Scheme or the Scheme Booklet, please contact the LPI Shareholder Information Line on 1300 527 403 (within Australia) or +61 2 9066 6158 (outside Australia) between 9.00am and 5.30pm (AEDT) Monday to Friday, excluding public holidays in Sydney.

Independent Expert's Report and Directors' recommendation

The Scheme Booklet includes a copy of the independent expert's report prepared by BDO Corporate Finance Ltd ("Independent Expert"), which concludes that the Scheme is fair and reasonable, and in the best interests of LPI shareholders, in the absence of a Superior Proposal (as defined in the Scheme Implementation Deed) for LPI. The Independent Expert's conclusion should be read in context with the full Independent Expert's report (which is included as Annexure E of the Scheme Booklet) and the Scheme Booklet.

The Directors of LPI continue to unanimously recommend that LPI shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI shareholders. Subject to those same qualifications, each of the Directors of LPI has confirmed that they intend to vote the LPI shares that they directly or indirectly own or control in favour of the Scheme.¹

Scheme Meeting

The Scheme Meeting, at which LPI shareholders will consider and vote on the proposed Scheme, will be held at **11.00am (AEDT) on Tuesday, 23 January 2024**, in person at:

Ashurst Australia, Level 11, 5 Martin Place Sydney, NSW 2000

and through an online platform at: <https://web.lumiagm.com/330428612>.

Details of how to access the online platform and participate in the Scheme Meeting online will be contained in the Scheme Notice of Meeting included in the Scheme Booklet and the Online Meeting Guide that is attached to the notice of meeting.

All registered LPI shareholders as at 11.00am (AEDT) on Sunday, 21 January 2024 will be eligible to vote at the Scheme Meeting.

-ENDS-

Authorised for release by the Board of Directors of Lithium Power International Limited.

¹ The Directors of LPI directly or indirectly own or control, in aggregate, 204,347,127 LPI shares, being 32.05% of the total LPI shares currently on issue.



LITHIUMPOWER
INTERNATIONAL LTD

LITHIUM POWER INTERNATIONAL LIMITED
ACN 607 260 328

SCHEME BOOKLET

IN RELATION TO A PROPOSAL FROM CORPORACIÓN NACIONAL DEL COBRE DE CHILE (**CODELCO**), THROUGH ITS WHOLLY-OWNED SUBSIDIARY SALAR DE MARICUNGA SPA, TO **ACQUIRE** ALL LPI SHARES BY WAY OF A RECOMMENDED SCHEME OF ARRANGEMENT BETWEEN LPI AND ITS SHAREHOLDERS.

YOUR LPI DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU

VOTE IN FAVOUR

OF THE SCHEME, IN THE ABSENCE OF A SUPERIOR PROPOSAL AND SUBJECT TO THE INDEPENDENT EXPERT CONTINUING TO CONCLUDE THAT THE SCHEME IS IN THE BEST INTERESTS OF LPI SHAREHOLDERS.

This is an important document and requires your immediate attention. You should read it in its entirety before deciding whether or not to vote in favour of the Scheme Resolution required to implement the Scheme. If you are in any doubt about what to do, you should consult your legal, financial, taxation or other professional adviser immediately.

If you have any questions about this Scheme Booklet or the Scheme, please contact the LPI Shareholder Information Line on 1300 527 403 (within Australia) or +61 2 9066 6158 (outside Australia) between 9.00 am and 5.30 pm (AEDT) Monday to Friday, excluding public holidays in Sydney.

Financial adviser to LPI:



Legal adviser to LPI:

Ashurst

Important Notices

GENERAL

This Scheme Booklet is important. LPI Shareholders should carefully read this Scheme Booklet in its entirety before deciding whether or not to vote in favour of the Scheme Resolution required to implement the Scheme.

NATURE AND PURPOSE OF THIS SCHEME BOOKLET

This Scheme Booklet includes the explanatory statement for the Scheme for the purposes of section 412(1) of the Corporations Act.

This Scheme Booklet explains the terms of the proposed acquisition of all of the Scheme Shares by Bidder Nominee (which is a wholly-owned Subsidiary of Codelco) by way of a scheme of arrangement between LPI and LPI Shareholders under Part 5.1 of the Corporations Act.

This Scheme Booklet also sets out the manner in which the Scheme will be considered and implemented (if all of the conditions to the Scheme are satisfied or (if permitted) waived) and provides such information as is prescribed by the Applicable Law or is otherwise material to the decision of LPI Shareholders whether to vote in favour of the Scheme.

This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act.

If you have sold all your LPI Shares, please disregard this Scheme Booklet.

RESPONSIBILITY FOR INFORMATION

LPI has prepared, and is responsible for, the LPI Material (and is not responsible for the Codelco Material). None of Codelco, Bidder Nominee, their Related Bodies Corporate or their respective directors, officers, employees and advisers have verified any LPI Material and none of them assume any responsibility for the accuracy or completeness of any LPI Material.

Codelco has prepared, and is responsible for, the Codelco Material (and is not responsible for the LPI Material). None of LPI, its Related Bodies Corporate, or their respective directors, officers, employees and advisers have verified any of the Codelco Material, and none of them assumes any responsibility for the accuracy or completeness of any of the Codelco Material.

The Independent Expert, BDO, has prepared the Independent

Expert's Report contained in Annexure E of this Scheme Booklet and takes responsibility for that report. None of LPI, Codelco, Bidder Nominee or their respective Related Bodies Corporate, or any of their respective directors, officers, employees or advisers assumes any responsibility for the Independent Expert's Report.

ASIC AND ASX

A copy of this Scheme Booklet has been provided to ASIC in accordance with section 411(2) of the Corporations Act and registered by ASIC under section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with section 411(2) of the Corporations Act.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. ASIC's policy in relation to statements under section 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Date. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire Scheme process. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

FORWARD LOOKING STATEMENTS AND INTENTIONS

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be in the nature of forward looking statements, including statements about intentions, beliefs and expectations, plans, strategies and objectives of LPI, Codelco and Bidder Nominee or their respective directors and management, the anticipated timing for and outcome and effects of the Scheme (including expected benefits to shareholders of LPI and Codelco), indications of and guidance on synergies, future earnings or financial position or performance, anticipated production or construction or development commencement dates, costs or production outputs, capital expenditure and future demand for lithium, expectations for the ongoing development and growth potential of Codelco and the future operations of LPI and Codelco. Forward looking statements (such as those above) are not based on historical facts, but rather

reflect the current views and expectations of LPI (or, in relation to the Codelco Material, Codelco) concerning future events and circumstances. Such statements (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. You should be aware that forward looking statements are only opinions and are subject to inherent risks and uncertainties, including (among other things) risks relating to funding requirements, lithium and other commodity prices, exploration, development and operating risks (including unexpected capital or operating cost increases), production risks, competition and market risks, regulatory restrictions (including environmental regulations and associated liability, changes in regulatory restrictions or regulatory policy and potential title disputes) and risks associated with general economic conditions.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. There can be no assurance that the Scheme will be implemented or that plans of the directors and management of LPI, Codelco and Bidder Nominee for the Codelco Group will proceed as currently expected or will ultimately be successful. You are strongly cautioned not to place undue reliance on forward looking statements, including in respect of the financial or operating outlook for LPI or Codelco.

None of LPI, Codelco, Bidder Nominee, or their respective officers, directors, employees or advisers or any person named in this Scheme Booklet or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement.

The historical performance of LPI and Codelco is no assurance of their future financial performance. None of LPI, Codelco, Bidder Nominee and their respective officers, directors, or employees and advisers give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements and information in this Scheme Booklet will actually occur.

Any forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, LPI, Codelco and Bidder Nominee and their respective officers, directors, employees and advisers, disclaim any obligation or undertaking to provide any additional or updated information or to update any forward looking information

after the date of this Scheme Booklet, whether as a result of new information, future events or results, or otherwise. Nothing in this Scheme Booklet will, under any circumstance (including by reasons of this Scheme Booklet remaining available and not being superseded or replaced by a supplementary Scheme Booklet or any announcement, presentation or publication with respect to LPI, Codelco, or Bidder Nominee or the subject matter of this Scheme Booklet), create an implication that there has been no change in the affairs of LPI or Codelco since the date of this Scheme Booklet.

NOT INVESTMENT ADVICE

The information contained in this Scheme Booklet does not contain or constitute financial product advice and does not take into account the investment objectives, financial situation, taxation position or particular needs of any individual LPI Shareholder or any other person. Before making any decision (including a decision in relation to the Scheme or in relation to LPI generally), you should consider, with or without the assistance of an independent securities or other adviser, whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances.

FOREIGN JURISDICTIONS

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. LPI disclaims all liabilities to such persons.

LPI Shareholders who are resident outside of Australia, or who are nominees, trustees or custodians for beneficial holders resident outside Australia, are encouraged to seek independent advice as to how they should proceed (including specific taxation advice in relation to the Australian and overseas tax implications of their participation in the Scheme).

This Scheme Booklet has been prepared in accordance with Australian law and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of jurisdictions other than Australia. No action has been taken to register or qualify this Scheme Booklet or any aspect of the Scheme in any jurisdiction outside Australia.

Important Notices

...continued

IMPORTANT NOTICE ASSOCIATED WITH COURT ORDER

The fact that, under section 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened, and has approved the Scheme Booklet required to accompany the Notice of Scheme Meeting, does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how LPI Shareholders should vote (on this matter, members must reach their own decision); or
- has prepared, or is responsible for the content of, the Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

NOTICE OF SCHEME MEETING

The Notice of Scheme Meeting is set out in Annexure D of this Scheme Booklet.

NOTICE OF SECOND COURT HEARING

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the votes at the Scheme Meeting.

Any LPI Shareholder may appear at the Second Court Hearing, which is expected to be held at 10.15 am (AEDT) on Tuesday, 6 February 2024 at the Federal Court of Australia (Sydney Registry) (Law Courts Building, 184 Phillip St, Queens Square, Sydney NSW 2000).

Any LPI Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on LPI a notice of appearance in the prescribed form, together with any affidavit on which the LPI Shareholder proposes to rely.

TAX IMPLICATIONS OF THE SCHEME

If the Scheme becomes Effective and is implemented, there will be tax consequences for Scheme Shareholders which may include tax being payable on any gain on disposal of LPI Shares. For further detail about the general Australian tax consequences of the Scheme, refer to section 8 of this Scheme Booklet.

The tax treatment may vary depending on the nature and characteristics of each LPI Shareholder and their specific circumstances. Accordingly, LPI Shareholders should seek professional tax advice in relation to their particular circumstances.

PRIVACY

LPI, Codelco and Bidder Nominee may need to collect personal information in connection with the Scheme.

The personal information may include the names, contact details and details of holdings of LPI Shareholders, together with contact details of individuals appointed as proxies, attorneys or corporate representatives for the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist LPI and Codelco and Bidder Nominee to conduct the Scheme Meeting and implement the Scheme.

The information may be disclosed to LPI, Codelco, Bidder Nominee and their respective Related Bodies Corporate and advisers, print and mail service providers, share registries, securities brokers and any other service provider to the extent necessary to effect the Scheme.

LPI Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them. LPI Shareholders may contact the Share Registry if they wish to exercise these rights.

If the information outlined above is not collected, LPI may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme. LPI Shareholders who appoint an individual as their proxy, attorney or corporate representative to vote at the applicable Scheme Meeting should inform that individual of the matters outlined above.

EXTERNAL WEBSITES

Unless expressly stated otherwise, the content of LPI's website and Codelco's website do not form part of this Scheme Booklet and LPI Shareholders should not rely on any such content.

INTERPRETATION

Capitalised terms used in this Scheme Booklet are defined in the Glossary in section 10 of this Scheme Booklet, or otherwise in the sections in which they are used. Section 10 of this Scheme Booklet also sets out rules of interpretation which apply to this Scheme Booklet. Some of the documents reproduced in the Annexures to this Scheme Booklet have their own defined terms, which are sometimes different from those in the Glossary.

CHARTS AND DIAGRAMS

Any diagrams, charts, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in diagrams, charts, graphs and tables is based on information available at the date of this Scheme Booklet. All numbers are rounded, unless otherwise indicated.

EFFECT OF ROUNDING

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculation of figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Scheme Booklet. Any discrepancies between totals in tables or financial information, or in calculations, graphs or charts are due to rounding.

FINANCIAL AMOUNTS AND EXCHANGE

The financial amounts in this Scheme Booklet are expressed in Australian dollars (AUD), unless otherwise stated. The financial information in this Scheme Booklet is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

TIMES AND DATES

All times referred to in this Scheme Booklet are references to times in Australian Eastern Daylight Time (**AEDT**), unless otherwise stated.

All dates following the Scheme Meeting referred to in this Scheme Booklet are indicative only and, among other things, are subject to the satisfaction or (if permitted) waiver of the Conditions Precedent to the Scheme.

LPI COMPETENT PERSONS STATEMENT

See section 9.10 for the LPI Competent Persons Statements and other disclosures required under the ASX Listing Rules in respect of all Mineral Resource and Ore Reserve data contained in this Scheme Booklet.

DATE OF THIS SCHEME BOOKLET

This Scheme Booklet is dated 19 December 2023.



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Letter from the Chairman of Lithium Power International

Dear LPI Shareholders,

On behalf of the entire LPI Board, I am pleased to provide you with this Scheme Booklet which contains important information in relation to the proposed acquisition of LPI by Codelco, a Chilean State-owned company and the world's largest copper producer.

The proposed acquisition will be considered by LPI Shareholders at the upcoming Scheme Meeting, to be held at 11.00 am (AEDT) on 23 January 2024. This Scheme Booklet will assist you in making an informed decision about how to vote and contains important information, including the reasons to vote in favour of, or against, the Scheme (refer to section 1) and certain risks related to the Scheme (refer to section 7).

Your vote is important and I urge you to read this Scheme Booklet (including the Independent Expert's Report in Annexure E) in its entirety.

BACKGROUND

On 28 September 2023, LPI confirmed it was in preliminary discussions with Codelco in relation to a potential transaction and that LPI had granted Codelco due diligence access.

On 18 October 2023, LPI announced that it had entered into a binding Scheme Implementation Deed with Codelco under which it is agreed that Codelco (or a wholly-owned Subsidiary of Codelco), will acquire all of the shares in LPI by way of a scheme of arrangement for A\$0.57 cash per LPI Share (**Scheme Consideration**).

If the Scheme is approved and implemented, each LPI Shareholder will receive A\$0.57 cash for each LPI Share held as at the Scheme Record Date. The Scheme is subject to certain customary conditions, including approval by LPI Shareholders and the Federal Court of Australia, and approval from the Foreign Investment Review Board, which are summarised in section 3.5 and in Annexure A.

LPI BOARD UNANIMOUSLY RECOMMENDS THE SCHEME

The LPI Board unanimously recommends that LPI Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI Shareholders (see below in relation to the Independent Expert's opinion). Subject to those same qualifications, each LPI Director will vote, or procure the voting of, all LPI Shares held or controlled by them in favour of the Scheme, which in aggregate represents 32.05% of LPI's total issued share capital, as described further below¹.

¹ In relation to the unanimous recommendation of your LPI Directors, LPI Shareholders should note:

- irrespective of whether the Scheme becomes Effective, each of your LPI Directors will be entitled to be paid certain bonus payments, details of which are described in section 9.3(b)(iii). The aggregate amount of the bonus payments to be paid to all LPI Directors is \$1,750,000 (GST exclusive);
- each LPI Director is a shareholder of LPI. In particular, LPI's largest shareholder, Minera Salar Blanco SpA, is an entity controlled by LPI Director, Mr Martin Borda. Minera Salar Blanco SpA holds 177,783,334 LPI Shares (27.88% of the total issued capital of LPI as at the Last Practicable Date);
- each of your LPI Directors (except Mr Martin Borda, who does not hold any LPI Unlisted Securities) will be entitled to receive payments in relation to the LPI Unlisted Securities held by them, details of which are described in section 9.3(b)(i); and
- if the Scheme is implemented, LPI will pay LPI's Managing Director, Mr Cristobal Garcia-Huidobro, a bonus for the successful change of control of LPI in the amount of A\$433,040, in accordance with a resolution of the board of MSB S.A. (now a wholly-owned Subsidiary of LPI). For more information in relation to the change of control bonus, see section 9.3(b)(ii).

Each of your LPI Directors has concluded that, despite these arrangements, it is appropriate to make a recommendation in relation to the Scheme. These arrangements are disclosed in this Scheme Booklet to allow LPI Shareholders to consider your LPI Directors' unanimous recommendation (that LPI Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI Shareholders), with the full context of the LPI Directors' interests in connection with the Scheme.

Letter from the Chairman of Lithium Power International

...continued

The decision of LPI Directors to unanimously recommend the Scheme follows the running of a broad strategic process, which included the assessment of potential financing and/or change of control transactions in relation to the Maricunga Project, and a comprehensive assessment by LPI of the potential benefits and risks of the Scheme. Your LPI Directors consider that the opportunity to immediately realise value for cash offered by the Scheme has the potential to deliver greater benefits to LPI Shareholders than any other alternative currently available, including the standalone financing and development of the Maricunga Project which could be difficult to obtain due to the uncertainty created by the National Lithium Policy for project financiers.

REASONS TO VOTE IN FAVOUR OF THE SCHEME

In reaching its recommendation, the LPI Directors had regard to a range of factors including:

- the Scheme Consideration of A\$0.57 cash per LPI Share represents a significant premium of:
 - 119% to the undisturbed closing share price of A\$0.26 per LPI share on the Undisturbed Date;
 - 136% to the undisturbed 30-day VWAP of A\$0.242 per LPI share up to, and including, the Undisturbed Date; and
 - 6% to LPI's closing share price of A\$0.54 per LPI Share on 15 December 2023, being the Last Practicable Date;²
- the Scheme Consideration provides LPI Shareholders with certainty of value and the opportunity to realise their investment for cash, and will avoid any ongoing risks and uncertainties involved in LPI's operations and future developments, the dilutive impact of raising additional equity capital and uncertainties relating to any potential future battery grade lithium carbonate price fall;
- the Independent Expert has concluded that the Scheme is in the best interests of Scheme Shareholders on the basis that it is both fair and reasonable, in the absence of a Superior Proposal;
- LPI Shares will continue to be subject to market volatility and are likely to trade at a lower price if the Scheme is not implemented and no Superior Proposal emerges;
- development of the Maricunga Project would require significant capital which LPI currently does not have;
- since the Scheme was announced on 18 October 2023, no Superior Proposal has emerged; and
- you will not incur any brokerage charges on the transfer of your LPI Shares if the Scheme proceeds.

POTENTIAL DISADVANTAGES OF THE SCHEME

In forming their unanimous decision to recommend the Scheme to LPI Shareholders, subject to the qualifications described above, the LPI Board considered the potential disadvantages of the Scheme proceeding.

In particular:

- you may disagree with your LPI Directors' unanimous recommendation and/or the Independent Expert's conclusion;
- you may prefer to participate in the future financial performance of the LPI business on a standalone basis or otherwise;
- you may believe it is in your best interest to maintain your current investment and risk profile;
- you may consider there is potential for a Superior Proposal for LPI to emerge in the future, if LPI were to continue as a standalone entity. As at the date of this Scheme Booklet, the LPI Board is not aware of any Superior Proposal and has no basis to believe that a Superior Proposal is likely to emerge; and
- the tax consequences of the Scheme may not suit your current financial position or tax circumstances.

INDEPENDENT EXPERT'S OPINION

LPI has appointed BDO as the Independent Expert to opine on whether the Scheme is in the best interests of LPI Shareholders. Behre Dolbear has been appointed as the Independent Technical Expert to prepare the Independent Technical Expert's Report contained in the Independent Expert's Report, with the scope of work to be performed by Behre Dolbear determined by BDO.

A complete copy of the Independent Expert's Report, along with the Independent Technical Expert's Report, is attached at Annexure E to this Scheme Booklet. You are encouraged to read the Independent Expert's Report in its entirety.

In the Independent Expert's Report, the Independent Expert concluded that the Scheme Consideration is fair and reasonable, and in the best interests of Scheme Shareholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the value of an LPI Share on a controlling interest basis to be in the range of A\$0.30 to A\$0.68. The Scheme Consideration of A\$0.57 per LPI Share is in the upper half, and exceeds the valuation mid-point of A\$0.49, of this range.

² Refer to sections 1.2(b) and 1.2(c) for more information.

In coming to its conclusion, the Independent Expert gave regard to the following factors (among others):

- the Scheme provides certainty as to value;
- the Scheme provides Scheme Shareholders with a significant premium to traded prices prior to the Undisturbed Date;
- the prospect of a superior alternative proposal emerging is considered unlikely but cannot be discounted entirely; and
- there is the potential for the price of an LPI Share to fall from current levels in the absence of the Scheme or an alternative Superior Proposal.

SHAREHOLDER AND DIRECTOR COMMITMENTS TO THE SCHEME

As announced to ASX on 18 October 2023, LPI's largest shareholder, Minera Salar Blanco SpA (**MSB SpA**) (an entity controlled by LPI Director, Mr Martin Borda), and each of your LPI Directors, has confirmed to LPI that they intend to vote all of the LPI Shares that they directly or indirectly own or control at the time of the Scheme Meeting in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI Shareholders.

MSB SpA holds 177,783,334 LPI Shares (27.88% of the total issued share capital of LPI as at the Last Practicable Date).

Your LPI Directors directly or indirectly own or control, in aggregate, an additional 26,563,793 LPI Shares (excluding Mr Martin Borda's holding through MSB SpA), being an additional 4.17% of the total issued share capital of LPI as at the Last Practicable Date.

The support of MSB SpA (and your LPI Directors) is an endorsement for the Scheme and LPI believes it will contribute meaningfully to the votes required to approve the Scheme at the Scheme Meeting. However, as is set out in section 1.3 above and despite the views of LPI Shareholders, there are a number of reasons why an individual LPI Shareholder may decide not to vote in favour of the Scheme.

RISK FACTORS

The LPI Board considers that it is appropriate for LPI Shareholders, in considering the Scheme, to be aware that there are a number of risk factors which could materially adversely affect the future operating and financial performance of LPI and the value of LPI Shares. These risk factors are set out in detail in section 7. If the Scheme proceeds, LPI Shareholders will receive the Scheme Consideration and, from implementation of the Scheme, will cease to be LPI Shareholders and will no longer be exposed to these risks. If the Scheme does not proceed, the LPI Board would maintain the current focus on developing the Maricunga Project, however, note that LPI Shareholders will be exposed to the risks and challenges of delivering future growth opportunities over the long term.

NEXT STEPS

Implementation of the Scheme is subject to (among other things) approval by LPI Shareholders at the Scheme Meeting to be held at 11.00 am (AEDT) on 23 January 2024 and by the Federal Court of Australia.

For the Scheme to be implemented, it must be approved at the Scheme Meeting by:

- more than 50% of eligible LPI Shareholders present and voting at the Scheme Meeting (unless the Court orders otherwise); and
- at least 75% of the total number of votes cast on the Scheme Resolution by eligible LPI Shareholders.

Your vote is important in determining whether or not the Scheme proceeds. You may vote on the Scheme Resolution by attending the Scheme Meeting in person or online, or by appointing a proxy, attorney or corporate representative to attend the Scheme Meeting and vote on your behalf. If you do not wish to or are unable to attend the Scheme Meeting in person or online, I encourage you to vote on the Scheme Resolution by completing the personalised proxy form accompanying this Scheme Booklet and returning it to the Share Registry so that it is received no later than 11.00 am (AEDT) Sunday, 21 January 2024.

Please refer to section 4 and the Notice of Scheme Meeting at Annexure D for more instructions on how to attend the Scheme Meeting and how to cast your vote.



Letter from the Chairman of Lithium Power International

...continued

FURTHER INFORMATION

I would again encourage you to read this Scheme Booklet carefully and in its entirety as it will assist you in making an informed decision on how to vote. If required, I would also encourage you to seek independent financial, legal and taxation advice before making any investment decision in relation to your LPI Shares.

If you require any further information, please contact the LPI Shareholder Information Line on 1300 527 403 (within Australia) or +61 2 9066 6158 (outside Australia) between 9.00 am and 5.30 pm (AEDT) Monday to Friday, excluding public holidays in Sydney.

On behalf of the LPI Board, I would like to thank you for your continued support of LPI. I look forward to your participation in the Scheme Meeting and encourage you to vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of LPI Shareholders.

Yours sincerely,



David R Hannon
Chairman
Lithium Power International Limited

Important Dates and Expected Timetable for the Scheme

Date of this Scheme Booklet	19 December 2023
First Court Hearing at which the Court made orders convening the Scheme Meeting	10.15 am (AEDT) Monday, 18 December 2023
Latest time for receipt of completed proxy forms for Scheme Meeting (including proxy forms lodged online)	11.00 am (AEDT) Sunday, 21 January 2024
Time for determining eligibility to vote at Scheme Meeting	11.00 am (AEDT) Sunday, 21 January 2024
Scheme Meeting	11.00 am (AEDT) Tuesday, 23 January 2024
If the Scheme Resolution is passed by LPI Shareholders	
Second Court Date for approval of the Scheme	10.15 am (AEDT) Tuesday, 6 February 2024
Effective Date Scheme Order lodged with ASIC and lodgement is announced on ASX Last day of trading in LPI Shares on ASX (with LPI Shares suspended from trading on ASX from close of trading)	Wednesday, 7 February 2024
Scheme Record Date for determining entitlements to Scheme Consideration	5.00 pm (AEDT) Friday, 9 February 2024
Implementation Date Payment of the Scheme Consideration All Scheme Shares transferred to Bidder Nominee	Friday, 16 February 2024

All times and dates in the above timetable are references to Australian Eastern Daylight Time (AEDT) and dates in Sydney, Australia (unless stated otherwise). All dates following the date of the Scheme Meeting are indicative only and, among other things, are subject to all necessary approvals from the Court and any other conditions to the Scheme having been satisfied or, if applicable, waived. LPI reserves the right to vary the times and dates set out above. Any changes to the above timetable will be announced on ASX and notified on LPI's website at www.lithiumpowerinternational.com.

For personal use only

Section 1

Considerations

Relevant to Your Vote

1.1 SUMMARY

Set out below are some of the reasons why:

- (a) your LPI Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI Shareholders³; and
- (b) notwithstanding the unanimous recommendation of your LPI Directors, you may decide to vote against the Scheme.

You should read the entire Scheme Booklet before deciding whether to vote in favour of the Scheme. There are answers to questions you might have in section 2.

If you have any additional questions about this Scheme Booklet or the Scheme, please contact the LPI Shareholder Information Line on 1300 527 403 (within Australia) or +61 2 9066 6158 (outside Australia) between 9.00 am and 5.30 pm (AEDT) Monday to Friday, excluding public holidays in Sydney.

REASONS TO VOTE IN FAVOUR OF THE SCHEME

- ✓ Your LPI Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of LPI Shareholders⁴
- ✓ The Scheme Consideration of A\$0.57 cash per LPI Share represents a significant premium for your LPI Shares
- ✓ The Independent Expert has concluded that the Scheme is fair and reasonable, and in the best interests of Scheme Shareholders, in the absence of a Superior Proposal
- ✓ LPI Shares are likely to trade at a lower price if the Scheme is not implemented and no Superior Proposal emerges, in the absence of favourable market conditions
- ✓ The Scheme Consideration provides LPI Shareholders with certainty of value and the opportunity to realise their investment for cash, and will avoid any ongoing risks and uncertainties involved in LPI's operations and future developments
- ✓ Development of the Maricunga Project would require significant capital which LPI currently does not have
- ✓ You will not incur any brokerage charges on the transfer of LPI Shares if the Scheme proceeds
- ✓ No Superior Proposal has emerged since the Announcement Date

These reasons are discussed in more detail in section 1.2 of this Scheme Booklet.

³ In relation to the unanimous recommendation of your LPI Directors, LPI Shareholders should note the benefits your LPI Directors will receive, as described in footnote 1.

⁴ In relation to the unanimous recommendation of your LPI Directors, LPI Shareholders should note the benefits your LPI Directors will receive, as described in footnote 1.

Section 1 Considerations Relevant to Your Vote

REASONS WHY YOU MAY CHOOSE TO VOTE AGAINST THE SCHEME

- ✗ You may disagree with your LPI Directors' unanimous recommendation and/or the Independent Expert's conclusion
- ✗ You may prefer to participate in the future financial performance of the LPI business on a standalone basis or otherwise
- ✗ You may believe it is in your best interests to maintain your current investment and risk profile
- ✗ You may consider there is potential for a Superior Proposal for LPI to emerge in the future, if LPI were to continue as a standalone entity
- ✗ The tax consequences of the Scheme may not suit your current financial position or tax circumstances

These reasons are discussed in more detail in section 1.3 of this Scheme Booklet and, in relation to the possible sale of your LPI Share on market, in section 1.4(h).

1.2 REASONS TO VOTE IN FAVOUR OF THE SCHEME

(a) Your LPI Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI Shareholders

In reaching their unanimous recommendation, your LPI Directors have assessed the Scheme having regard to the reasons to vote in favour of, or against, the Scheme, as set out in this Scheme Booklet. Your LPI Directors ran a broad strategic process in relation to the Maricunga Project, which included the assessment of potential financing and / or change of control transactions.

The LPI Directors believe the Scheme Consideration proposed under the Scheme is attractive, and fairly recognises the value of the Maricunga Project at its current stage of development. In addition, the Scheme provides certain cash proceeds in the near term which may not be achieved if the Scheme does not proceed.

In relation to the unanimous recommendation of your LPI Directors, LPI Shareholders should note:

- irrespective of whether the Scheme becomes Effective, each of your LPI Directors will be entitled to be paid certain bonus payments, details of which are described in section 9.3(b)(iii). The aggregate amount of the bonus payments to be paid to all LPI Directors is A\$1,750,000 (GST exclusive);
- each LPI Director is a shareholder of LPI. In particular, LPI's largest shareholder, MSB SpA, is an entity controlled by LPI Director, Mr Martin Borda. MSB SpA holds 177,783,334 LPI Shares (27.88% of the total issued capital of LPI as at the Last Practicable Date);
- each of your LPI Directors (except Mr Martin Borda, who does not hold any LPI Unlisted Securities) will be entitled to receive payments in relation to the LPI Unlisted Securities held by them, details of which are described in section 9.3(b)(i); and
- if the Scheme is implemented, LPI will pay LPI's Managing Director, Mr Cristobal Garcia-Huidobro, a bonus for the successful change of control of LPI in the amount of A\$433,040, in accordance with a resolution of the board of MSB S.A. (now a wholly-owned Subsidiary of LPI). For more information in relation to the change of control bonus, see section 9.3(b)(ii).

Each of your LPI Directors has concluded that, despite these arrangements, it is appropriate to make a recommendation in relation to the Scheme. These arrangements are disclosed in this Scheme Booklet to allow LPI Shareholders to consider your LPI Directors' unanimous recommendation (that LPI Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI Shareholders), with the full context of the LPI Directors' interests in connection with the Scheme.

As at the date of this Scheme Booklet, the LPI Board is not aware of any Superior Proposal and has no basis to believe that a Superior Proposal is likely to emerge. The Scheme Implementation Deed, entered into with Codelco, permits LPI to engage with any party that offers a Superior Proposal, subject to customary exclusivity obligations on LPI, including no shop, no talk and no due diligence restrictions. LPI is also bound by other customary provisions including a matching right in the event of a Competing Proposal. A summary of the key terms of the Scheme Implementation Deed are provided in Annexure A of this Scheme Booklet.

In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI Shareholders, each of your LPI Directors intends to vote all LPI Shares held or controlled by them in favour of the Scheme. Your LPI Directors' interests in LPI Shares are set out in section 9.1.

(b) The Scheme Consideration of A\$0.57 cash per LPI Share represents a significant premium to the undisturbed price of LPI Shares

Under the terms of the Scheme, subject to the Scheme becoming Effective, LPI Shareholders who are registered as such on the Scheme Record Date will receive a cash payment of A\$0.57 for each LPI Share held on the Scheme Record Date.

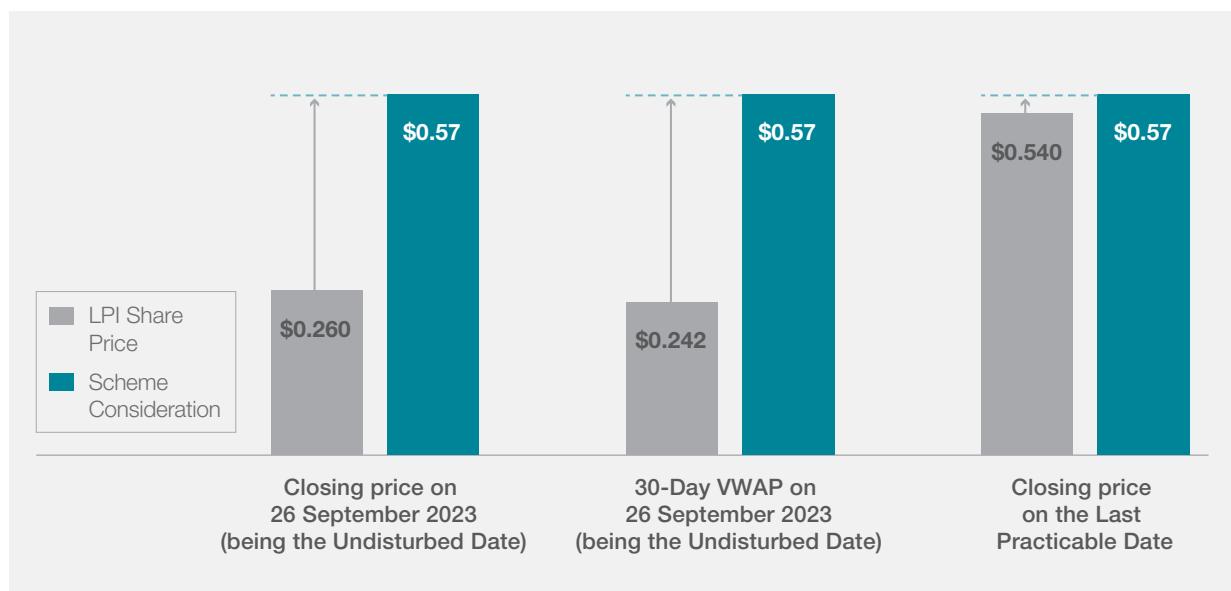
The Scheme Consideration of A\$0.57 per LPI Share represents a significant premium of:

- 119% to the undisturbed closing share price of A\$0.26 per LPI share on the Undisturbed Date;
- 136% to the undisturbed 30-day VWAP of A\$0.242 per LPI share up to, and including, the Undisturbed Date; and
- 6% to LPI's closing share price of A\$0.54 per LPI Share on 15 December 2023, the Last Practicable Date.

If the Scheme is not implemented and no Superior Proposal emerges, it is possible the price of LPI Shares may fall from current levels. As at the date of this Scheme Booklet, the LPI Board is not aware of any Superior Proposal, and has no basis to believe that a Superior Proposal is likely to emerge.

Until the Effective Date (currently expected to be Wednesday, 7 February 2024), LPI Shareholders may be able to sell their LPI Shares on market at the then prevailing market price (which could include prices below, at or above the Scheme Consideration). LPI Shareholders who sell LPI Shares on market may be required to pay brokerage, and different tax consequences may apply compared to those that would arise if they retained their LPI Shares until the Scheme is implemented.

FIGURE 1: SCHEME CONSIDERATION PREMIA (A\$)



Source: IRESS. Market data as at 15 December 2023.

(c) The Independent Expert has concluded that the Scheme is fair and reasonable, and in the best interests of Scheme Shareholders, in the absence of a Superior Proposal

LPI has appointed BDO as the Independent Expert to opine on whether the Scheme is in the best interests of LPI Shareholders within an Independent Expert's Report. Behre Dolbear has been appointed as the Independent Technical Expert to prepare the Independent Technical Expert's Report contained in the Independent Expert's Report, with the scope of work to be performed by Behre Dolbear determined by BDO.

The Independent Expert has concluded that the Scheme is fair and reasonable, and in the best interests of Scheme Shareholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the value of an LPI Share on a controlling interest basis to be in the range of A\$0.30 to A\$0.68. The Scheme Consideration of A\$0.57 per LPI Share is in the upper half, and exceeds the valuation mid-point of A\$0.49, of this range.

The reasons why the Independent Expert reached its conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure E of this Scheme Booklet. Your LPI Directors encourage you to read the Independent Expert's Report in its entirety.

Section 1

Considerations Relevant to Your Vote

(d) LPI Shares are likely to trade at a lower price if the Scheme is not implemented and no Superior Proposal emerges, in the absence of favourable market conditions

If the Scheme is not implemented, LPI Shares will continue to trade on the ASX and will continue to be subject to market volatility. This includes exposure to general securities market movements, the impact of general economic conditions, the impact of commodity prices and the demand for listed securities.⁵

The price at which LPI Shares have traded in the market since the Undisturbed Date has, in the opinion of LPI Directors, been predicated on the announcement / implementation of a control transaction in relation to LPI.

As such, your LPI Directors caution that if the Scheme is not approved and no Superior Proposal emerges, LPI Shares may trade below the current trading levels (and the implied value of the Scheme Consideration). Refer to the charts contained in Figures 3 and 4 showing the share price trends of LPI's ASX and TSXV-listed lithium peer companies with lithium brine resources before and after the announcement of preliminary discussions between LPI and Codelco.

Over the six months prior to the announcement of preliminary discussions between LPI and Codelco on 28 September 2023, LPI Shares traded between a low of A\$0.225 per LPI Share on 21 September 2023 and a high of A\$0.41 per LPI Share on 20 April 2023, 12 May 2023 and 15 May 2023. On 26 September 2023, the last Trading Day prior to the announcement of discussions between LPI and Codelco, LPI shares closed at A\$0.26 per LPI Share.

The graph below shows the share price performance of LPI Shares over the 6 months prior to the Last Practicable Date, relative to the Scheme Consideration of A\$0.57.

FIGURE 2: LPI'S TRADING PERFORMANCE IN SIX MONTHS PRIOR TO THE LAST PRACTICABLE DATE



Source: IRESS. Market data as at 15 December 2023.

The charts below show the share price performance of LPI Shares and peer ASX and TSXV-listed companies with lithium brine Mineral Resources as their primary asset. The chart in Figure 3 shows LPI's share price performance and peer group for the 12 month period up to the Undisturbed Date and the chart in Figure 4 shows share price performance for the same companies from the Undisturbed Date to 15 December 2023.

⁵ Refer to sections 7.1 and 7.4 for more information regarding the general risks that are associated with an investment in LPI and the risks and implications for LPI and LPI Shareholders if the Scheme is not implemented.

FIGURE 3: LPI'S TRADING PERFORMANCE AGAINST ASX AND TSXV-LISTED PEERS WITH LITHIUM BRINE RESOURCES IN THE 12 MONTHS PRIOR TO THE UNDISTURBED DATE

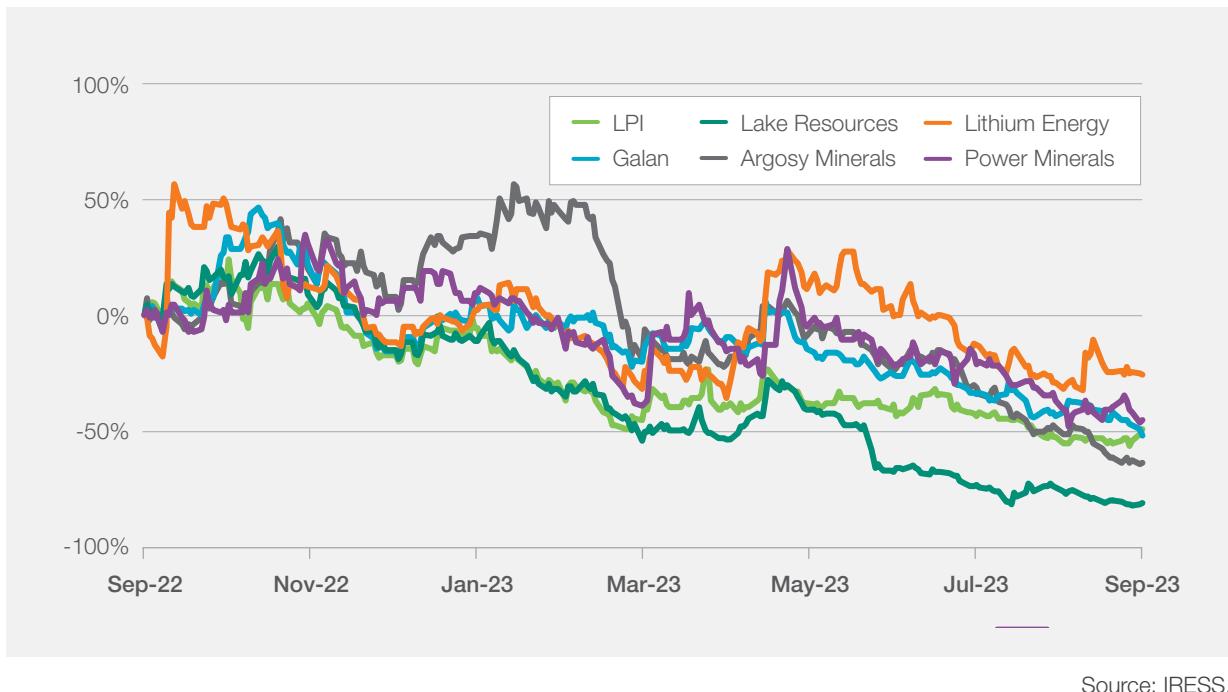
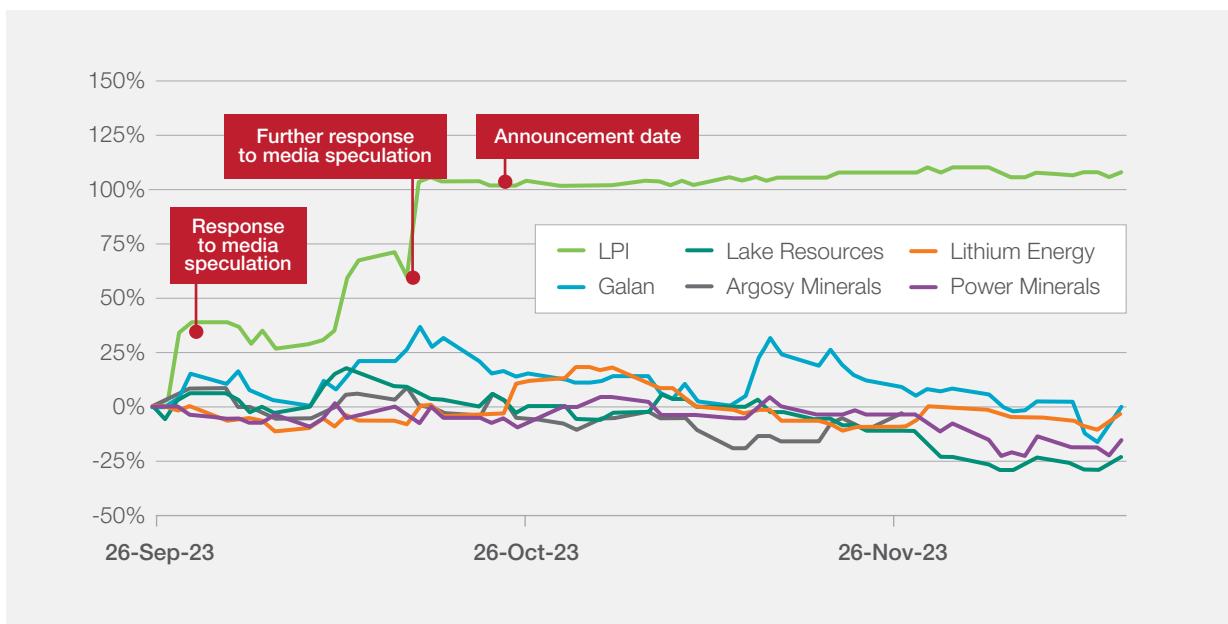


FIGURE 4: LPI'S TRADING PERFORMANCE AGAINST ASX AND TSXV-LISTED PEERS WITH LITHIUM BRINE RESOURCES POST-UNDISTURBED DATE



Further, there has been an observable decrease in benchmark lithium prices and subsequent impact to valuations of companies operating within the sector. The Lithium Carbonate 99.5% min FOB South America price has decreased ~80% since its high in November 2022.⁶ Your LPI Directors are unable to predict the price at which LPI Shares will trade in the future but if the Scheme is not implemented and no Superior Proposal emerges, the LPI Share price is likely to return to the trading prices observed prior to the Undisturbed Date, in the absence of favourable market conditions.

6 Source: Asian Metals as at 15 December 2023.

Section 1 Considerations Relevant to Your Vote

(e) The Scheme Consideration provides LPI Shareholders with certainty of value and the opportunity to realise their investment for cash, and will avoid any ongoing risks and uncertainties involved in LPI's operations and future developments

The Scheme Consideration of A\$0.57 in cash per LPI Share provides LPI Shareholders with certainty of value for their LPI Shares. The certainty of the all-cash Scheme Consideration should be compared with the risks and uncertainties associated with remaining a shareholder in LPI.

When considering the merits of the proposed Scheme, your LPI Directors gave significant consideration to some key risks facing LPI (and LPI Shareholders) if the Scheme is not implemented, including:

- the development risk under a "go it alone" LPI scenario, particularly the significant risks associated with:
 - successfully funding, constructing and commissioning the Maricunga Project given the uncertainty created by the National Lithium Policy for project financiers and the increasing difficulty of obtaining funding for the Maricunga Project;
 - escalating operating or capital costs; and
 - the National Lithium Policy and any potential future changes in the Chilean political, regulatory or fiscal framework;
- development risk is particularly enhanced for single asset, development stage companies, such as LPI;
- any potential future battery grade lithium carbonate price fall, which may significantly impact future LPI revenues and cash flows;
- the dilutive impact of raising additional equity capital, which may be required to develop the Maricunga Project; and
- the general risks associated with an ASX-listed lithium development company with an offshore project.

Some of these risks are explained in more detail in section 7. The Scheme, if implemented, is expected to remove these risks associated with an investment in LPI. LPI Shareholders should also have regard to the recent trading history of LPI Shares, as discussed in section 1.2(d) above.

If the Scheme is not implemented, the value that LPI Shareholders will be able to realise from their investment in LPI, through future share price performance and dividends, will necessarily be uncertain and subject to these ongoing risks.

(f) Development of the Maricunga Project would require significant capital which LPI currently does not have

LPI currently does not have the capital to fully develop the Maricunga Project and would require significant funding to develop the Maricunga Project.

As disclosed in the DFS released in January 2022, an estimated US\$626 million would be required to fund total development capital expenditure (including contingencies) at the Maricunga Project. Any additional equity funding may be dilutive to LPI Shareholders and may be undertaken at lower prices than the current market price or implied value of the Scheme Consideration. Whilst progress has been made to attain future development funding, no assurances can be given that appropriate capital or funding, if and when needed, will be available on terms favourable to LPI or at all, particularly in light of the uncertainty created by the National Lithium Policy for project financiers and the increasing difficulty of obtaining funding for the Maricunga Project. Should the Scheme not proceed, LPI will evaluate its working capital requirements to determine an appropriate level of funding to ensure it can advance the project.

(g) You will not incur any brokerage charges on the transfer of LPI Shares if the Scheme proceeds

If the Scheme is implemented, LPI Shareholders will not incur brokerage charges on the transfer of their LPI Shares to Bidder Nominee under the Scheme. LPI Shareholders may incur such charges if they dispose of their LPI Shares in a manner other than that contemplated by the Scheme.

(h) No Superior Proposal has emerged since the Announcement Date

Since the Announcement Date and up to the Last Practicable Date, no Superior Proposal has emerged and your LPI Directors are not aware of, and have not received, any proposal or any approach from any person which they expect is likely to lead to a Superior Proposal.

If a Competing Proposal is received prior to the Scheme Meeting, your LPI Directors will carefully consider the proposal to determine whether it is a Superior Proposal, subject to the terms of the Scheme Implementation Deed.

Your LPI Directors will keep you informed if a Superior Proposal emerges before the Scheme Meeting and will make an announcement on ASX in accordance with LPI's continuous disclosure obligations.

1.3 REASONS WHY YOU MAY CHOOSE TO VOTE AGAINST THE SCHEME

Your LPI Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI Shareholders⁷. In addition, the Independent Expert has concluded that the Scheme is fair and reasonable, and in the best interests of Scheme Shareholders, in the absence of a Superior Proposal⁸. However, there may be reasons which lead you to consider voting against the Scheme, including those set out below.

(a) You may disagree with your LPI Directors' unanimous recommendation and/or the Independent Expert's conclusion

You may disagree with the unanimous recommendation of your LPI Directors and/or the conclusion of the Independent Expert, who has concluded that the Scheme is fair and reasonable, and in the best interests of Scheme Shareholders, in the absence of a Superior Proposal. Refer to Annexure E for a copy of the Independent Expert's Report.

(b) You may prefer to participate in the future financial performance of the LPI business on a standalone basis or otherwise

If the Scheme is implemented, you will no longer be an LPI Shareholder and will forgo any benefits that may result from being an LPI Shareholder.

This will mean that you will not participate in the future performance of LPI, retain any exposure to LPI's business or assets, or have the potential to share in the value that could be generated by LPI in the future.

In particular, you may prefer to retain exposure to the potential development of the Maricunga Project over the long term, notwithstanding the risks and challenges involved in advancing this project through to production.

(c) You may believe it is in your best interests to maintain your current investment and risk profile

You may prefer to keep your LPI Shares to preserve your investment in a listed public company with the specific characteristics of LPI. In particular, you may consider that, despite the risk factors relevant to LPI's potential future operations (including those set out in section 7 of this Scheme Booklet), LPI may be able to return greater value from its assets by remaining a stand-alone entity, or by seeking alternative corporate transactions in the future. You may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to that of LPI.

(d) You may consider there is potential for a Superior Proposal for LPI to emerge in the future, if LPI were to continue as a standalone entity

You may believe that there is a possibility that a Superior Proposal for LPI could emerge in the foreseeable future. However, between the Announcement Date (being 18 October 2023) and the Last Practicable Date (being 15 December 2023) no Superior Proposal has been received or has otherwise emerged, and your LPI Directors have no reason to believe that an alternative proposal will ultimately emerge.

If a Superior Proposal emerges, this will be announced to ASX, and your LPI Directors would carefully consider such Superior Proposal and advise LPI Shareholders accordingly⁹.

(e) The tax consequences of the Scheme may not suit your current financial position or tax circumstances

Implementation of the Scheme may trigger taxation consequences for LPI Shareholders. A general guide to the Australian taxation implications of the Scheme is set out in section 8.

All LPI Shareholders are advised to seek independent professional advice about their particular circumstances including relevant foreign tax consequences.

⁷ In relation to the unanimous recommendation of your LPI Directors, LPI Shareholders should note the benefits your LPI Directors will receive, as described in footnote 1.

⁸ Refer to section 1.2(c) for more information in relation to the Independent Expert's conclusion and Annexure E for a complete copy of the Independent Expert's Report.

⁹ LPI is subject to exclusivity provisions under the Scheme Implementation Deed (see section 1.4(d) and paragraph 7 of Annexure A).



Section 1

Considerations Relevant to Your Vote

1.4 OTHER CONSIDERATIONS

You should also take into account the following additional considerations in deciding whether to vote in favour of, or against, the Scheme.

(a) Shareholder and Director commitments to the Scheme

As announced to ASX on 18 October 2023, LPI's largest shareholder, MSB SpA (an entity controlled by LPI Director, Mr Martin Borda), and each of your LPI Directors, has confirmed to LPI that they intend to vote all of the LPI Shares that they directly or indirectly own or control at the time of the Scheme Meeting in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI Shareholders.

MSB SpA holds 177,783,334 LPI Shares (27.88% of the total issued share capital of LPI as at the Last Practicable Date).

Your LPI Directors directly or indirectly own or control, in aggregate, an additional 26,563,793 LPI Shares (excluding Mr Martin Borda's holding through MSB SpA), being an additional 4.17% of the total issued share capital of LPI as at the Last Practicable Date.

MSB SpA (and your LPI Directors) have confirmed to LPI that this intention:

- will be subject to the contents of ASIC's Regulatory Guide 25; and
- does not restrict its ability to exercise its voting rights attached to its LPI Shares or to dispose of any of its LPI Shares in its absolute discretion.

The support of MSB SpA (and your LPI Directors) is an endorsement for the Scheme and, LPI believes it will contribute meaningfully to the votes required to approve the Scheme at the Scheme Meeting. However, as is set out in section 1.3 above and despite the views of LPI Shareholders, there are a number of reasons why an individual LPI Shareholder may decide not to vote in favour of the Scheme.

Further, the support of MSB SpA (and your LPI Directors) is subject to the conditions described above and is based on MSB SpA's (and your LPI Directors') own personal circumstances. Each LPI Shareholder is encouraged to read this Scheme Booklet in detail and make their own decision as to how to vote.

(b) Implications for LPI if the Scheme is not implemented

If the Scheme is not implemented, LPI Shareholders will retain their LPI Shares and will not receive the Scheme Consideration. A summary of the key risks for LPI and LPI Shareholders if the Scheme is not implemented is set out in section 7.4.

Transaction related costs of approximately A\$3,150,000 are expected to be incurred by LPI in the event the Scheme does not proceed. Refer to section 9.9 of this Scheme Booklet for more details.

(c) Conditions Precedent

The Scheme is subject to a number of conditions, which are summarised in section 3.5 and paragraph 2 of Annexure A of this Scheme Booklet.

If these conditions are not satisfied or (if permitted) waived (as applicable), the Scheme will not proceed (even if it has been approved by LPI Shareholders) and LPI Shareholders will not receive the Scheme Consideration as contemplated under the Scheme.

As at the date of this Scheme Booklet, the LPI Board is not aware of any matter that would result in the nonfulfillment of the conditions.

(d) Exclusivity obligations

The Scheme Implementation Deed provides that LPI is subject to certain exclusivity obligations and restrictions, including no existing discussions, no shop, no talk and no due diligence, notification obligations, and also provides that Codelco has a matching right in respect of Competing Proposals. Refer to Annexure A for further information on these arrangements.

(e) Break Fees and Reverse Break Fees

If the Scheme does not become Effective, the Break Fee or the Reverse Break Fee (in either case, being A\$3,850,000 (exclusive of GST)) may become payable by Codelco or LPI (depending on the circumstances). The circumstances in which the Break Fee and the Reverse Break Fee would be payable by Codelco or LPI (as the case may be) are summarised in Annexure A.

(f) Warranties and agreements by Scheme Shareholders

Under the Scheme, each Scheme Shareholder is taken to have warranted to LPI and Codelco that:

- all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred under the Scheme will, at the date of the transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any security interests within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- they have full power and capacity to transfer their Scheme Shares to Bidder Nominee together with any rights and entitlements attaching to those Scheme Shares;
- they have no existing right to be issued any LPI Shares, options exercisable into LPI Shares, performance rights, convertible notes or any other LPI securities; and
- in the case of Scheme Shareholders that are not resident or domiciled in Chile under Chilean tax laws, they, individually or with any Associate, have not held a Relevant Interest in more than 10% of the issued share capital of LPI in the twelve month period prior to the Implementation Date unless, prior to the Scheme Record Date, they have given written notice to Codelco of any such holding.

(g) The Scheme may be implemented even if you vote against the Scheme or you do not vote at all

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of LPI Shareholders and the Court. If this occurs, your LPI Shares will be transferred to Bidder Nominee and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

(h) You may wish to sell your LPI Shares on market

You may wish to sell your LPI Shares on market before the close of trading on the ASX on the Effective Date (currently expected to be on Wednesday, 7 February 2024) at the then prevailing market price (which could include prices below, at or above the Scheme Consideration).

If you sell your LPI Shares on market, you may be required to pay brokerage, and different tax consequences may apply compared to those that would arise if you retained your LPI Shares until the Scheme is implemented.

(i) The opinion of the Independent Expert

LPI has appointed BDO as the Independent Expert to opine on whether the Scheme is in the best interests of LPI Shareholders within an Independent Expert's Report. BDO has appointed Behre Dolbear as the Independent Technical Expert to prepare the Independent Technical Expert's Report contained in the Independent Expert's Report.

A complete copy of the Independent Expert's Report is attached at Annexure E to this Scheme Booklet. You are encouraged to read the Independent Expert's Report in its entirety.

The Independent Expert Report has concluded that the Scheme is fair and reasonable, and in the best interests of Scheme Shareholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the value of an LPI Share on a controlling interest basis to be in the range of A\$0.30 to A\$0.68. The Scheme Consideration of A\$0.57 per LPI Share is in the upper half, and exceeds the valuation mid-point of A\$0.49, of this range.

LPI Shareholders are encouraged to review the Independent Expert Report and the Independent Technical Assessment and Valuation Report carefully to understand the basis for the valuation assessment of LPI.

For personal use only

Section 2

Frequently Asked Questions

This section answers some questions you may have about the Scheme. It is not intended to be exhaustive or address all relevant issues for LPI Shareholders and should be read together with all other parts of this Scheme Booklet.

Question	Answer	More information
OVERVIEW OF THE SCHEME		
Why have I received this Scheme Booklet?	<p>This Scheme Booklet has been sent to you because you are an LPI Shareholder and LPI Shareholders are being asked to vote on the Scheme at the Scheme Meeting. This Scheme Booklet is intended to help you consider and decide how to vote on the Scheme Resolution.</p> <p>Please disregard this Scheme Booklet if you have transferred or disposed of all of your LPI Shares as you will not be entitled to vote at the Scheme Meeting.</p>	Section 4
What is the Scheme?	<p>The Scheme is a scheme of arrangement between LPI and the Scheme Shareholders. A “scheme of arrangement” is a statutory procedure in the Corporations Act that is commonly used in corporate transactions in Australia that may result in a change of ownership or control of a company (typically known as the “target” company). In addition to requiring Court approval under the Corporations Act, a scheme of arrangement must be approved at a scheme meeting by the shareholders of the target company by passing a resolution to implement the scheme of arrangement. The resolution must be passed by specific majorities of votes mandated under the Corporations Act, referred to in this Scheme Booklet as the “Requisite Majorities” (as defined in section 10).</p> <p>If the Scheme becomes Effective, Bidder Nominee will acquire all of the Scheme Shares for the Scheme Consideration, and LPI will become a wholly-owned Subsidiary of Bidder Nominee.</p>	Section 3.1 and Annexure B
What do the LPI Directors recommend?	<p>The LPI Directors unanimously recommend that all LPI Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI Shareholders. In relation to the unanimous recommendation of your LPI Directors, LPI Shareholders should note the arrangements described in section 1.2(a).</p> <p>The decision of LPI Directors to recommend the Scheme follows a comprehensive assessment by LPI of the potential benefits and risks of the Scheme. Your LPI Directors consider that the Scheme has the potential to deliver greater benefits to LPI Shareholders than any other alternative currently available, including if the Scheme were not to be implemented.</p> <p>Section 1.2 of this Scheme Booklet provides a summary of the reasons why your LPI Directors consider that LPI Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI Shareholders.</p>	Section 3.6

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Frequently Asked Questions

Question	Answer	More information
How do the LPI Directors intend to vote?	<p>Each LPI Director will, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI Shareholders, vote or procure the voting of, any Director holding LPI Shares at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting.</p> <p>Details of the LPI Directors' interests in LPI Shares are set out in section 9.1 of this Scheme Booklet.</p>	Section 3.6
What is the opinion of the Independent Expert?	<p>The Independent Expert has concluded that the Scheme is fair and reasonable, and in the best interests of Scheme Shareholders, in the absence of a Superior Proposal.</p> <p>The Independent Expert has assessed the value of an LPI Share on a controlling interest basis to be in the range of A\$0.30 to A\$0.68. The Scheme Consideration of A\$0.57 per LPI Share is in the upper half, and exceeds the valuation mid-point of A\$0.49, of this range.</p> <p>The reasons why the Independent Expert reached its conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure E of this Scheme Booklet. Your LPI Directors encourage you to read the Independent Expert's Report in full before deciding how to vote on the Scheme.</p> <p>If the Independent Expert changes its conclusion (either in the Independent Expert's Report or any update of it), the LPI Board will consider the revised opinion and, if the LPI Board, after consulting with its legal advisers determines that a failure to change its recommendation would be likely to breach the LPI Directors' fiduciary or statutory obligations, may change its recommendation. In these circumstances, LPI may terminate the Scheme Implementation Deed.</p>	Section 3.7 and Annexure E
Have voting intention statements been received from any of LPI's shareholders?	<p>Yes, a voting intention statement has been received from MSB SpA and each of your LPI Directors.</p> <p>As announced to ASX on 18 October 2023, LPI's largest shareholder, MSB SpA (an entity controlled by LPI Director, Mr Martin Borda), and each of your LPI Directors, has confirmed to LPI that they intend to vote all of the LPI Shares that they directly or indirectly own or control at the time of the Scheme Meeting in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI Shareholders.</p> <p>MSB SpA holds 177,783,334 LPI Shares (27.88% of the total issued share capital of LPI as at the Last Practicable Date).</p> <p>Your LPI Directors directly or indirectly own or control, in aggregate, an additional 26,563,793 LPI Shares (excluding Mr Martin Borda's holding through MSB SpA), being an additional 4.17% of the total issued share capital of LPI as at the Last Practicable Date.</p>	Section 9.4
What will be the effect of the Scheme?	<p>If the Scheme becomes Effective:</p> <ol style="list-style-type: none"> all of your LPI Shares will be transferred to Bidder Nominee; in exchange, you will receive the Scheme Consideration; and LPI will be a wholly-owned Subsidiary of Bidder Nominee. 	Section 3
What are the prospects of receiving a Superior Proposal?	<p>Since the Scheme was announced on 18 October 2023, no Superior Proposal has emerged.</p> <p>Given the time that has elapsed since the announcement of the Scheme, your LPI Directors' view is that a Superior Proposal is unlikely to emerge prior to the Scheme Meeting. It is possible that, if LPI were to continue as an independent company, a Superior Proposal for LPI may emerge in the future.</p>	Section 1.2(a)

Question	Answer	More information
If I wish to support the Scheme, what should I do?	<p>If you wish to support the Scheme, you should vote in favour of the Scheme Resolution at the Scheme Meeting. See section 4 for details about the Scheme Meeting, directions on how to vote and important voting information generally.</p> <p>If you are a registered LPI Shareholder and you are unable to attend the Scheme Meeting, you may be entitled to vote by proxy, corporate representative or attorney.</p> <p>Voting by proxy can be completed in one of the following ways:</p> <ul style="list-style-type: none"> a) Online: At https://www.votingonline.com.au/lithiumscheme. b) Mobile: Scan the QR Code on the proxy form provided to you and follow the prompts. c) By mail: Complete and sign the proxy form provided to you and mail the form to Boardroom using the reply-paid envelope or GPO Box 3993, Sydney NSW 2001. d) By fax: Complete and sign the proxy form provided to you and fax the form to +61 2 9290 9655. <p>Proxy forms must be received no later than 11.00 am (AEDT) on Sunday, 21 January 2024. Proxy forms received later than this time will be invalid.</p>	Section 4
What are the consequences of the Scheme not being approved?	<p>If the Scheme is not approved by the Requisite Majorities of LPI Shareholders or by the Court, the Scheme will not become Effective and will not be implemented. In these circumstances you will remain an LPI Shareholder.</p> <p>Further, if any other Condition Precedent to the Scheme is not satisfied or waived (where permitted), then in certain circumstances, the Scheme Implementation Deed may be terminated, in which case the Scheme will not be implemented.</p> <p>The consequences of the Scheme not being implemented include (but are not limited to):</p> <ul style="list-style-type: none"> a) you will retain your LPI Shares and continue to be exposed to the risks associated with an investment in LPI; b) you will not receive the Scheme Consideration; c) the LPI Board and LPI's management will continue to operate LPI's business, financial and operating plans it had in place prior to the Announcement Date, based on the development of the Maricunga Project; d) the expected benefits of the Scheme (set out in section 1.2) will not be realised; and e) the price of LPI Shares traded on ASX may fall, to the extent that the market price of LPI Shares reflects an assumption that the Scheme will be implemented (although this is difficult to predict with any degree of certainty). <p>Further information about the implications and risks for LPI Shareholders if the Scheme is not implemented is set out in section 3.13 and 7.4.</p>	Section 3.13 and 7.4
What are the transaction costs associated with the Schemes?	<p>The aggregate amount of the fees and expenses expected to be incurred by LPI in connection with the Scheme is approximately A\$9,330,000 (excluding GST).</p> <p>Of this, approximately A\$3,150,000 will be paid irrespective of whether the Scheme becomes Effective (and is implemented).</p> <p>These amounts do not include the transaction costs that may be incurred by Codelco in relation to the Scheme.</p>	Section 9.9
THE SCHEME CONSIDERATION		
What will I receive if the Scheme is implemented?	<p>Scheme Shareholders will receive a cash amount of A\$0.57 for each LPI Share held as at the Scheme Record Date.</p>	Section 3.2

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Frequently Asked Questions

Question	Answer	More information
When and how will I receive my Scheme Consideration?	<p>You will be eligible to receive the Scheme Consideration if you are a Scheme Shareholder on the Scheme Record Date.</p> <p>Further details about how and when you will be paid are set out in sections 3.2 and 3.3.</p>	Sections 3.2 and 3.3
How will LPI Unlisted Securities be treated?	<p>It is a condition under the Scheme Implementation Deed that binding arrangements have been put in place to deal with the LPI Unlisted Securities (other than any LPI Unlisted Securities which have expired or have been exercised by, and the resulting LPI Shares have been issued to, the holder), on the following terms:</p> <ul style="list-style-type: none"> a) LPI Unlisted Securities which are to be cancelled or extinguished, are cancelled or extinguished by the Implementation Date; and b) LPI Unlisted Securities which are to be exercised, the resulting LPI Shares are issued prior to the Scheme Record Date. <p>LPI will seek to enter into binding arrangements with the holders of the LPI Unlisted Securities in accordance with the above.</p> <p>Further details about how LPI Unlisted Securities will be treated are set out in section 3.9 and paragraph 6 of Annexure A.</p>	Section 3.9 and paragraph 6 of Annexure A
Do I have to give any warranties in relation to my Scheme Shares?	<p>Under the Scheme, each Scheme Shareholder is taken to have warranted to LPI and Codelco that:</p> <ul style="list-style-type: none"> a) all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred under the Scheme will, at the date of the transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any security interests within the meaning of section 12 of the <i>Personal Property Securities Act 2009</i> (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; b) they have full power and capacity to transfer their Scheme Shares to Bidder Nominee together with any rights and entitlements attaching to those Scheme Shares; and c) they have no existing right to be issued any LPI Shares, options exercisable into LPI Shares, performance rights, convertible notes or any other LPI securities; and d) in the case of Scheme Shareholders that are not resident or domiciled in Chile under Chilean tax laws, they, individually or with any Associate, have not held a Relevant Interest in more than 10% of the issued share capital of LPI in the twelve month period prior to the Implementation Date unless, prior to the Scheme Record Date, they have given written notice to Codelco of any such holding. 	Section 3.10

Question	Answer	More information
What happens if the market price of LPI Shares increases or decreases prior to the Implementation Date?	<p>LPI Shares will continue normal trading until the close of trading on the ASX on the Effective Date, currently expected to be Wednesday, 7 February 2024. Until this time, you can sell your LPI Shares on market at any time at the prevailing market price (which could include prices below, at or above the Scheme Consideration – refer to section 1.2(d) for a discussion of the recent trading history of LPI Shares and possible implications for LPI Shareholders).</p> <p>You will not be able to sell your LPI Shares on market after this time.</p> <p>If you sell your LPI Shares on market, you may be required to pay brokerage, and different tax consequences may apply compared to those that would arise if you retained your LPI Shares until the Scheme is implemented.</p> <p>Following the Effective Date, trading of LPI Shares will cease and:</p> <ul style="list-style-type: none"> a) all of your LPI Shares will be transferred to Bidder Nominee; b) (irrespective of movements in the market price of LPI Shares), you will receive the Scheme Consideration of A\$0.57 for each LPI Share held as at the Scheme Record Date; and c) LPI will become a wholly-owned Subsidiary of Bidder Nominee. 	Section 1.2(b)
What are the tax implications of the Scheme?	<p>If the Scheme becomes Effective, there will be tax consequences for Scheme Shareholders which may include tax being payable on any gain on disposal of LPI Shares.</p> <p>For further general information about the Australian tax consequences of the Scheme for certain LPI Shareholders, see section 8.</p> <p>The tax treatment may vary depending on your individual circumstances. LPI encourages you to seek independent professional taxation advice in relation to your particular circumstances.</p>	Section 8
THE SCHEME MEETING AND VOTING DETAILS		
Can I vote at the Scheme Meeting?	Each LPI Shareholder who is registered on the Register at 11.00 am (AEDT) on Sunday, 21 January 2024 is entitled to attend and vote at the Scheme Meeting.	Section 4.5 and Annexure D
When and where will the Scheme Meeting be held?	<p>The Scheme Meeting will be held at 11.00 am (AEDT) on Tuesday, 23 January 2024, in person at Ashurst Australia, Level 11, 5 Martin Place Sydney, NSW 2000 and through an online platform at: https://web.lumiagm.com/330428612.</p> <p>Details of how to access the online platform are contained in the Notice of Scheme Meeting set out in Annexure D.</p>	Section 4.4 and Annexure D
What am I being asked to vote on?	<p>You are being asked to vote on whether to approve the Scheme by voting on the Scheme Resolution.</p> <p>The text of the Scheme Resolution is set out in the Notice of Scheme Meeting in Annexure D of this Scheme Booklet.</p>	Annexure D

Section 2

Frequently Asked Questions

Question	Answer	More information
What vote is required to approve the Scheme?	<p>For the Scheme to proceed, the Scheme Resolution must be passed by the Requisite Majorities, which are:</p> <ol style="list-style-type: none"> (Headcount Test) unless the Court orders otherwise, a majority in number (ie more than 50%) of LPI Shareholders present and voting at the Scheme Meeting (either in person, or by proxy, attorney or, in the case of corporate LPI Shareholders, by corporate representative); and (Voting test) at least 75% of the total number of votes cast on the Scheme Resolution by LPI Shareholders present and voting at the Scheme Meeting (either in person, or by proxy, attorney, or in the case of corporate LPI Shareholders, by corporate representative). <p>Even if the Scheme is approved at the Scheme Meeting, the Scheme is still subject to other outstanding Conditions Precedent including the approval of the Court.</p> <p>The Court has discretion to waive the requirement for the Headcount Test to be passed. If, at the Scheme Meeting, LPI Shareholder approval for the Scheme is not obtained only by reason of non-satisfaction of the Headcount Test, the Scheme Implementation Deed sets out a process under which either party may apply to the Court for a waiver of the Headcount Test.</p>	Section 3.8 and Annexure D
How do I vote?	<p>If you are an LPI Shareholder entitled to vote at the Scheme Meeting, you may vote:</p> <ul style="list-style-type: none"> in person: by attending the Scheme Meeting held at Ashurst Australia, Level 11, 5 Martin Place Sydney, NSW 2000; online: by attending and voting via the online platform at: https://web.lumiagm.com/330428612; by proxy: by appointing one or two proxies to attend the Scheme Meeting and vote on your behalf, by completing and returning your personalised proxy form or by lodging your proxy form online at https://www.votingonline.com.au/lithiumscheme in accordance with the instructions given there; by attorney: by appointing an attorney to attend the Scheme Meeting and vote on your behalf, using a duly executed power of attorney; or by corporate representative: in the case of a body corporate, appointing a body corporate representative to attend the Scheme Meeting and vote on your behalf, using a duly executed certificate of appointment of body corporate representative. 	Section 4 and Annexure D
Is voting compulsory?	<p>No, voting is not compulsory. However, your vote is important and your LPI Directors encourage you to vote. If you cannot attend the Scheme Meeting you should appoint a proxy, attorney or corporate representative (as applicable) to vote on your behalf.</p> <p>Your LPI Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI Shareholders¹⁰.</p>	Section 4
How will voting at the Scheme Meeting be conducted?	<p>Voting at the Scheme Meeting will be conducted by way of a poll. This means that every LPI Shareholder at the Scheme Meeting who is present, or by proxy, attorney or corporate representative, will have one vote for each LPI Share held by them.</p>	Section 4.6 and Annexure D

¹⁰ In relation to the unanimous recommendation of your LPI Directors, LPI Shareholders should note the benefits your LPI Directors will receive, as described in footnote 1.

Question	Answer	More information
What will happen to my LPI Shares if I do not vote, or vote against the Scheme, and the Scheme becomes Effective?	If you do not vote, or if you vote against the Scheme Resolution at the Scheme Meeting, the Scheme may nevertheless become Effective if the Scheme Resolution is approved by the Requisite Majorities of LPI Shareholders and each other Condition Precedent is satisfied or waived (where permitted). If the Scheme becomes Effective, your LPI Shares will be transferred to Bidder Nominee on the Implementation Date and you will receive the Scheme Consideration of A\$0.57 for each Scheme Share. This will occur even if you voted against the Scheme Resolution at the Scheme Meeting.	Sections 1.4(g) and 4.2
When will the result of the Scheme Meeting be available?	The results of the Scheme Meeting will be announced to the ASX website (www.asx.com.au) shortly after its conclusion and will also be made available on LPI's website at www.lithiumpowerinternational.com	

VOTING CONSIDERATIONS

Why might I vote in favour of the Scheme?	Reasons why you might vote in favour of the Scheme are set out in section 1.2 of this Scheme Booklet. Your LPI Directors consider that the reasons to vote in favour of the Scheme (including those summarised in section 1.2) outweigh the potential reasons to vote against the Scheme (including those summarised in section 1.3).	Section 1.2
Why might I vote against the Scheme?	Reasons why you might vote against the Scheme are set out in section 1.3 of this Scheme Booklet.	Section 1.3
What happens if a Competing Proposal emerges?	Until the Scheme becomes Effective, there is nothing preventing other parties from making unsolicited acquisition proposals for LPI. If, during the Exclusivity Period, LPI or any of its Related Bodies Corporate receives a Competing Proposal and LPI determines to take action in reliance on the fiduciary duty exception to the no talk and no due diligence restriction in the Scheme Implementation Deed: <ol style="list-style-type: none"> (Notification of approaches) LPI must notify Codelco of the material details of the Competing Proposal (including the consideration, conditions, proposed timetable and break or reimbursement fee (if any)); (Matching right) if the LPI Board determines that the Competing Proposal is a Superior Proposal, Codelco will be given a period of at least five clear Business Days during which Codelco may make an equivalent or superior proposal to the terms of the Competing Proposal, and during this period LPI must not enter into, or agree to enter into, any binding documentation to give effect to the Competing Proposal (subject to certain exceptions); and (Bidder Counter Proposal) if the LPI Board acting in good faith determines that Codelco's Counter Proposal would provide an equivalent or superior outcome for LPI Shareholders than that offered under the Competing Proposal, then LPI and Codelco must use their reasonable endeavours to agree and enter into such documentation to give effect to and implement the Counter Proposal. 	Annexure A

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Frequently Asked Questions

Question	Answer	More information
What happens if a Competing Proposal emerges? continued	<p>LPI will be required to pay the Break Fee of A\$3,850,000 (exclusive of GST) to Codelco if (among other things):</p> <ol style="list-style-type: none"> an LPI Director does not recommend the Scheme (subject to certain exceptions), or approves, recommends or makes an announcement in support of a Competing Proposal; an LPI Director does not state that he or she intends to vote any LPI Shares he or she directly or indirectly owns or controls in favour of the Scheme at the Scheme Meeting (subject to certain exceptions); or a Competing Proposal is announced during the Exclusivity Period and the competing bidder (together with any of its Associates), within 9 months of the Competing Proposal being publicly announced, being received by LPI or becoming open for acceptance (whichever is earliest), acquires voting power of (or economic interest in) more than 50% of all LPI Shares and that Competing Proposal is, or becomes, free from any conditions (or if the Competing Proposal is a scheme of arrangement, the scheme becomes effective). <p>LPI will not be required to pay the Break Fee to Codelco if the Scheme becomes Effective notwithstanding the occurrence of any events described above and, if the Break Fee has already been paid it must be refunded by Codelco.</p> <p>If a Competing Proposal for LPI emerges prior to the Second Court Hearing, your LPI Directors will carefully consider the Competing Proposal and determine whether it is a Superior Proposal. Your LPI Directors will keep you informed of any material developments regarding Superior Proposals.</p> <p>Further details about the exclusivity provisions in the Scheme Implementation Deed, and the circumstances in which the Break Fee may be payable, are set out in Annexure A.</p>	Annexure A

CONDITIONS AND IMPLEMENTATION OF THE SCHEME

What are the conditions to the Scheme?	<p>The Scheme is subject to a number of Conditions Precedent, some of which remain outstanding as at the date of this Scheme Booklet.</p> <p>A summary of the Conditions Precedent is set out in sections 3.5 and paragraph 2 of Annexure A of this Scheme Booklet.</p>	Section 3.4 and paragraph 2 of Annexure A
When will the Scheme become Effective?	<p>If:</p> <ul style="list-style-type: none"> the Scheme is approved by the Requisite Majorities of LPI Shareholders at the Scheme Meeting; the Court makes the Scheme Order at the Second Court Hearing (or following any appeal); and all of the other Conditions Precedent are satisfied or waived (where permitted), <p>the Scheme will become Effective on the date on which the Scheme Order is lodged with ASIC (this is the Effective Date).</p> <p>This is currently expected to occur on Wednesday, 7 February 2024.</p>	Section 3.8
What happens on the Implementation Date?	<p>On the Implementation Date:</p> <ul style="list-style-type: none"> Bidder Nominee will acquire all the Scheme Shares and LPI will become a wholly-owned Subsidiary of Bidder Nominee; and Scheme Shareholders will be paid the Scheme Consideration. <p>The Implementation Date is currently expected to be Friday, 16 February 2024.</p>	Section 3.8

Question	Answer	More information
When will LPI Shares cease trading on ASX?	LPI Shares are expected to cease trading from the close of trading on ASX on the Effective Date (as defined above).	Section 3.8
What happens if the Scheme is not implemented?	<p>If the Scheme is not implemented:</p> <ul style="list-style-type: none"> ■ you will not receive the Scheme Consideration; and ■ you will retain your LPI Shares and continue to have exposure to the benefits and risks associated with an investment in LPI, <p>and, in the absence of a Competing Proposal:</p> <ul style="list-style-type: none"> ■ LPI will continue to operate as a standalone entity and remain listed on the ASX; and ■ the price of LPI Shares traded on ASX may fall, to the extent that the market price for LPI Shares reflects an assumption that the Scheme will be implemented (although this is difficult to predict with any degree of certainty). 	Section 1.4(a) and 7.4.
Can the Scheme Implementation Deed be terminated?	<p>The Scheme Implementation Deed may be terminated in certain circumstances. These are summarised in paragraph 10 of Annexure A.</p> <p>If the Scheme Implementation Deed is terminated, the Scheme will not proceed. In certain circumstances, termination of the Scheme Implementation Deed may trigger payment of a Break Fee or Reverse Break Fee, as applicable.</p> <p>Further detail about the circumstances in which reimbursement fees are payable by LPI and Codelco are set out in paragraph 9 of Annexure A.</p>	Paragraph 10 of Annexure A
Is there a Break Fee or Reverse Break Fee payable?	<p>Under the Scheme Implementation Deed, a Break Fee of A\$3,850,000 (exclusive of GST) may become payable by LPI to Codelco, or a Reverse Break Fee may become payable by Codelco to LPI, if certain events occur. The failure to pass the Scheme Resolution by the Requisite Majorities will not trigger the payment of the Break Fee by LPI.</p> <p>The circumstances in which Break Fees or Reverse Break Fees are payable by LPI and Codelco are set out in paragraph 9 of Annexure A.</p>	Section 1.4(e) and paragraph 9 of Annexure A
INFORMATION ABOUT CODELCO AND BIDDER NOMINEE		
Who is Codelco?	<p>Codelco is a Chilean company and is 100% owned by the Chilean State. Codelco was established in 1976 by statute, and obtained ownership of, and management over, various foreign-owned mining deposits in Chile that were nationalised in 1971.</p> <p>Headquartered in Santiago, Chile, Codelco is the largest copper producer in the world. Codelco's focus is to explore, develop and exploit mining resources to produce copper concentrate, refined copper and by-products, and market them to customers globally. In 2022, Codelco's copper accounted for 7% of world production and 29% of national production. Codelco also has mining tenements and key strategic permits to develop lithium projects in the Maricunga and Pedernales Salt Flats.</p>	Section 6.2
Who is Bidder Nominee?	<p>Bidder Nominee is a Chilean company incorporated on 5 May 2017 for the purpose of developing mining projects related to lithium, potassium, and other mineral substances. Bidder Nominee is a wholly-owned Subsidiary of Codelco.</p>	Section 6.3
Does the Codelco Group have a Relevant Interest in LPI Shares?	<p>As at the date of this Scheme Booklet, Codelco does not have a Relevant Interest in any LPI Shares.</p>	Sections 6.8

Section 2

Frequently Asked Questions

Question	Answer	More information
ADDITIONAL INFORMATION		
Can I sell my LPI Shares now?	<p>You can sell your LPI Shares on market at any time before close of trading on ASX on the Effective Date at the then prevailing market price (which could include prices below, at or above the Scheme Consideration – refer to section 1.2(d) for a discussion of the recent trading history of LPI Shares and possible implications for LPI Shareholders).</p> <p>LPI intends to apply to ASX for LPI Shares to be suspended from official quotation on ASX from close of trading on the Effective Date (which is currently expected to be Wednesday, 7 February 2024).</p> <p>You will not be able to sell your LPI Shares on market after this time.</p> <p>If you sell your LPI Shares on market, you may be required to pay brokerage, and different tax consequences may apply compared to those that would arise if you retained your LPI Shares until the Scheme is implemented.</p>	Section 3.8
Will I need to pay brokerage or stamp duty?	Scheme Shareholders will not incur any brokerage or stamp duty on the transfer of their Scheme Shares under the Scheme.	Section 8
Is there a number that I can call if I have further queries about the Scheme?	If you have any additional questions about this Scheme Booklet or the Scheme, please contact the LPI Shareholder Information Line on 1300 527 403 (within Australia) or +61 2 9066 6158 (outside Australia) between 9.00 am and 5.30 pm (AEDT) Monday to Friday, excluding public holidays in Sydney.	-

Section 3

Summary of the Scheme

3.1 INTRODUCTION

On 18 October 2023, LPI and Codelco announced that they had entered into a Scheme Implementation Deed, under which it is proposed that Bidder Nominee will acquire all of the issued shares in LPI pursuant to a scheme of arrangement under Part 5.1 of the Corporations Act.

A summary of the Scheme Implementation Deed is contained in Annexure A of this Scheme Booklet. A full copy of the Scheme is also contained in Annexure B of this Scheme Booklet.

If the Scheme is implemented, Bidder Nominee will acquire all of the LPI Shares held by LPI Shareholders and LPI will become a wholly-owned Subsidiary of Bidder Nominee. Subject to the Scheme becoming Effective, LPI will request that ASX remove LPI from the official list of ASX on the Business Day after the Implementation Date.

The Scheme is subject to various Conditions Precedent, including (among other things), approval by the Requisite Majorities of LPI Shareholders at the Scheme Meeting, and approval by the Court pursuant to section 411(4)(b) of the Corporations Act on the Second Court Date. For further details of the Conditions Precedent to the Scheme, please see section 3.5 and paragraph 2 of Annexure A.

If the Scheme becomes Effective, Scheme Shareholders will be paid the Scheme Consideration on the Implementation Date.

3.2 SCHEME CONSIDERATION

If the Scheme becomes Effective, Scheme Shareholders who are registered in the Register on the Scheme Record Date will receive a cash payment of A\$0.57 for each LPI Share held on the Scheme Record Date. The Scheme Consideration will be paid by Codelco to LPI by no later than the Business Day before the Implementation Date, and then paid by LPI to Scheme Shareholders on the Implementation Date (which is currently expected to be Friday, 16 February 2024).

3.3 PAYMENT OF THE SCHEME CONSIDERATION

Upon LPI receiving payment in cleared funds of an amount equal to the Scheme Consideration from Codelco (refer to section 3.2 above and section 3.4 below), LPI will make all payments of the Scheme Consideration to Scheme Shareholders as follows:

- (a) where a Scheme Shareholder has nominated a bank account by an appropriate authority from the Scheme Shareholder to LPI – by transfer to that account; or
- (b) otherwise, by cheque dispatched by prepaid post to your Registered Address (provided that your Registered Address is outside of New Zealand).

For LPI Shares held in joint names, LPI will make the payment to the joint holders and will send the relevant amount and any other document required to be sent under the Scheme to the holder whose name appears first in the Register as at the Scheme Record Date, or to the joint holders. You should be aware that if the Scheme Meeting is adjourned or the Effective Date is otherwise delayed, the cash payments described above may also be delayed.

Section 3

Summary of the Scheme

3.4 DEED POLL

On 8 December 2023, Codelco and Bidder Nominee executed a Deed Poll in favour of the Scheme Shareholders, pursuant to which Codelco and Bidder Nominee undertake to:

- (a) deposit, or procure the deposit, in cleared funds an amount equal to the aggregate Scheme Consideration payable to all Scheme Shareholders into a trust account operated by LPI as trustee for the Scheme Shareholders; and
- (b) observe and perform the steps attributed to them under, and otherwise comply with, the Scheme.

A copy of the Deed Poll is contained in Annexure C of this Scheme Booklet.

3.5 CONDITIONS TO THE SCHEME

Pursuant to the Scheme Implementation Deed, a number of Conditions Precedent must be satisfied or waived (where permitted) before the Scheme can be implemented. Some of the Conditions Precedent include the following:

- (a) **LPI Shareholder approval:** The Scheme is approved at the Scheme Meeting by the Requisite Majorities;
- (b) **Independent Expert:** The Independent Expert does not withdraw or qualify its conclusion that the Scheme is in the best interests of LPI Shareholders in any written update to its Independent Expert's Report at any time prior to 8.00 am on the Second Court Date;
- (c) **Court Approval:** The Court makes the Scheme Order;
- (d) **Foreign Investment Review Board Approval:** The Treasurer (or his delegate) provides a written notice under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) stating that, or to the effect that, the Commonwealth Government does not object to the Scheme, on terms acceptable to Codelco (acting reasonably);
- (e) **Maricunga Project authorisations:** As at 8.00 am on the Second Court Date, no material authorisation for the Maricunga Project, other than the authorisation granted by the Chilean Nuclear Energy Commission, has been forfeited, terminated, cancelled, suspended or materially varied;
- (f) **No regulatory actions:** As at 8.00 am on the Second Court Date, there is not in effect any temporary, preliminary or final decision, order, injunction or decree issued by a court or other Government Agency; or any action or investigation by any Government Agency outside of Chile, in consequence of, or in connection with, the Transaction which restrains, prohibits or impedes the implementation of the Transaction (including the acquisition of any or all of the Scheme Shares by Bidder Nominee) or any part of it; and
- (g) **LPI Unlisted Securities:** As at 8.00 am on the Second Court Date, binding arrangements have been put in place to deal with the LPI Unlisted Securities (other than any LPI Unlisted Securities which have expired or have been exercised by, and the resulting LPI Shares have been issued to, the holder), on the following terms:
 - (i) LPI Unlisted Securities which are to be cancelled or extinguished, are cancelled or extinguished by the Implementation Date; and
 - (ii) LPI Unlisted Securities which are to be exercised, the resulting LPI Shares are issued prior to the Scheme Record Date.

As at the Last Practicable Date, your LPI Directors are not aware of any circumstances which would cause any outstanding Condition Precedent to not be satisfied or waived (where permitted). However, certain of the outstanding Conditions Precedent are outside of the control of LPI, Codelco and Bidder Nominee. The risks associated with a failure to obtain, or a delay in, satisfaction or waiver of the Conditions Precedent (and therefore, retaining your shareholding in LPI) are discussed further in section 7.1.

3.6 LPI DIRECTORS' UNANIMOUS RECOMMENDATION AND VOTING INTENTIONS

Your LPI Directors unanimously recommend that you vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI Shareholders¹¹. Each LPI Director will vote or procure the voting of their LPI Shares in favour of the Scheme at the Scheme Meeting, subject to those same qualifications.

In relation to the unanimous recommendation of your LPI Directors, LPI Shareholders should note the arrangements disclosed in section 1.2(a).

As at the Last Practicable Date, your LPI Directors held Relevant Interests in an aggregate of 204,347,127 LPI Shares, comprising approximately 32.05% of the issued capital in LPI. See section 9.1 of this Scheme Booklet for more information about the interests of your LPI Directors in LPI Shares.

Your LPI Directors believe that the reasons for you to vote in favour of the Scheme outweigh the reasons to vote against the Scheme. Some of these reasons, and other relevant considerations for LPI Shareholders, are set out in section 1 of this Scheme Booklet.

¹¹ In relation to the unanimous recommendation of your LPI Directors, LPI Shareholders should note the benefits your LPI Directors will receive, as described in footnote 1.

3.7 INDEPENDENT EXPERT'S CONCLUSION

Your LPI Directors have appointed BDO as the Independent Expert to assess the merits of the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable, and in the best interests of Scheme Shareholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the value of an LPI Share on a controlling interest basis to be in the range of A\$0.30 to A\$0.68. The Scheme Consideration of A\$0.57 per LPI Share is in the upper half, and exceeds the valuation mid-point of A\$0.49, of this range.

The reasons why the Independent Expert reached its conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure E of this Scheme Booklet. Your LPI Directors encourage you to read the Independent Expert's Report in full before deciding how to vote on the Scheme.

3.8 KEY STEPS TO IMPLEMENT THE SCHEME

The key steps to implement the Scheme and relevant information concerning these steps are set out below. All dates following the Scheme Meeting are indicative only and may be subject to change. LPI will announce to ASX any change to the dates in the timetable set out in the "Important Dates and Expected Timetable for the Scheme" section of this Scheme Booklet.

STEP 1. SCHEME MEETING AND LPI SHAREHOLDER APPROVAL

At the First Court Hearing, the Court made the requisite orders that the Scheme Meeting should be convened and that this Scheme Booklet (containing the explanatory statement for the Scheme for the purposes of section 412(1) of the Corporations Act and the Notice of Scheme Meeting) be despatched to LPI Shareholders.

The Scheme Meeting is scheduled to be held at 11.00 am (AEDT) on Tuesday, 23 January 2024, in person at Ashurst Australia, Level 11, 5 Martin Place Sydney, NSW 2000 and through an online platform at: <https://web.lumiagm.com/330428612>. The Notice of Scheme Meeting (which contains the Scheme Resolution) is set out in Annexure D of this Scheme Booklet. Further details about how the Scheme Meeting will take place are set out in section 4.4.

At the Scheme Meeting, LPI Shareholders will be asked to approve the Scheme by voting on the Scheme Resolution. The Requisite Majorities of LPI Shareholders required to approve the Scheme Resolution are:

- (i) **(Headcount Test)** unless the Court orders otherwise, a majority in number (ie more than 50%) of LPI Shareholders present and voting at the Scheme Meeting (either in person, or by proxy, attorney or, in the case of corporate LPI Shareholders, by corporate representative); and
- (ii) **(Voting Test)** at least 75% of the total number of votes cast on the Scheme Resolution by LPI Shareholders present and voting at the Scheme Meeting (either in person, or by proxy, attorney or, in the case of corporate LPI Shareholders, by corporate representative).

Voting on the Scheme Resolution will be conducted by way of a poll. LPI Shareholders (who are present in person or online, or by proxy, attorney or corporate representative) will have one vote for each LPI Share that they hold.

The Court has the power to waive the requirement for the Headcount Test to be passed. If, at the Scheme Meeting, LPI Shareholder approval for the Scheme is not obtained only by reason of non-satisfaction of the Headcount Test, the Scheme Implementation Deed sets out a process under which the parties may apply to the Court for a waiver of the Headcount Test. Of course, in those circumstances, there is no guarantee that the Court will grant such a waiver.

Guidance on eligibility for voting, and instructions on how to participate in and vote at the Scheme Meeting, are set out in section 4 and the Notice of Scheme Meeting in Annexure D of this Scheme Booklet. Voting is not compulsory, however, your vote is important and your LPI Directors encourage you to vote by attending the Scheme Meeting in person or online, or alternatively by appointing a proxy, attorney or corporate representative in accordance with the instructions in section 4.6.

The results of the Scheme Meeting will be available as soon as possible after the conclusion of the Scheme Meeting and announced to the ASX (www.asx.com.au).

Any postponement or adjournment of the Scheme Meeting will be announced to ASX.

Steps 2 to 5 described below will only occur if the Scheme Resolution is approved by the Requisite Majorities at the Scheme Meeting.

Section 3

Summary of the Scheme

3.8 KEY STEPS TO IMPLEMENT THE SCHEME

STEP 2. SECOND COURT HEARING AND COURT APPROVAL OF THE SCHEME

LPI will apply to the Court for an order approving the Scheme (known in this Scheme Booklet as the "Scheme Order") if:

- (i) the Scheme Resolution is approved by the Requisite Majorities at the Scheme Meeting (including where the requirement to pass the Headcount Test is waived by the Court); and
- (ii) all of the other Conditions Precedent that are capable of satisfaction or waiver (where permitted) by the Second Court Date have been satisfied or waived by that time.

LPI's application to the Court to grant the Scheme Order will be heard by the Court at the Second Court Hearing. The Second Court Hearing is expected to take place on Tuesday, 6 February 2024 (referred to in this Scheme Booklet as the **Second Court Date**). The Court may refuse to approve the Scheme even if the Scheme Resolution is approved by the Requisite Majorities of LPI Shareholders.

ASIC has been requested to issue a written statement indicating that it has no objection to the Scheme. Typically, ASIC provides this statement shortly before the Second Court Date. If ASIC does not produce a written statement that it has no objection to the Scheme, the Court may still approve the Scheme provided it is satisfied that section 411(17)(a) of the Corporations Act is satisfied.

Any LPI Shareholder and, with the Court's permission, any other interested person, has a right to seek leave to appear at the Second Court Hearing to oppose the approval of the Scheme by the Court, or to make submissions to the Court in relation to the Scheme. If you wish to oppose approval of the Scheme by the Court at the Second Court Hearing, you may do so by filing with the Court, and serving on LPI, a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on LPI at least one Business Day prior to the Second Court Date.

If the Court refuses to make any orders or confirmations for the purposes of approving the Scheme, LPI may appeal the Court's decision.

STEP 3. EFFECTIVE DATE AND SUSPENSION OF TRADING IN LPI SHARES

If the Court makes the Scheme Order at the Second Court Hearing (or following any appeal), LPI will lodge an office copy of the Scheme Order with ASIC. Once lodged, the Scheme will become Effective and binding on LPI and Codelco and Bidder Nominee and each Scheme Shareholder (the date of lodgement of the Scheme Order with ASIC is referred to in this Scheme Booklet as the **Effective Date**).

If the Scheme becomes Effective, LPI will:

- notify ASX of that fact and lodge a copy of the Scheme Order with ASX; and
- apply to ASX to suspend trading of LPI Shares from close of trading on the Effective Date.

It is expected that trading in LPI Shares on ASX will be suspended from close of trading on the Effective Date. If the Scheme Order is made (and the Second Court Hearing occurs on the expected date), the Effective Date is expected to be Wednesday, 7 February 2024.

Once the Scheme becomes Effective, each Scheme Shareholder, without the need for any further act, irrevocably appoints LPI and each of its directors, officers and secretary (jointly and each of them severally) as its attorney and agent for the purposes of enforcing the Deed Poll against Codelco and Bidder Nominee and executing any document or doing any other act necessary, desirable or expedient to give full effect to the Scheme and the transactions contemplated by it. This includes executing a proper instrument of transfer in respect of a Scheme Shareholder's Scheme Shares.

STEP 4. SCHEME RECORD DATE AND ENTITLEMENT TO SCHEME CONSIDERATION

Only those LPI Shareholders on the Register on the Scheme Record Date (currently expected to be 5.00pm (AEDT) on Friday, 9 February 2024), will be entitled to receive the Scheme Consideration in respect of the LPI Shares they hold at that time.

(i) Dealings in LPI Shares on or prior to the Scheme Record Date

To establish the identity of the Scheme Shareholders, dealings in LPI Shares or other alterations to the Register will only be recognised if:

- (A) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant LPI Shares on or before the Scheme Record Date; and
- (B) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before 5.00 pm (AEDT) on the day on which the Scheme Record Date occurs at the place where the Register is kept.

LPI will not accept for registration, nor recognise for any purpose (except a transfer to Bidder Nominee pursuant to the Scheme and any subsequent transfer by Bidder Nominee or its respective successors in title) any transfer or transmission application or other request received after the Scheme Record Date, or received prior to the Scheme Record Date but not in registrable or actionable form, as appropriate.

(ii) Dealings in LPI Shares after the Scheme Record Date

If the Scheme becomes Effective, each Scheme Shareholder (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them on or after the Scheme Record Date, otherwise than pursuant to the Scheme, and any attempt to do so will have no effect and LPI will be entitled to disregard any such disposal.

For the purposes of determining entitlements to the Scheme Consideration, LPI must maintain the Register in its form as at the Scheme Record Date. The Register in this form will solely determine entitlements to the Scheme Consideration.

After the Scheme Record Date:

- (A) all statements of holding for the LPI Shares (other than statements of holding in favour of Bidder Nominee) will cease to have effect as documents of title in respect of those shares; and
- (B) each entry current at that date on the Register (other than entries on the Register in respect of Bidder Nominee) will cease to have effect, except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

STEP 5. IMPLEMENTATION

The Implementation Date for the Scheme is the date which is five Business Days after the Scheme Record Date (unless otherwise ordered by the Court or agreed between LPI and Codelco). Bidder Nominee must, no later than the Business Day before the Implementation Date, deposit or procure the deposit in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders, into an Australian dollar denominated trust account operated by LPI as trustee for the Scheme Shareholders.

Subject to provision of the Scheme Consideration by Codelco in the manner contemplated above, on the Implementation Date, LPI will:

- (i) pay or procure the payment of such amount of cash as is due to each Scheme Shareholder as Scheme Consideration;
- (ii) execute on behalf of Scheme Shareholders, proper instruments of transfer and effect of the Scheme Shares to Bidder Nominee; and
- (iii) register all transfers of the Scheme Shares to Bidder Nominee.

3.9 LPI UNLISTED SECURITIES

It is a condition under the Scheme Implementation Deed that binding arrangements have been put in place to deal with the LPI Unlisted Securities (other than any LPI Unlisted Securities which have expired or have been exercised by, and the resulting LPI Shares have been issued to, the holder), on the following terms:

- (a) LPI Unlisted Securities which are to be cancelled or extinguished, are cancelled or extinguished by the Implementation Date; and
- (b) LPI Unlisted Securities which are to be exercised, the resulting LPI Shares are issued prior to the Scheme Record Date.

LPI will seek to enter into binding arrangements with the holders of the LPI Unlisted Securities in accordance with the above.

Refer to section 5.6 for further information relating to the LPI Unlisted Securities.

Section 3

Summary of the Scheme

3.10 DEEMED WARRANTIES BY SCHEME SHAREHOLDERS

Under the Scheme, each Scheme Shareholder is taken to have warranted to LPI and Codelco that:

- (a) all of their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred under the Scheme will, at the date of the transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any security interests within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- (b) they have full power and capacity to transfer their Scheme Shares to Bidder Nominee together with any rights and entitlements attaching to those shares;
- (c) they have no existing right to be issued any LPI Shares, options exercisable into LPI Shares, performance rights, convertible notes or any other LPI securities; and
- (d) in the case of Scheme Shareholders that are not resident or domiciled in Chile under Chilean tax laws, they, individually or with any Associate, have not held a Relevant Interest in more than 10% of the issued share capital of LPI in the twelve month period prior to the Implementation Date unless, prior to the Scheme Record Date, they have given written notice to Codelco of any such holding.

3.11 DELISTING FROM ASX

If the Court approves the Scheme and the Scheme is implemented, LPI will apply to ASX to have LPI removed from the official list of ASX, and quotation of LPI Shares on the ASX terminated, with effect on and from the close of trading on the Trading Day immediately following the Implementation Date (unless otherwise directed by Codelco).

3.12 END DATE

The Scheme Implementation Deed may be terminated by either party if any of the Conditions Precedent are not satisfied by the End Date. Additionally, the Scheme may be terminated by either party if the Effective Date for the Scheme has not occurred by 11.59 pm (AEDT) on the End Date (currently 18 April 2024, unless extended in accordance with the Scheme Implementation Deed).

The right to terminate is subject to a requirement that the parties consult in good faith to determine if the Transaction can proceed by alternative means.

3.13 IMPLICATIONS IF THE SCHEME IS NOT IMPLEMENTED

If the Scheme is not implemented:

- (a) unless LPI Shareholders choose to sell their LPI Shares on the ASX, LPI Shareholders will continue to hold their LPI Shares and will be exposed to general risks as well as risks specific to LPI, including those set out in section 7 of this Scheme Booklet;
- (b) LPI Shareholders will not receive the Scheme Consideration;
- (c) a Break Fee of A\$3,850,000 (exclusive of GST) may be payable by LPI to Codelco, and a Reverse Break Fee (in the same amount) may be payable by Codelco to LPI, in certain circumstances. Those circumstances do not include (in respect of the Break Fee) the failure by LPI Shareholders to approve the Scheme at the Scheme Meeting. Further information regarding reimbursement fees is set out in section 1.4(e) and paragraph 9 of Annexure A;
- (d) transaction-related costs of approximately A\$3,150,000 are expected to be incurred by LPI irrespective of whether or not the Scheme is ultimately implemented. Further details of the estimated fees and expenses in relation to the Scheme are set out in section 9.9;
- (e) LPI will continue to operate as a standalone, ASX-listed entity with management continuing to implement the business, financial and operating plans it had in place prior to the Announcement Date, based on the development of the Maricunga Project; and
- (f) the price of LPI Shares traded on ASX may fall, to the extent that the market price of LPI Shares reflects an assumption that the Scheme will be implemented (although this is difficult to predict with any degree of certainty).

Further information about the risks to LPI Shareholders if the Scheme is not implemented is set out in section 7.4.

Section 4

Your choice as an LPI shareholder and how to vote at the Scheme Meeting

4.1 WHAT YOU SHOULD DO

You should carefully read this Scheme Booklet in its entirety before deciding whether to vote in favour of the Scheme.

LPI Shareholders should refer to sections 1.2 and 1.3 of this Scheme Booklet for further guidance on the reasons to vote for and against the Scheme, and to section 1.4 for other important considerations relating to your vote. As noted elsewhere in this Scheme Booklet, this Scheme Booklet does not take into account the investment objectives, financial situation and particular needs of any individual LPI Shareholder.

There are answers to questions you might have in section 2.

If you have any additional questions about this Scheme Booklet or the Scheme, please contact the LPI Shareholder Information Line on 1300 527 403 (within Australia) or +61 2 9066 6158 (outside Australia) between 9.00 am and 5.30 pm (AEDT) Monday to Friday, excluding public holidays in Sydney. If you require further advice in relation to the Scheme, contact your legal, financial, taxation or other professional adviser.

Anyone entitled to attend the Scheme Meeting may obtain a free paper copy of this Scheme Booklet upon request to LPI following a request in writing via email: enquiries@boardroomlimited.com.au.

4.2 YOUR CHOICES AS AN LPI SHAREHOLDER

As an LPI Shareholder, you have four choices currently available to you, which are as follows:

Vote in favour of the Scheme This is the course of action unanimously recommended by the LPI Directors, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI Shareholders¹².

To follow the LPI Directors' unanimous recommendation, you should vote in favour of the Scheme at the Scheme Meeting. For a summary of how to vote on the Scheme, please refer to this section 4 and the Notice of Scheme Meeting contained in Annexure D of this Scheme Booklet.

Vote against the Scheme If, despite the LPI Directors' unanimous recommendation and the Independent Expert's conclusion (that the Scheme is fair and reasonable, and in the best interests of LPI Shareholders, in the absence of a Superior Proposal), you do not support the Scheme, you may vote against the Scheme at the Scheme Meeting.

However, if all the Conditions Precedent for the Scheme are satisfied or waived (if capable of waiver) and the Scheme becomes Effective, the Scheme will bind all LPI Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting and those who do not vote at all.

¹² In relation to the unanimous recommendation of your LPI Directors, LPI Shareholders should note the benefits your LPI Directors will receive, as described in footnote 1.

Section 4

Your choice as an LPI shareholder and how to vote at the Scheme Meeting

4.2 YOUR CHOICES AS AN LPI SHAREHOLDER

Sell your LPI Shares on the ASX

The Scheme does not preclude you from selling some or all of your LPI Shares on market for cash, if you wish, provided you do so before close of trading on the ASX on the Effective Date (currently expected to be Wednesday, 7 February 2024), when trading in LPI Shares will end.

If you are considering selling some or all of your LPI Shares:

- you should have regard to the prevailing trading prices of LPI Shares and compare those to the Scheme Consideration. You may ascertain the current trading prices of LPI Shares through the ASX website (www.asx.com.au); and
- you should contact your stockbroker for information on how to effect that sale, and you should also contact your financial, taxation, legal or other professional adviser.

LPI Shareholders who sell some or all of their LPI Shares on market:

- may receive payment (which may vary from the Scheme Consideration) for the sale of their LPI Shares sooner than they would receive the Scheme Consideration under the Scheme;
- may incur a brokerage charge;
- will not be able to participate in the Scheme or, if one emerges, a Superior Proposal, in respect of those LPI Shares they have sold; and
- may be liable for tax on the disposal of their LPI Shares (as they also may be under the Scheme – see section 8 of this Scheme Booklet).

Do nothing

LPI Shareholders who elect not to vote at the Scheme Meeting on Tuesday, 23 January 2024 or do not sell their LPI Shares on market will:

- if the Scheme is implemented – have their LPI Shares transferred to Bidder Nominee by operation of the Scheme and receive the Scheme Consideration; or
- if the Scheme is not implemented – retain their LPI Shares.

4.3 YOUR VOTE IS IMPORTANT

For the Scheme to proceed, the Scheme Resolution must be approved by the Requisite Majorities at the Scheme Meeting.

Your LPI Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI Shareholders¹³.

If you are unable to attend the Scheme Meeting, your LPI Directors recommend that you lodge your proxy via one of the below methods:

- (a) **Online:** At <https://www.votingonline.com.au/lithiumscheme>.
- (b) **Mobile:** Scan the QR Code on the proxy form provided to you and follow the prompts.
- (c) **By mail:** Complete and sign the proxy form provided to you and mail the form to Boardroom using the reply-paid envelope or GPO Box 3993, Sydney NSW 2001.
- (d) **By fax:** Complete and sign the proxy form provided to you and fax the form to + 61 2 9290 9655.

Proxy forms must be received no later than 11.00 am (AEDT) on Sunday, 21 January 2024. Proxy forms received later than this time will be invalid.

4.4 DETAILS OF THE SCHEME MEETING

The Scheme Meeting will be held at 11.00 am (AEDT) on Tuesday, 23 January 2024, in person at Ashurst Australia, Level 11, 5 Martin Place Sydney, NSW 2000 and through an online platform at: <https://web.lumiagm.com/330428612>.

Details of how to access the online platform are contained in the Notice of Scheme Meeting at Annexure D. Additional details about the proceedings at the Scheme Meeting are set out in section 3.8 and in the Notice of Scheme Meeting contained in Annexure D of this Scheme Booklet. Please note that the Scheme Meeting may be postponed or adjourned if satisfaction or waiver of a Condition Precedent (where permitted) is delayed. Any postponement or adjournment of the Scheme Meeting will be announced to ASX.

¹³ In relation to the unanimous recommendation of your LPI Directors, LPI Shareholders should note the benefits your LPI Directors will receive, as described in footnote 1.

4.5 ENTITLEMENT TO VOTE

Each LPI Shareholder who is entered on the Register at 11.00 am (AEDT) on Sunday, 21 January 2024 will be entitled to attend and vote at the Scheme Meeting, by proxy or attorney, or in the case of a corporate LPI Shareholder, by a body corporate representative. Share transfers registered after that time will be disregarded in determining voting entitlements at the Scheme Meeting.

Details about the permitted methods of voting are set out in section 4.6 and in Annexure D of this Scheme Booklet.

4.6 HOW TO VOTE

Voting on the Scheme Resolution will be conducted by way of a poll.

If you are an LPI Shareholder entitled to vote at the Scheme Meeting, you may vote:

- **in person:** by attending the Scheme Meeting held at Ashurst Australia, Level 11, 5 Martin Place Sydney, NSW 2000 and vote during the meeting;
- **online:** by attending and voting via the online platform at: <https://web.lumiagm.com/330428612>;
- **by proxy:** by appointing one or two proxies to attend the Scheme Meeting and vote on your behalf, by completing and returning your personalised proxy form (or by lodging your proxy form online at <https://www.votingonline.com.au/lithiumscheme> in accordance with the instructions given there);
- **by attorney:** by appointing an attorney to attend the Scheme Meeting and vote on your behalf, using a duly executed power of attorney; or
- **by corporate representative:** in the case of a body corporate, appointing a body corporate representative to attend the Scheme Meeting and vote on your behalf, using a duly executed certificate of appointment of body corporate representative.

Further information on how to vote using each of these methods is contained in the Notice of Scheme Meeting attached as Annexure D to this Scheme Booklet.

If you are in favour of the Scheme, you should vote in favour of the Scheme.

The Scheme will not be implemented unless the Scheme is approved by the Requisite Majorities of LPI Shareholders at the Scheme Meeting.

4.7 HOW TO ASK QUESTIONS

LPI Shareholders who would like to ask questions at the Scheme Meeting are invited to do so in writing before the Scheme Meeting by emailing their question(s) to info@lithiumpowerinternational.com prior to 11.00 am (AEDT) on Sunday, 21 January 2024.

Alternatively, LPI Shareholders can submit questions when attending the Scheme Meeting. More information regarding how to participate in the Scheme Meeting (including virtual participation and how to ask questions online during the meeting) is set out in the Notice of Scheme Meeting attached as Annexure D to this Scheme Booklet.

Due to time constraints, LPI cannot guarantee that all questions asked prior to or at the Scheme Meeting will be answered.

For personal use only

Section 5

Overview of LPI

5.1 OVERVIEW OF LPI'S ASSETS AND OPERATIONS¹⁴

Founded in 2015 and listed on the ASX in 2016 (ASX code: LPI), LPI's main focus is the development of its flagship 100% owned Maricunga Project, located 170km north-east of Copiapó in the Atacama Region of northern Chile. According to the Definitive Feasibility Study (**DFS**) developed by LPI in 2022, commercial production of the Maricunga Project is expected to begin in 2026 subject to securing financing for the construction and operation.

The Maricunga Project covers 1,125 ha of mineralised ground in the Salar de Maricunga (the **Salar**). In addition, a camp and evaporation test facilities are planned 100 ha to the north-east of the Salar, and an additional 1,800 ha of State-owned land has been secured via easements 8 km to the north of the Salar for the construction of evaporation ponds, processing and plant facilities.

The Maricunga Project was previously owned and operated through a Chilean joint venture company, MSB S.A., in which LPI owned a 51.55% interest, along with its joint venture partners MSB SpA holding 31.31% and Bearing holding 17.14%. In December 2022, LPI consolidated 100% ownership of MSB S.A. via two all-scrip mergers with MSB SpA and Bearing (**Consolidation Transaction**).

In January 2022, LPI released an updated DFS for stage one of the Maricunga Project (**Stage One Maricunga Project**) which included the latest optimisations incorporated into the planned lithium carbonate production process. LPI also submitted a detailed Environmental Impact Assessment (**EIA**) which details the actions to be taken to reduce the impact on the environment resulting from operations and activities associated with the Maricunga Project. The EIA has been approved by the relevant Chilean authorities for the life of the project, but the environmental approval is currently being challenged before the Chilean 2nd Environmental Court as set out in section 5.14.

The DFS included the latest optimisations incorporated into the planned lithium carbonate production process. Lithium carbonate with a 99.92% purity was achieved from original, concentrated brine from test evaporation ponds. This significantly exceeded specifications for battery grade lithium carbonate of 99.5%. Another test, to measure the Loss of Ignition (**LOI**) returned an encouraging 0.2%. As a result, the purity after LOI was determined to be 99.72%, which confirmed the high quality and consistency of LPI's product and processes.

Apart from the environmental permit referred to above, MSB S.A. obtained a permit from the Chilean Nuclear Energy Commission in 2018 for the production and sale of 35,554 tonnes of lithium metal equivalent.

In December 2022, LPI completed the acquisition of freshwater rights to cover the needs for the Maricunga Project. Water supply is now secure for the Stage One Maricunga Project and also for any future expansions. Water usage is projected to be an average 8 litres per second during stage one.

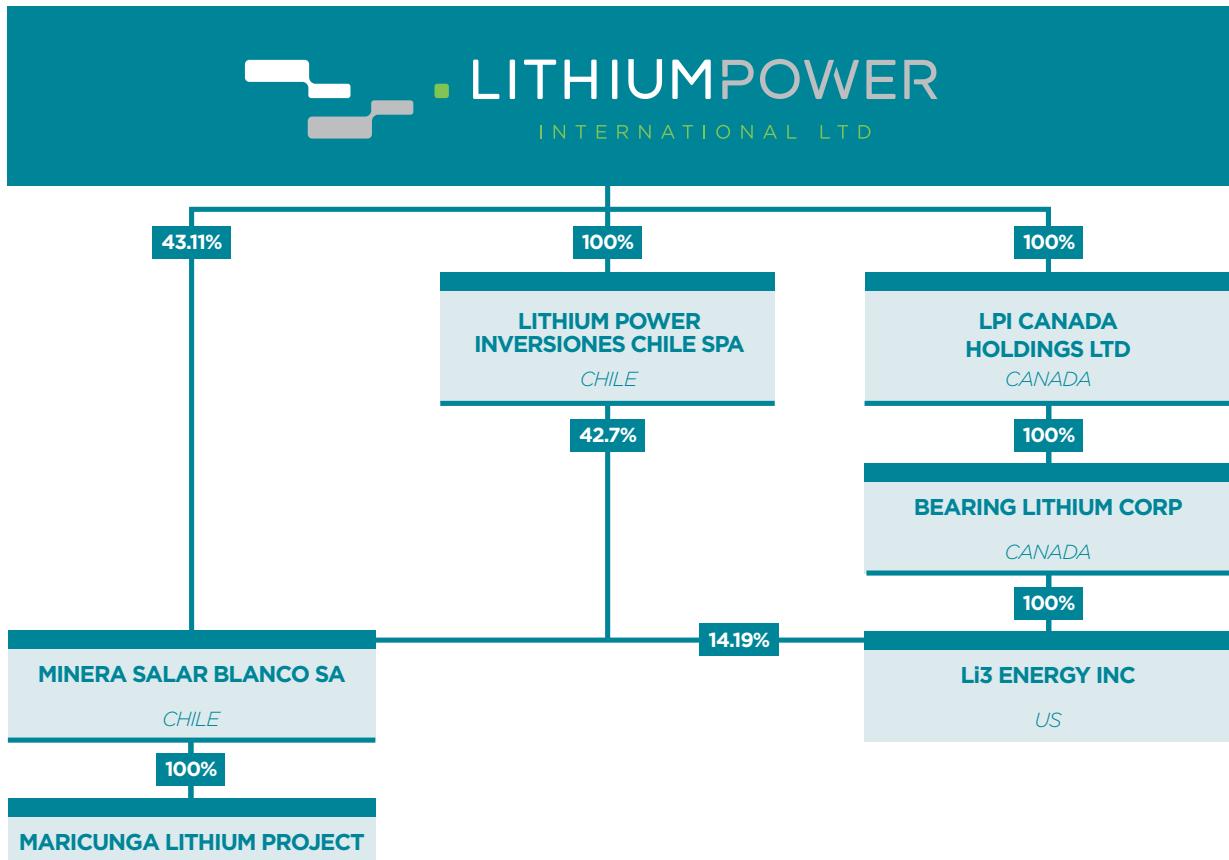
14 Refer to section 5.3.

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5.2 CORPORATE STRUCTURE OF LPI

FIGURE 5: LPI'S CORPORATE STRUCTURE



5.3 MINERAL RESOURCES AND ORE RESERVES

The current Mineral Resource estimate for the Maricunga Project's deposit totals 2.88Mt of contained lithium carbonate equivalent (**LCE**) from surface to 200–400 m depth across the mining tenements. The brines remain lithium-enriched at depth and there is potential for resource expansion down to an estimated basement depth of around 550m.

The Mineral Resource estimate for the Maricunga Project tenements is 358,000t of lithium or 1,905,000t of LCE in one area of the Salar, and 184,000t of lithium or 979,000t of LCE in another part of the Salar according to measured and indicated resources that were estimated in 2018.

The Maricunga resources remain open at depth, with additional resource potential to an estimated average depth of 500–550m prior to intersecting basement. LPI has estimated a combined exploration target of an additional 1,200–2,100kt of LCE from 400–550m in one area and from 200–550 m in another area of the Salar. It must be emphasised that these are target figures only and are not resources as there is effectively no drill information at these depths, however, the projects based on the known geology and geophysical profiles are not unreasonable.

STATEMENT IN RESPECT OF LPI ORE RESERVES AND MINERAL RESOURCES

The information in this Scheme Booklet that relates to Ore Reserves and Mineral Resources in respect of the Maricunga Project has been extracted from LPI's ASX release titled "Maricunga Stage One DFS delivers an after tax NPV of US\$1.4B" dated 20 January 2022 and LPI's ASX release titled "2023 Annual Report" dated 28 September 2023 (together, the **LPI Announcements**). Copies of the LPI Announcements are available at www.lithiumpowerinternational.com/asx-announcements/ and www.asx.com.au. LPI confirms that it is not aware of any new information or data that materially affects the information included in the LPI Announcements and that in the case of the estimates of the Ore Reserves and Mineral Resources all material assumptions and technical parameters underpinning the estimates in the LPI Announcements continue to apply and have not materially changed. LPI confirms that the form and content in which the Competent Persons' findings are presented have not been materially modified from the LPI Announcements.

5.4 PRODUCTION GUIDANCE

Stage One Maricunga Project supports 15,200t/a production of battery grade lithium carbonate for 20 years. Potassium chloride production was not considered in the DFS.

Total production costs are estimated at 3,864 US\$/t lithium carbonate, with chemical reactives and reagents, and energy costs the material contributing cost items, being US\$1,099/t and US\$1,164/t respectively.

STATEMENT IN RESPECT OF LPI'S PRODUCTION GUIDANCE

The information underpinning LPI's production guidance in this Scheme Booklet has been extracted from information set out in LPI's ASX release titled "Maricunga Stage One DFS delivers an after tax NPV of US\$1.4B" dated 20 January 2022 (**DFS Announcement**). The DFS Announcement is available at www.lithiumpowerinternational.com/asx-announcements/ and www.asx.com.au. For the purposes of ASX Listing Rule 5.19, LPI confirms that all the material assumptions underpinning the production target in the DFS Announcement continues to apply and have not materially changed. LPI confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from those announcements.

5.5 LPI BOARD AND SENIOR MANAGEMENT

(a) LPI Board

As at the date of this Scheme Booklet, the LPI Board comprised:

Name	Position
David Hannon	Non-Executive Chairman
Cristobal Garcia-Huidobro	Managing Director & Chief Executive Officer
Andrew Phillips	Executive Director, Company Secretary & Chief Financial Officer
Russell Barwick	Non-Executive Director
Richard Crookes	Executive Director
Martin Jose Domingo Borda	Non-Executive Director

More information about the LPI Board, including their biographies, can be found at: <https://lithiumpowerinternational.com/leadership/>.

(b) Senior management

As at the date of this Scheme Booklet, LPI's senior management team comprises the members of the LPI Board listed above.

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Overview of LPI

5.6 LPI SECURITIES AND CAPITAL STRUCTURE

(a) LPI securities on issue

As at the Last Practicable Date, the capital structure of LPI comprised of the following securities:

Type of security	Number on issue
LPI Shares	637,571,658
LPI Share Appreciation Rights	19,500,000
LPI Options	9,250,000
LPI Bearing Options	7,910,000 LPI Bearing Options which, if exercised, will result in the issuance of a maximum of 5,537,000 LPI Shares
LPI Bearing Warrants	5,341,000 LPI Bearing Warrants which, if exercised, will result in the issuance of a maximum of 3,738,700 ¹⁵ LPI Shares

(i) LPI Share Appreciation Rights

LPI Share Appreciation Rights are governed by the terms of the LPI Rights Plan, under which LPI can issue share appreciation rights to eligible participants. The LPI Rights Plan was last approved by LPI Shareholders at a general meeting of LPI Shareholders (at the time) on 27 November 2019, and a summary of the LPI Rights Plan is attached to LPI's 2019 notice of annual general meeting.

(ii) LPI Options

At an extraordinary general meeting of LPI Shareholders held on 28 October 2022, LPI Shareholders (at the time) approved the issue of:

- (A) 4,000,000 LPI Options to Mr David Hannon, in relation to his undertaking of special exertions in the executive arena;
- (B) 4,000,000 LPI Options to Mr Russell Barwick, in relation to his undertaking of special exertions in the executive arena; and
- (C) 1,250,000 LPI Options to Treadstone Resource Partners Pty Ltd, as partial consideration for their engagement as a strategic and financial adviser in the Consolidation Transaction (as defined in LPI's 2022 notice of extraordinary general meeting).

A summary of the terms of the LPI Options issued to Mr David Hannon, Mr Russell Barwick and Treadstone Resource Partners Pty Ltd are attached to LPI's 2022 notice of extraordinary general meeting, as released to the ASX on 28 September 2022.

(iii) LPI Bearing Options and LPI Bearing Warrants

On 22 December 2022, the Plan of Arrangement closed, pursuant to which (among other things) LPI's wholly-owned Subsidiary, LPI Canada acquired all of the issued shares of Bearing. Bearing is currently an indirectly, wholly-owned Subsidiary of LPI.

Under the Plan of Arrangement, the terms of the outstanding Bearing Options and Bearing Warrants on issue were amended:

- (A) so that each LPI Bearing Option and LPI Bearing Warrant, upon the exercise thereof, would entitle the holder to 0.7 LPI Shares (rather than one Bearing common share); and
- (B) to comply with the ASX Listing Rules.

Refer to section 3.9 for a summary of how the LPI Unlisted Securities will be treated under the Transaction.

No other securities in LPI (or convertible into LPI Shares) were on issue as at the Last Practicable Date.

¹⁵ Rounded down to the nearest LPI Share.

(b) Substantial shareholders

Based on publicly available information, as at the Last Practicable Date, LPI had received notifications from the following substantial shareholders in accordance with section 671B of the Corporations Act:

Name	Number of LPI Shares	Percentage shareholding ¹⁶
Minera Salar Blanco SpA	177,783,334	27.88%
HSBC Custody Nominees (Australia) Limited	66,836,064	10.48%
Citicorp Nominees Pty Limited	53,076,827	8.32%

(c) Top 20 LPI Shareholders

Based on LPI's Register as at the Last Practicable Date, the top 20 LPI Shareholders held approximately 65.89% of the LPI Shares, as set out in the following table.

Name	Number of LPI Shares	Percentage shareholding ¹⁷
1 Minera Salar Blanco SpA	177,783,334	27.88%
2 Citicorp Nominees Pty Limited	63,388,568	9.94%
3 HSBC Custody Nominees (Australia) Limited	33,456,159	5.25%
4 HSBC Custody Nominees (Australia) Limited-GSCO ECA	25,129,343	3.94%
5 Chifley Portfolios Pty Ltd <David Hannon Retire Fund A/C>	15,857,143	2.49%
6 J P Morgan Nominees Australia Pty Limited	13,455,543	2.11%
7 Treasury Services Group Pty Ltd <Nero Resource Fund A/C>	12,073,773	1.89%
8 UBS Nominees Pty Ltd	11,761,368	1.84%
9 National Nominees Limited	9,870,088	1.55%
10 BNP Paribas Noms Pty Ltd	8,864,276	1.39%
11 BNP Paribas Nominees Pty Ltd ACF Clearstream	7,803,517	1.22%
12 Neweconomy Com Au Nominees Pty Limited <900 Account>	7,779,748	1.22%
13 BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient>	7,310,181	1.15%
14 G Harvey Nominees Pty Ltd <Harvey 1995 Disc A/C>	6,498,576	1.02%
15 HSBC Custody Nominees (Australia) Limited – A/C 2	4,355,512	0.68%
16 Palm Beach Nominees Pty Limited	3,516,636	0.55%
17 HSBC Custody Nominees (Australia) Limited	3,381,558	0.53%
18 Mr Jonathan James Kent	2,636,000	0.41%
19 Ms Chen Zhang	2,625,000	0.41%
20 POSCO Canada Ltd	2,547,082	0.40%
Total	420,093,405	65.89%

¹⁶ % shareholding based on the number of LPI Shares on issue on the Last Practicable Date.

¹⁷ % shareholding based on the number of LPI Shares on issue on the Last Practicable Date.



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Overview of LPI

5.7 CORPORATE GOVERNANCE

The directors and management of LPI are committed to conducting the business of LPI in an ethical manner and in accordance with the highest standards of corporate governance. LPI has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) (**Recommendations**) to the extent appropriate to the size and nature of its operations.

On 28 September 2023, LPI released its Corporate Governance Statement to ASX, which sets out the corporate governance practices that were in operation during FY23 and identifies and explains any Recommendations that were not followed (**Corporate Governance Statement**). The Corporate Governance Statement is available on LPI's ASX announcements page (ASX code: LPI) and www.lithiumpowerinternational.com/corporate-governance/.

5.8 FINANCING ARRANGEMENTS

As at the date of this Scheme Booklet, the LPI Group is not party to any debt financing arrangements.

5.9 HISTORICAL FINANCIAL INFORMATION

This section 5.9 contains financial information relating to LPI for the FY22 and FY23.

The financial information in this section 5.9 is a summary only and has been prepared and extracted for the purposes of this Scheme Booklet only. The information has been extracted from the audited financial reports of LPI for FY22 and FY23.

(a) Basis of interpretation

The historical financial information of LPI presented is in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Accordingly, LPI recommends that LPI Shareholders read the following in conjunction with the financial statements of LPI for the respective periods including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements (copies of which are available on LPI's website at www.lithiumpowerinternational.com and on ASX's website at www.asx.com.au).

The historical financial information of LPI has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards. The historical financial information in this Scheme Booklet is presented on a standalone basis and accordingly does not reflect any impact of the Scheme.

(b) Consolidated statement of profit or loss and other comprehensive income

The following table presents the historical consolidated statement of profit or loss and other comprehensive income for FY22 and FY23.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the full year ended 30 June

	Consolidated Entity	
	2023	2022
	A\$	A\$
Revenue		
Other income	–	349
Interest revenue calculated using the effective interest method	90,785	207
Expenses		
Share of losses of joint ventures accounted for using the equity method	(537,467)	(2,731,859)
Employee benefits expense	(5,086,985)	(1,191,010)
Occupancy costs	(229,140)	(167,560)
Depreciation and amortisation expense	(2,012)	(3,313)
Legal and professional fees	(1,290,577)	(431,593)
Travel expense	(683,138)	(71,582)
Administration expense	(2,905,650)	(900,396)
Net foreign exchange gains/(loss)	5,793,079	(6,894,921)
Other expenses	(336,915)	(250,025)
Finance costs	(3,177)	(3,215)
Loss before income tax benefit from continuing operations	(5,191,197)	(12,644,918)
Income tax benefit	6,832,350	–
Profit/(loss) after income tax benefit from continuing operations	1,641,153	(12,644,918)
(Loss)/profit after income tax expense from discontinued operations	(2,603,380)	108,636
Loss after income tax (expense)/benefit for the year	(962,227)	(12,536,282)
Other comprehensive (loss)/income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	(5,671,598)	3,273,443
Other comprehensive (loss)/income for the year, net of tax	(5,671,598)	3,273,443
Total comprehensive loss for the year	(6,633,825)	(9,262,839)
Loss for the year is attributable to:		
Non-controlling interest	–	350,860
Owners of Lithium Power International Limited	(962,227)	(12,887,142)
	(962,227)	(12,536,282)
Total comprehensive loss for the year is attributable to:		
Continuing operations	–	–
Discontinued operations	–	413,034
Non-controlling interest	–	413,034
Continuing operations	(6,633,825)	(9,042,006)
Discontinued operations	–	(633,867)
Owners of Lithium Power International Limited	(6,633,825)	(9,675,873)
	(6,633,825)	(9,262,839)



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5.9 HISTORICAL FINANCIAL INFORMATION

	Consolidated Entity	
	2023	2022
	Cents	Cents
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Lithium Power International Limited		
Basic earnings/(loss) per share	0.323	(3.702)
Diluted earnings per share	0.323	(3.702)
Earnings per share for profit from discontinued operations attributable to the owners of Lithium Power International Limited		
Basic loss per share	(0.513)	(0.071)
Diluted loss per share	(0.513)	(0.071)
Loss per share for loss attributable to the owners of Lithium Power International Limited		
Basic loss per share	(0.189)	(3.773)
Diluted loss per share	(0.189)	(3.773)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

(c) Consolidated statement of financial position

The following table presents the historical consolidated statement of financial position for FY22 and FY23.

STATEMENT OF FINANCIAL POSITION

for the full year ended 30 June

	Consolidated Entity	
	2023	2022
	A\$	A\$
Assets		
Current assets		
Cash and cash equivalents	11,501,120	6,428,908
Receivables	117,221	138,663
Other	384,915	1,125,729
Assets of disposal groups classified as held for sale	12,003,256	7,693,300
	6,534,226	4,585,737
Total current assets	18,537,482	12,279,037
Non-current assets		
GST receivable	3,194,047	–
Investments accounted for using the equity method	–	30,378,797
Property, plant and equipment	4,152	6,164
Exploration and evaluation	157,911,110	–
Deferred tax	6,832,350	–
Total non-current assets	167,941,659	30,384,961
Total assets	186,479,141	42,663,998
Liabilities		
Current liabilities		
Trade and other payables	6,442,625	666,426
Income tax	2,130,968	5
Employee benefits	187,270	94,584
Liabilities directly associated with assets classified as held for sale	8,760,863	761,010
	17,077	36,582
Total current liabilities	8,777,940	797,592
Total liabilities	8,777,940	797,592
Net assets	177,701,201	41,866,406
Equity		
Issued capital	215,324,539	89,392,042
Reserves	22,090,412	11,225,887
Accumulated losses	(59,713,750)	(58,751,523)
Total equity	177,701,201	41,866,406

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(d) Consolidated statement of cash flows

The following table presents the historical consolidated statement of cash flows for FY22 and FY23.

STATEMENT OF CASH FLOWS

for the year ended 30 June

	Consolidated Entity	2023	2022
	A\$	A\$	A\$
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)	(6,653,481)	(3,612,082)	
Interest received	90,785	17,332	
Other revenue	3,008	18,574	
Interest and other finance costs paid	(3,177)	(10,383)	
Income taxes refunded	–	21	
Net cash used in operating activities	(6,562,865)	(3,586,538)	
Cash flows from investing activities			
Payment for acquisition of control of Maricunga Joint Venture, net of cash acquired	(3,274,022)	–	
Payment for purchase of subsidiary, net of cash acquired	–	(230,801)	
Payments for joint venture capital invested	(5,878,789)	(8,361,029)	
Payments for property, plant and equipment	–	(121,356)	
Payments for exploration and evaluation	(1,034,508)	(738,089)	
Payments relating to assets held for sale	(1,782,808)	–	
Proceeds from sale of subsidiary, net of cash disposed	–	1,235,064	
Net cash used in investing activities	(11,970,127)	(8,216,211)	
Cash flows from financing activities			
Proceeds from issue of shares	25,024,531	12,625,000	
Share issue transaction costs	(1,537,500)	(635,500)	
Net cash from financing activities	23,487,031	11,989,500	
Net increase in cash and cash equivalents	4,954,039	186,751	
Cash and cash equivalents at the beginning of the financial year	6,547,081	6,310,876	
Effects of exchange rate changes on cash and cash equivalents	–	49,454	
Cash and cash equivalents at the end of the financial year	11,501,120	6,547,081	

5.10 MATERIAL CHANGES IN LPI'S FINANCIAL POSITION

Other than:

- the accumulation of profits / losses in the ordinary course of trading;
- as disclosed in this Scheme Booklet or as otherwise disclosed to ASX by LPI;
- the sale of LPI's wholly-owned Australian Subsidiary, Western Lithium Ltd to Albemarle Lithium Pty Ltd for cash consideration of A\$30,000,000 (in aggregate, including a A\$1,000,000 deferred consideration component) as disclosed to ASX by LPI on 3 July 2023;
- capital gains tax liabilities in respect of the sale of Western Lithium Ltd (mentioned above) has been finalised and offset against LPI's accumulated tax losses. The net effect is tax payable by LPI of approximately A\$1.8 million; and
- proceeds received in respect of the exercise and conversion of any Bearing Options and Warrants (as at the Last Practicable Date, approximately CAD\$2.4 million had been received),

to the knowledge of the LPI Directors, the financial position of LPI has not changed materially since 30 June 2023, being the last date of the period to which the financial statements for FY23 relate.

Copies of LPI's periodic reports (including for FY23) can be obtained from LPI's website at www.lithiumpowerinternational.com, ASX's website at www.asx.com.au and from LPI free of charge following a request in writing via email: enquiries@boardroomlimited.com.au received before the Scheme is approved by the Court.

5.11 LPI DIRECTORS' INTENTIONS FOR THE BUSINESS

The Corporations Regulations require a statement by the LPI Directors of their intentions regarding LPI's business. If the Scheme is implemented, Codelco has stated that it intends to reconstitute the LPI Board as appropriate for such an entity¹⁸.

It is for the reconstituted LPI Board to determine its intentions as to:

- (a) the continuation of the business of LPI or how the existing business will be conducted;
- (b) any major changes to be made to the business of LPI; or
- (c) the future employment of the present employees of LPI,

and accordingly, it is not possible for the LPI Directors to provide such a statement.

Codelco's intentions if the Scheme is implemented are set out in section 6.8.

If the Scheme does not proceed, and no Superior Proposal emerges, the LPI Board intends to continue with the business, financial and operating plans it had in place prior to the Announcement Date.

5.12 RECENT LPI SHARE PRICE PERFORMANCE

LPI Shares are listed on ASX under the ASX code 'LPI'.

On 26 September 2023, being the last Trading Day prior to the announcement of discussions between LPI and Codelco, LPI shares closed at A\$0.26 per LPI Share.

On 17 October 2023, being the last Trading Day prior to the announcement of entry into the Scheme Implementation Deed and following the announcement of discussions between LPI and Codelco, the closing LPI Share price on ASX was A\$0.415. From announcement of entry into the Scheme Implementation Deed to 15 December 2023 (being the **Last Practicable Date**), the closing LPI Share price on ASX has ranged from A\$0.545 to A\$0.525.

Over the six months prior to the announcement of preliminary discussions between LPI and Codelco on 28 September 2023, LPI Shares traded between a low of A\$0.225 per LPI Share on 21 September 2023 and a high of A\$0.41 per LPI Share on 20 April 2023, 12 May 2023 and 15 May 2023.

The graph below shows the share price performance of LPI Shares over the 6 months prior to the Last Practicable Date, relative to the Scheme Consideration of A\$0.57.

¹⁸ Refer to section 6.8(e).

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Overview of LPI

5.12 RECENT LPI SHARE PRICE PERFORMANCE

FIGURE 2: LPI'S TRADING PERFORMANCE IN SIX MONTHS PRIOR TO THE LAST PRACTICABLE DATE



Source: IRESS. Market data as at 15 December 2023.

5.13 PUBLIC INFORMATION AVAILABLE FOR INSPECTION

LPI is a disclosing entity as defined in the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Broadly, these require LPI to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information. LPI is also required to prepare and lodge with ASIC and ASX both annual and half-year financial statements.

Further announcements concerning LPI will continue to be made available on ASX's website after the date of this Scheme Booklet.

Copies of the documents filed with ASX may be obtained from LPI's website at www.lithiumpowerinternational.com, or free of charge following a request in writing to LPI at any time before the Scheme Meeting. Copies of documents filed with ASX may also be obtained from ASX's website at www.asx.com.au. Copies of the documents lodged with ASIC in relation to LPI may be obtained from, or inspected via, ASIC's online registry portal ASIC Connect at www.asicconnect.asic.gov.au including at ASIC's self-service kiosks at ASIC's service centres, or obtained from LPI following a request in writing to LPI at any time before the Scheme Meeting.

5.14 LITIGATION

At the date of this Scheme Booklet, to the best knowledge of the LPI Directors, LPI is not involved in any litigation or dispute which is material in the context of LPI and its Subsidiaries taken as whole, except as set out below:

(a) Trial N°104697-2023 "Minera Salar Blanco S.A./Consejo de Defensa", Supreme Court of Chile

This trial corresponds to a cassation appeal by the Chilean State Defense Council (*recurso de casación en el fondo*) against the final ruling pronounced by the Court of Appeals of Copiapó (*Corte de Apelaciones de Copiapó*) on 10 May 2023, which confirmed the first instance ruling issued by the 2nd Civil Court of Copiapó (*2º Juzgado de Letras de Copiapó*) on 28 October 2022, rectified on 28 November 2022. The first instance ruling accepted the claim filed by MSB S.A. against the Chilean State (*Fisco de Chile*) and, consequently, granted an extension of the legal mining easement over State-owned land in favour of the mining properties called "Cocina 19-27", "Despreciada 6-7", "Salamina 1-3" and "San Francisco 1-10", for the development of the Maricunga Project.

The main argument of the State Defense Council to request the rejection of the easement extension is based on the assertion that one of the conditions required by the Chilean Mine Code for the granting of the easement (being the need or utility that justifies its granting) has not been met, on the understanding that MSB S.A. requested this easement on the State-owned land for the purpose of exploiting the lithium present in the Maricunga salt flat. The State Defense Council's request is based upon its assertion that MSB S.A.'s mining concessions only permit exploration and exploitation of sodium chloride and rock salt (and not also the existing lithium).

The Supreme Court's decision is currently pending the hearing of the parties' pleadings. If the Supreme Court accepts the appeal and replaces the original judgment, the mining easement extension for MSB S.A. over the mentioned mining properties, totalling 2,350 hectares, would not be granted. This would prevent MSB S.A. from using the State-owned land to install evaporation ponds, salt deposits, production plants, camps, and other facilities necessary for the project's operations, including occupation and transit on essential roads between mining camps.

(b) Trial N°R-333-2022 “Comunidad Indígena Colla de Copiapó y Otros/ Director Ejecutivo del Servicio de Evaluación Ambiental”, Environmental Court of Santiago

In essence, this trial revolves around the legality of the Maricunga Project's Environmental Qualification Resolution, which was granted on 4 February 2020 by means of Exempt Resolution No. 94 (**RCA**).

On 24 March 2020, the Colla Indigenous Community of the Copiapó Municipality and other individuals (**Invalidation Petitioners**) filed an administrative invalidation request against the RCA. By means of Exempt Resolution N°202299101101/2022 dated 4 February 2022 of the Executive Director of the Environmental Assessment Service (Servicio de Evaluación Ambiental) the invalidation request was dismissed (**Exempt Resolution 2022**).

In addition, between March and May 2020, the Colla Pai Ote Indigenous Community and other individuals (**Claimants**) filed seven administrative claims against the RCA, all of which were dismissed by means of Exempt Resolution No. 2023991012/2023 dated 4 January 2023, issued by the Ministers Committee (*Comité de Ministros*) (**Exempt Resolution 2023**).

Case number R-333-2022 commenced on 18 March 2022 with a judicial claim submitted to the Environmental Court by the Invalidation Petitioners against the Exempt Resolution 2022. Later, on February 2023 the other Claimants filed judicial claims against the Exempt Resolution 2023, all of which were aggregated to case number R-333-2022.

The claims before the Environmental Court are made on alleged deficiencies in the environmental impact assessment process of the Maricunga Project and the alleged exclusion of two Indigenous communities (Colla of the Copiapó Municipality and Colla Pai Ote) from the Indigenous consultation stage. On 26 October 2023, the hearing of the seven claims was held and the court's ruling is currently pending.

The Environmental Court's decision can be subject to cassation appeal before the Supreme Court of Chile, the review of which may last from 10 to 18 months under normal circumstances. If the Supreme Court determines that the RCA is totally or partially invalid, it may set out new conditions or measures to deal with the alleged deficiencies and/or order the regression of the environmental impact assessment proceeding to carry out again certain stages such as indigenous consultation.

It is important to note that filing lawsuits or appeals does not impact the RCA's legal effect unless expressly determined otherwise by a firm and definitive judicial ruling.

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Section 6

Overview of Codelco Group

6.1 INTRODUCTION

This section 6 forms part of the Codelco Material and has been prepared by, and is the responsibility of, the Codelco Group. This section 6 contains information relating to the Codelco Group and outlines how the Codelco Group is funding the Scheme Consideration and its vision, intentions, views and opinions in relation to LPI.

6.2 OVERVIEW OF CODELCO AND THE CODELCO GROUP

Codelco is a Chilean company and is 100% owned by the Chilean State. Codelco was established in 1976 by statute, and obtained ownership of, and management over, various foreign-owned mining deposits in Chile that were nationalised in 1971. Codelco is headquartered in Santiago, Chile.

Codelco is the largest copper producer in the world. Codelco's focus is to explore, develop and exploit mining resources to produce copper concentrate, refined copper and by-products, and market them to customers globally. Codelco controls approximately 5.4% of the world's proven and probable copper reserves as defined by the U.S. Geological Survey.

Codelco runs seven mine sites (known as "divisions") in Chile, being Chuquicamata, Ministro Hales, Radomiro Tomic, Gabriela Mistral, Salvador, Andina, El Teniente and the Ventanas refinery. In 2022, Codelco's copper accounted for 7% of world production and 29% of national production. These include Codelco's stake in Minera El Abra (49%) and Anglo American Sur (20%).

While Codelco does not have any currently producing lithium projects, it owns mining tenements and key strategic permits to develop lithium projects in the Maricunga and Pedernales Salt Flats and is currently undertaking preliminary exploration work at the Maricunga Salt Flat.

In 2023, Codelco established two other wholly-owned subsidiaries, Salares de Chile SpA and Minera Tarar SpA, to focus on lithium. This follows the Chilean government's announcement in April 2023 of the Chilean National Lithium Strategy, which mandates that Codelco, along with another state-owned enterprise, will play an initial role as State representatives while the government pursues the creation of the Lithium National Company by law.

Codelco is a diversified investment group and invests in a variety of mining related entities including sale agents, healthcare entities, technological research entities, processing plants, mining explorations entities, commercialisation and port entities and other mining services entities. These investments include foreign subsidiaries which support Codelco's operations, domiciled in Singapore, the United Kingdom, Canada, the United States, Germany, Brazil, China, and Ecuador. Codelco has no operations or assets in Australia.

Codelco is a pillar of sustainable development in Chile and the world. Its objective is to maximise the economic, environmental and social value of Codelco and its contribution to the State of Chile in a sustainable way through the mining of copper and its by-products, and now also of lithium as mandated by the Chilean National Lithium Strategy. To ensure compliance with its values and policies, since 2012 Codelco has adhered to the Guiding Principles on Human Rights and Business of the United Nations, as well as other international standards.

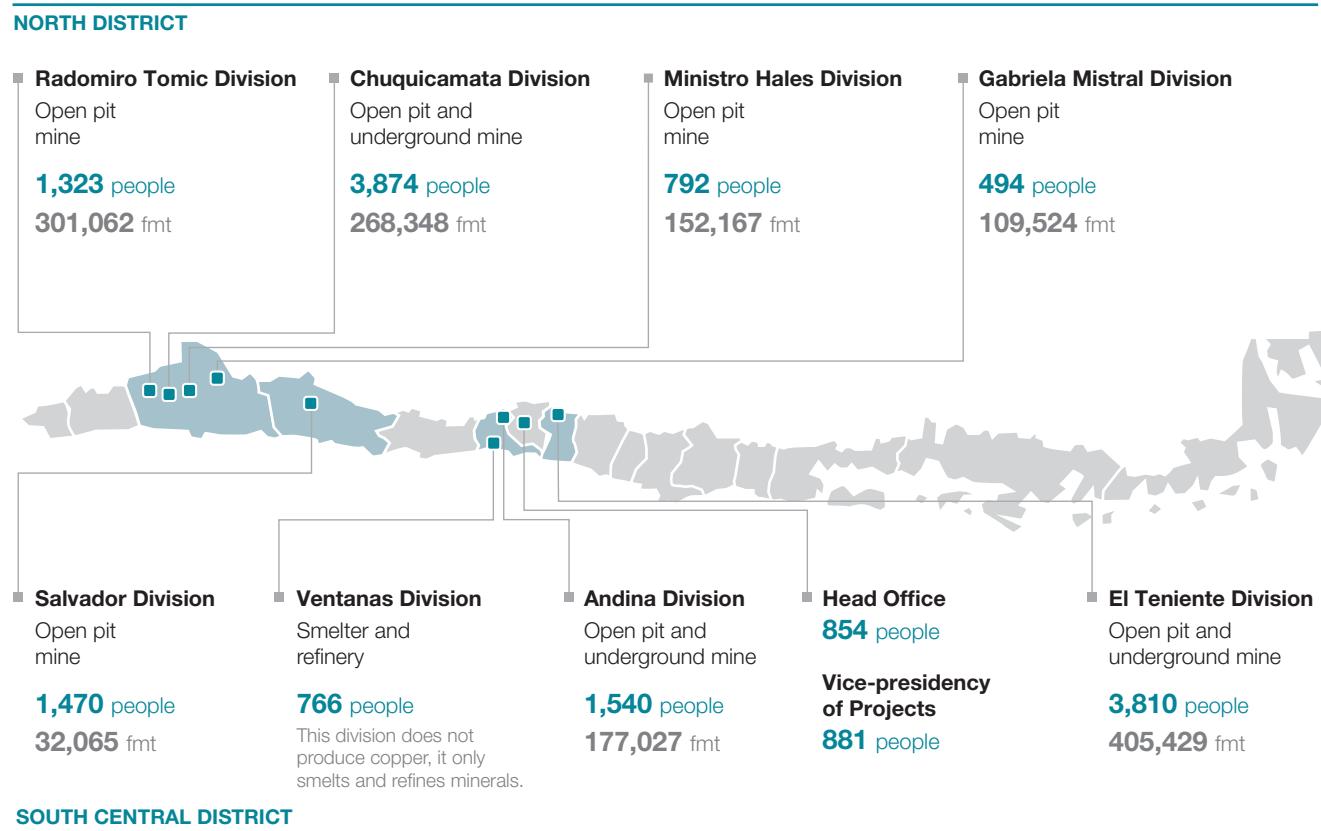
A summary of Codelco's key Chilean operations is set out in the figure below.

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Overview of Codelco Group

6.2 OVERVIEW OF CODELCO AND THE CODELCO GROUP

FIGURE 6: CODELCO'S OPERATIONS



More information about Codelco's activities, operations and history can be found at <https://www.codelco.com/english>.

Codelco's latest annual report, for the year ended 31 December 2022, is available at https://www.codelco.com/sites/site/docs/20230607/20230607094540/m22_eng_1.pdf.

Financial statements of Codelco are available at <https://www.codelco.com/key-financial-operational-data>.

6.3 SUSTAINABILITY AND ESG PRACTICES IN CODELCO

(a) Sustainability policies and targets

CORPORATE SUSTAINABILITY POLICY

Codelco has a corporate sustainability policy aimed at establishing corporate guidelines for managing sustainability as one of the fundamental pillars supporting the entire value chain of Codelco, ensuring the viability of the business in the long term. Codelco is committed to a management approach based on sustainable development that contributes to achieving a better future, fostering social development, economic growth, and global environmental protection.

To achieve these goals, Codelco commits to seven sustainability themes in all its activities, which include:

- (i) Environmental Care: Implementing measures to protect the environment.
- (ii) Mitigating and Adapting to Climate Change: Taking actions to address and adapt to the challenges of climate change.
- (iii) Creating Social Value in Territories: Contributing to the social development of the regions where Codelco operates.
- (iv) Recognizing and Supporting the Development of Indigenous Peoples: Acknowledging and supporting the development of indigenous communities.
- (v) Respecting Human Rights: Upholding and respecting the fundamental rights of individuals.
- (vi) Innovating in Mine Closure: Implementing innovative approaches to mine closure.
- (vii) Ensuring Responsible Production: Guaranteeing the responsible production of Codelco's activities.

SUSTAINABILITY POLICY COMMITMENTS

In order to implement Codelco's Sustainability Policy, Codelco has defined a series of commitments and scopes for each theme to be executed in each of Codelco's operations and projects. The implementation of these commitments involves the development of auditable and traceable goals and plans to incorporate the best national and international practices, anticipating future regulations and requirements for Codelco's business.

Within Codelco's commitments, Codelco establishes thematic guidelines regarding Environmental Care, water resources; Atmospheric emissions, circular economy, and waste management, Biodiversity, tailings deposits management, climate change, and energy efficiency; social value in territories, Indigenous Peoples, Human Rights, Mine Closure, and Responsible Production.

For more information see: https://www.codelco.com/prontus_codelco/site/docs/20160609/20160609115040/20201226_compromisos_politica_de_sustentabilidad_version_2022.pdf.

In 2020, Codelco introduced unprecedented sustainable development commitments for 2030. These Sustainable Development Commitments for 2030 cover six areas of action associated with sustainability indicators for Codelco's operations and projects. They were approved by the board with explicit objectives for 2030, contributing to the cultural change process, innovation, transparency, and integrity. These commitments are key enablers of the ongoing transformation within the company. Codelco's specific sustainability goals encompass commitments and challenges in Carbon Footprint Reduction, Water Footprint Reduction, Circular Economy Integration, Tailings Deposit Standard Development, Socially Valuable Territory Development, and PM10 Particulate Matter Reduction.

2030 COMMITMENTS

The 2030 commitments encompass concrete plans for the short, medium, and long term, spanning 18 strategic activities implemented across all workplaces and corporate areas. Codelco has undertaken six sustainable development commitments for 2030:

1. Reduced Carbon Footprint: Aiming to decrease greenhouse gas emissions by 70%

Codelco will establish a 100% clean energy matrix. The company will innovate to replace all production and logistics equipment in underground mines with electric alternatives and actively seek new clean energy sources such as green hydrogen.

2. Reduced Water Footprint: Targeting a 60% reduction in continental water consumption per unit

Codelco will improve water use efficiency in processes, implement a desalination plant for the Northern District, and explore innovative solutions for reusing water from its ponds.

3. Circular Economy: Codelco commits to recycling 65% of industrial waste, including 100% of mining tires waste generation

The company will increase the recycling of major non-hazardous industrial solid waste, such as steel, wood, packaging materials, organic waste, and scrap, through innovative solutions.

4. New Tailings Standard: Aiming for 100% of tailings deposits to meet world-class sustainability measures

Codelco will employ innovative online systems to monitor the physical and chemical stability of tailings deposits and implement infiltration control systems.

5. Territorial Development with Social Value

Codelco plans to increase local goods and services supplied by 60%, alongside boosting local employment.

6. Particulate Matter Reduction: Committing to a 25% reduction in PM10 emissions

Codelco will achieve a 20% reduction in PM10 in the Northern District by 2027, exceeding the requirements set by the Atmospheric Decontamination Plan of Calama. The company will introduce new dust suppression technologies, a weather conditions detection system, and ensure that 100% of air quality measurement stations in neighbouring locations meet the 40 $\mu\text{g}/\text{m}^3$ standard for PM10 by 2027.

Additionally, Codelco will implement a new integration strategy with a focus on generating social value through supporting local labour, strengthening mining education, and enhancing territorial sustainability. For more details and progress on each committed action. For more information see: https://www.codelco.com/prontus_codelco/site/edic/base/port/avances_sustentabilidad.html.

(b) Climate change strategy

Codelco's Climate Change strategy is focused on achieving its commitments in Mitigation and Adaptation. Regarding Mitigation, Codelco's primary commitment is to reduce emissions by 70% by 2030 through three action axes. The first is to decarbonize Codelco's energy matrix and have 100% of its energy contracts sourced from renewable sources. Codelco's energy strategy has three pillars: decarbonization, competitive tariffs, and risk mitigation. Key milestones in the energy strategy include the successful negotiations with Engie (2017), Colbún (2022), and AES Andes (2022), resulting in the renewable



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6.3 SUSTAINABILITY AND ESG PRACTICES IN CODELCO

portion of Codelco's electrical matrix reaching 70% and 88% by the years 2026 and 2030, respectively. Among the next steps are negotiations to modify DCH and DGM contracts, renewable energy tender processes, and efforts to reduce costs.

The second one involves the electrification of open-pit mines, aiming to achieve a 10% reduction in emissions from high-tonnage CAEX operational trucks by 2030 compared to the baseline year of 2019. The expected impact is to reduce approximately 130,000 tons of CO₂ equivalents per year through the incorporation of technological improvements to their engines and the optimization of operational and maintenance costs. In this regard, progress has been made in collaborative initiatives such as the Charge ON challenge, the KOMATSU GREENHOUSE GAS (GHG) Alliance, and the exploration of Trolley pilot projects. For further details see <https://www.codelco.com/reduccion-de-10-de-emisiones-en-caex>.

Regarding the electrification of mining operations in open-pit mines, these sites generate most Scope 1 emissions, with transportation operations (CAEX) being a significant contributor. Codelco has established partnerships to advance technology, infrastructure, and capabilities for the electrification of its open-pit mines. However, there is still much progress to be made in development and validation. Technologies aiming for zero-emission open-pit mining are currently in the development phase, with a notable focus on options such as trolley systems and battery-powered trucks. The complete transition of the fleet to electric equipment holds competitive economic potential, particularly for battery powered CAEX and Trolley systems. The primary risk is not keeping pace with industry knowledge advancement, potentially hindering the ability to make timely decisions regarding technological implementation in the medium term.

The third emissions reduction objective committed to in the 2030 target is the electrification of underground mines. In this regard, the expected impact includes achieving a reduction of approximately 80,000 tons of CO₂ equivalents per year by incorporating emission-free technologies for transport vehicles. This involves optimizing engineering equipment for lower operational and maintenance costs. The goals also include positioning Codelco as a leader in the technological transformation of underground equipment, establishing a new standard for mining operations by reducing temperature, noise, and pollution in confined areas to enhance the safety and well-being of personnel. Additionally, the objectives involve developing local capabilities and regulations and fostering the development of competencies in local suppliers capable of providing more complex services, both in operations and projects.

Regarding the achievements of this initiative, electromobility in underground mining reduces CO₂ emissions, noise, vibrations, heat, and eliminates diesel particulate matter, the latter being the industry's primary focus. Codelco has progressed in the development of equipment pilots, initial scaling efforts, the strengthening of key capabilities for seizing opportunities, and the establishment of strategic alliances. By 2026-2027, validations of productive equipment will be available for decision-making. To continue progressing towards 100% electric mining, managing risks associated with technological availability and contract administration, among other factors, is required.

Additionally, Codelco is actively working on decarbonizing its Scope 3 emissions. Since 2022, Codelco has been disclosing its Scope 3 emissions in its sustainability report, categorized by main groups. The company is working towards reporting the 15 categories defined by the GHG Protocol for mining in the current year. In the same vein, from 2021 to the present, Codelco has been enhancing the measurement of emissions from its suppliers. In collaboration with mining suppliers, the company has developed a calculator for the standardized calculation of CO₂ emissions for its products, covering the 12 main and strategic categories. For further details see <https://www.codelco.com/prensa/2022/codelco-presento-la-primer-calculadora-de-huella-de-carbono-para>.

Similarly, Codelco actively collaborates with international organizations such as ICA and ICMM, which regulate and promote decarbonization in mining. In these instances, Codelco contributes to the development of guidelines and the establishment of emission reduction targets for mining companies.

Regarding Codelco's Adaptation Strategy, Codelco has prioritized the development of two main focuses. The first one revolves around reducing Codelco's Water Footprint as part of the Sustainability commitments for 2030. In this context, the goal focuses on three main aspects, addressing the reduction of make-up (use of fresh resources in operations) of continental water usage through: (i) Process efficiency; (ii) Utilization of desalinated water; and (iii) Reusing water from Codelco's ponds. The commitments to reduce water usage materialize in a water resources strategy, which aims to incorporate water efficiency processes. The expected impacts include mitigating climate change by reducing the use of continental water per treated mineral, decreasing water stress, and alleviating potential conflicts over water usage. For further details see <https://www.codelco.com/eficiencia-en-procesos-para-disminuir-15-make-up-continental>.

Codelco's second focus of the Adaptation Strategy is to strengthen its commitments to Biodiversity and Nature, with an emphasis on their contribution to the restoration and conservation of high-value ecosystems. Codelco is dedicated to biodiversity conservation and the protection of ecosystems by managing risks associated with them. Codelco will seize all opportunities to prevent, minimize, and/or mitigate potential environmental impacts in the project, operational, and exploration areas. Codelco commits to respecting legally protected areas, aiming to avoid a net loss of biodiversity. In this regard, Codelco collaborates with ICMM in the Nature working group to define a Position Statement that promotes commitment within the mining industry.

(c) Responsible mining

Codelco establishes in its Policy and in Sustainability Commitment No. 7 the guarantee of Responsible Production, whose purpose is to prevent, identify, assess, and manage all forms of conflicts and severe impacts on human rights, as well as

financial crimes such as corruption, money laundering, bribery, and financing of terrorism or armed groups. This commitment safeguards ethical standards in Codelco's business and supply chain, encompassing the extraction, transportation, marketing, processing, and export of Codelco's commercial products. Codelco will ensure that the associated management and verification systems are traceable and transparently reported to guarantee a responsible supply and production process with a life cycle perspective for Codelco's customers, investors, communities, and other stakeholders.

Codelco's greatest achievement in the development of Responsible Mining is obtaining accreditation from The Copper Mark for 100% of Codelco's operations. Following a process initiated in 2022 for the El Teniente Division, in 2023, Codelco has successfully obtained the certification for all eight of its operations. The Copper Mark, a unique standard for copper mining, encompasses 32 criteria covering various aspects of responsible practices. These include aspects of governance, environmental and social management, human rights, mine closure, climate change, labour, safety, and operational considerations, demonstrating that the company has robust management systems, accrediting the development of responsible mining. For further details see <https://coppermark.org/participants-home/participants/>.

Specifically concerning mineral supply chains, Copper Mark Criterion 31 establishes an internal management system for the control and traceability of the mineral supply chain. Starting in 2023, the annual report on the results of the implementation of Codelco's mineral supply chain management system is published under "The Copper Mark," providing assurances of responsible mineral sourcing practices in line with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Additionally, this requirement is mandated by the London Metal Exchange (LME) for all its members. For further details see https://www.codelco.com/prontus_codelco/site/docs/20230920/20230920100637/carta_duediligence_codelco_cm31_v_29_en.pdf.

6.4 OVERVIEW OF BIDDER NOMINEE

Bidder Nominee is a Chilean company incorporated on 5 May 2017 for the purpose of developing mining projects related to lithium, potassium and other mineral substances. Bidder Nominee is a wholly-owned Subsidiary of Codelco.

In 2018, Bidder Nominee was awarded a special contract for lithium operations which allows for the exploration and exploitation of lithium over a large part of the Maricunga Salt Flat.

Bidder Nominee has not conducted any business and does not own any assets or have any liabilities other than in connection with the above mentioned special contract, its incorporation, entry into the Deed Poll and the taking of such other actions as necessary to facilitate the implementation of the Scheme (including actions in relation to the incurrence of costs, fees and expenses in connection with the Scheme).

As at the date of this Scheme Booklet, the directors of Bidder Nominee are Máximo Pacheco Matte, Nicolás Rivera Rodriguez and Macarena Vargas Losada.

6.5 CODELCO BOARD AND SENIOR MANAGEMENT

(a) Codelco Board

As at the date of this Scheme Booklet, the Codelco Board comprised:

Name	Position and biography
Máximo Pacheco Matte	<p>Chairman and Director</p> <p>Mr Pacheco has held executive and managerial positions in large-scale companies in Chile and abroad. He was Codelco's first vice president of operations upon Chile's return to democracy, a position he held between 1990 and 1994. He was the Minister of Energy between 2014 and 2016 during the second administration of President Michelle Bachelet, and a member of the board of directors of Televisión Nacional de Chile between 2018 and 2019.</p> <p>In the private sector, Mr Pacheco was Executive Vice President for Latin America for Carter Holt Harvey, and Senior Vice President for International Paper, where he served as President for Latin America and then as President for Europe, the Middle East, Africa and Russia.</p> <p>Mr Pacheco has served as director of several private sector companies in Chile, Europe, Russia and New Zealand. Mr Pacheco was also a member of the board of directors of the European Confederation of the Paper Industry, sat on the Council of the North American Chamber of Commerce of Belgium and was Vice President of the Council of Bracelpa (Brazilian Association of Cellulose and Paper).</p> <p>In recent years, Mr Pacheco served as an academic at the School of Government at Universidad Católica de Chile, a member of the boards of directors for the Municipal Theater of Santiago and the Súmate Foundation, as well as member of Council of the World Wildlife Fund-Chile.</p>



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6.5 CODELCO BOARD AND SENIOR MANAGEMENT

Name	Position and biography
Eduardo Bitrán Colodro	<p>Director</p> <p>Mr Bitrán is a civil engineer graduate from Universidad Católica and has a PhD in Economics from Boston University.</p> <p>Between 2014 and 2018, Mr Bitrán was Executive Vice-President of the Chilean Economic Development Agency (Corfo) where he renegotiated lithium exploitation contracts, obtaining significant resources for the Chilean State, and before that acted in various capacities for governmental agencies and Ministries, being Ministry of Public Works between 2006 and 2008.</p> <p>Mr Bitrán is currently a professor at the Faculty of Engineering of the Adolfo Ibáñez University and former professor at the Industrial Engineering Faculty of the Universidad de Chile.</p> <p>Mr Bitrán has provided international consulting in matters of competitiveness, innovation and infrastructure policy in Colombia, Guatemala, Dominican Republic, Mexico, Peru, El Salvador, Paraguay and Uruguay, as well as advisory in reforms to financial, social security and fishing policy. He has also published various articles in an array of topics such as water policy, the regulatory and entrepreneurial role of the State, innovation, public works concessions and public-private partnerships.</p> <p>Mr Bitrán was appointed to the Codelco Board in 2023.</p>
Isabel Marshall Lagarrigue	<p>Director</p> <p>Mrs. Marshall is a sociologist and economist graduate from the Universidad Católica and holds a Master of Economics from the Universidad Católica, a Master in Public Administration from the John F. Kennedy School of Government, and a PhD in Economics and Governance from the Faculty of Arts and Sciences of Harvard University.</p> <p>Apart from various positions as economist and investigator in public agencies, between 2001 and 2008, Mrs. Marshall served in different positions in Codelco such as Corporate Vice-President of Finances, Promotion and Sustainability and Vice President of Markets and Sustainability.</p> <p>Since 2010 Mrs. Marshall has been a partner of Mardones y Marshall Consultores, a firm that provides advisory services in sustainability matters (environmental, occupational health and safety and community engagement).</p> <p>Mrs. Marshall has served as director of other private companies in Chile, such as Compañía Sudamericana de Vapores, Endesa Chile and Empresa Portuaria de Antofagasta.</p>

Name	Position and biography
Josefina Montenegro Araneda	<p>Director</p> <p>Josefina Montenegro Araneda is a law graduate from Universidad Católica with vast experience in corporate governance.</p> <p>After being awarded the President of the Republic Scholarship, Josefina Montenegro Araneda completed her postgraduate studies in the United States to receive a master's degree in law from New York University School of Law and a certificate in business from the Stern School of Business, at the same university.</p> <p>She is currently Chair of the Board of Directors of Caja de Compensación La Araucana, Director and Counselor of the Chamber of Commerce of Santiago, Director of Sky Airline and Director of Invercap and served as Superintendent of Bankruptcy/Insolvency between 2010 and 2015, a period during which, together with the Ministry of Economy, she led the drafting, legislative processing and implementation of Law No. 20.720 on Insolvency and Re-Employment, which replaced the old Bankruptcy Law. She was Legal and External Affairs Manager for British American Tobacco from 2015 to 2017.</p> <p>Between 2018 and 2019 she was president of the Puerto Montt Port Company, of the Public Companies System. She was also president of the Board of the Association of Isapres of Chile between 2019 and 2020.</p> <p>In the academic field, she has been a professor at the Faculty of Law of the Alberto Hurtado University, and founder of the Infocap Legal Clinic. In the exercise of law, she was part of the Claro & Cia studios. (Chile) and Cleary, Gottlieb, Steen & Hamilton (United States).</p> <p>In 2014, 2015, 2017 and 2019 Josefina Montenegro Araneda was chosen among the top 100 women leaders of Chile by El Mercurio newspaper. Since 2016, she has been a mentor in WoomUp, a program that attracts, retains, enhances and makes visible female talent.</p> <p>She has been a member of the Capital Market Advisory Board of the Ministry of Finance since November 2022.</p>
Ricardo Álvarez Fuentes	<p>Director</p> <p>Mr Álvarez is a mining civil engineer graduate at Universidad de Chile and holds a postgraduate degree in Mining and Geology (Diplome d'Etudes Approfondies) from the National Polytechnic Institute of Lorraine, France. Mr Álvarez also took an Advanced Executive Program at Kellogg Graduate School of Management and other specialisation courses in Management and Mining Economics in the United States, France, Canada and Chile.</p> <p>Mr Álvarez served in various positions in Codelco between 1974 and 2013, where he acted as manager of Development and Projects, manager of Operations and general manager of the El Teniente Division. In 2011, he was appointed Deputy Vice-President to Codelco's Chief Executive Officer which he held until 2013.</p> <p>Between 2018 and his appointment to the Codelco Board in 2023, Mr Álvarez served as Executive Vice-President of Mitsui Minerals, alternate director of Compañía Minera Doña Inés de Collahuasi (on behalf of Mitsui & Co.) and as director of Mitsui Minerals.</p>
Alejandra Wood Huidobro	<p>Director</p> <p>Alejandra Wood Huidobro holds a degree in history and has more than two decades of experience in strategic planning and management, corporate communications, public affairs, and crisis management.</p> <p>She belongs to the boards of Fundación Ciudad Emergente and Atex Resources and is a member of the Women's Community and a member of Red de Espacio Público. She was head of Communications and Public Affairs at Minera Escondida, manager of Public Affairs at BHP Billiton Base Metals, and between 2015 and 2022 she was executive director of the Centre for Copper Studies, Cesco, and director of The Copper Mark.</p> <p>Alejandra Wood Huidobro was responsible for the implementation of the Gabriela Mistral Centre, GAM, which quickly positioned itself as the primary cultural centre of the country for making a significant innovation in the management and promotion of culture. In 2007 and 2010, she was chosen among the top 100 women leaders of Chile by El Mercurio. In 2010, she was the Person of the Year according to the ranking prepared by La Segunda newspaper and in 2011 she received the Energía Mujer award, from Enersis.</p>

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6.5 CODELCO BOARD AND SENIOR MANAGEMENT

Name	Position and biography
Pedro Pablo Errázuriz Domínguez	<p>Director</p> <p>In addition to being a civil engineer, Mr Errázuriz holds a Master of Science in Engineering from the Universidad Católica and a Master of Science in Management Science/Operational Research/Finance from the London School of Economics.</p> <p>Mr Errázuriz is a professional with extensive experience in extractive, technology and telecommunications industries within the public sector. Mr Errázuriz served as Minister of Transport and Telecommunications from 2011 to 2014.</p> <p>Mr Errázuriz has been president of the Sociedad Austral de Electricidad Sociedad Anónima (Saesa) and subsidiaries, Eessbio, Esval, Aguas del Valle, Educational Establishments Manager, Civil Aeronautics Board (JAC), Conaset and Telecommunications Development Fund (FDT), as well as director of the Chilean Public Companies System and Dero S.A., among others.</p> <p>In addition, Mr Errázuriz has been an advisor to Sofofa, Acción RSE and Andess.</p> <p>In 2014, Mr Errázuriz joined the National Council of Urban Development, and has received several distinctions, such as the Marcos Orrego Puelma National Award of the Institute of Engineers of Chile and the National Award of Hydraulic Engineering of the Chilean Society of Hydraulic Engineering.</p>
Nelson Cáceres Hernández	<p>Director</p> <p>Since May 2020, Mr Cáceres has served as president of the Industrial Union of Labor Integration (SIIl) of the Andina Division, a union organisation of which he was previously secretary for two consecutive terms between 2011 and 2020. Between 2009 and 2011 he was director of the same union. In his role as union leader, Mr Cáceres has participated in five collective bargaining processes, in the Divisional Sustainability Roundtable and in the first Gender Roundtable in Codelco, among other activities. He also testified before the Senate Mining Committee.</p> <p>Mr Cáceres joined the Andina Division in 2000, where he has served as production operator of the underground mine and pit mine specialist operator. He previously worked at Mendes Junior Chile as a contractor on the Los Pelambres project.</p> <p>Mr Cáceres has completed diplomas in Human Resource Management, Strategic Human Capital Management and Trade Union Management for times of change.</p>

(b)

Codelco senior management

As at the date of this Scheme Booklet, in addition to the members of the Codelco Board listed above, Codelco's key management personnel are:

Name	Position
Ruben Alvarado	Chief Executive Officer
Olivar Hernandez Giugliano	Interim Chief Financial Officer
Nicolás Rivera Rodríguez	Vice President of Mining Resources, Innovation and Development
Mauricio Barraza Gallardo	Vice President of Operations
Mary Carmen Llano Aranzasti	Vice President of Human Resources
Julio Cuevas Ross	Vice President of Projects
Patricia Provoste Preisler	Interim Vice President of Corporate Affairs and Sustainability
Mauricio Acuña Sapunar	Vice President of Procurement

Name	Position
José Sanhueza Reyes	Deputy Vice President of Smelters and Refineries
Macarena Vargas Losada	Vice President of Legal
Raúl Puerto Mendoza	General Auditor
Claudia Cabrera Correa	General Manager Gabriela Mistral Division
Gonzalo Lara Skiba	General Manager Ministro Hales Division
Lindor Quiroga Bugueño	General Manager Andina Division
Julio Díaz Rivera	General Manager Radomiro Tomic Division
Christian Caviedes Núñez	General Manager Chuquicamata Division
Ricardo Weishaupt Hidalgo	General Manager Ventanas Division
Andrés Music Garrido	General Manager El Teniente Division
Christian Toutin Navarro	General Manager Salvador Division

6.6 RATIONALE FOR CODELCO'S PROPOSED ACQUISITION OF LPI

Codelco currently has no lithium operations but has mining tenements and key strategic permits to develop lithium projects in the Maricunga and Pedernales Salt Flats and has already conducted exploration works in the Maricunga Salt Flat.

The Transaction provides an opportunity for Codelco to take control over key Chilean lithium assets in the Maricunga Salt Flat, consistent with the above mentioned Chilean National Lithium Strategy, and to enable and accelerate the development of the Maricunga Project through synergies with the development of Codelco's own neighbouring mining tenements and permits within the Salar.

Chile has approximately 36% of the estimated global total lithium reserves in the form of brine, which is located in the Chilean Salt Flats. In April 2023, the Chilean Government announced the Chilean National Lithium Strategy, which was published in detail in June 2023 and which emphasised the role of the Chilean Government in the development of the lithium industry in Chile, and the need for private partnership with the Chilean State in order to exploit Chilean lithium deposits to the extent the State deems it appropriate or convenient. The Chilean National Lithium Strategy specifically entrusted Codelco to identify an optimal solution for the development of projects in the Maricunga Salt Flat (where LPI's flagship project is located). Consistent with this mandate and the Chilean National Lithium Strategy, Codelco has undertaken the Transaction.

Codelco intends to continue developing the Maricunga Project in connection with Codelco's broader operations in the Salar.

6.7 FUNDING ARRANGEMENTS FOR THE SCHEME CONSIDERATION

(a) Cash consideration

The Scheme Consideration is A\$0.57 in cash per Scheme Share, which will be paid wholly in cash from Codelco's existing cash reserves. Codelco does not expect to require additional external funding for this purpose.

If the Scheme is implemented, Scheme Shareholders will be entitled to receive the Scheme Consideration per Scheme Share held on the Scheme Record Date.

The maximum aggregate amount of cash payable by Bidder Nominee to LPI Shareholders under the Scheme will be approximately A\$369 million, based on the number of:

- (i) LPI Shares currently on issue as at the Last Practicable Date (being 637,571,658 LPI Shares); and
- (ii) any LPI Shares expected to be issued as a result of the exercise of 13,251,000 LPI Unlisted Securities (convertible into 9,275,700 Scheme Shares).



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6.7 FUNDING ARRANGEMENTS FOR THE SCHEME CONSIDERATION

Pursuant to the terms of the Scheme, Codelco has agreed to deposit, or procure the deposit of, an amount equal to the Scheme Consideration payable to all Scheme Shareholders in cleared funds to a trust account with an authorised deposit-taking institution operated by LPI as trustee for the Scheme Shareholders by no later than the Business Day prior to the Implementation Date.

Pursuant to the Deed Poll, each of Codelco and Bidder Nominee have undertaken in favour of each Scheme Shareholder that it will observe and perform all obligations contemplated of Codelco under the Scheme, including the relevant obligations relating to the provision and payment of the Scheme Consideration.

For further details regarding Codelco and the obligations under the Deed Poll, see section 3.4. A copy of the Deed Poll is reproduced in Annexure C.

(b) Overview of funding arrangements

The Scheme Consideration and any associated transaction costs (**Maximum Funding Requirement**) are proposed to be funded by Codelco through existing cash and cash equivalents of Codelco. As at 30 June 2023, Codelco had available internal cash reserves and cash equivalents with an aggregate value of US\$1,390,867,000 (**Cash Reserves**). As at the Last Practicable Date, the Cash Reserves have not been reserved for any other purpose.

Foreign exchange exposure for Codelco resulting from the Maximum Funding Requirement being denominated in Australian dollars and the Cash Reserves being denominated in a currency other than Australian dollars has been hedged using deal-contingent foreign exchange forward transactions to ensure sufficient funding will be available in Australian dollars and to minimise currency exchange risk.

(c) Provision of Scheme Consideration

On the basis of the arrangements described in this paragraph (b), Bidder Nominee is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will have sufficient funds available to fund the payment of the Scheme Consideration and related transaction costs.

6.8 BIDDER NOMINEE AND CODELCO'S INTENTIONS IF THE SCHEME IS IMPLEMENTED

(a) Overview

This section 6.8 sets out Codelco's present and forward-looking intentions for LPI if the Scheme is implemented.

These statements of intention are based on information concerning LPI, its business and the general business environment that are known to Codelco as at the date of this Scheme Booklet.

Codelco does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, tax and financial implications of its current intentions. Decisions regarding these matters will only be made by Codelco in light of all material information and circumstances at the relevant time. Accordingly, the statements set out in this section 6.8 are statements of current intention only, which may change as new information becomes available to Codelco or as circumstances change.

(b) Business and operations

If the Scheme is implemented, Codelco intends to conduct a review of the corporate structure, business, assets and operations of the LPI Group, as neither Codelco or Bidder Nominee currently have any existing investment in LPI, nor do they have any other relationship with or economic interest (including any beneficial interest) in LPI. This review will focus on identifying potential integration opportunities generated by the acquisition of the Maricunga Project and assessing potential environmental, technical and economic improvements thereto, as well as identifying areas of cost saving and combinations which may provide overall strategic and operational benefits.

Codelco values the potential of the Maricunga Project and the efforts expended to date in developing the Maricunga Project. While the process of integrating the Maricunga Project may result in some changes to business operations, Codelco intends to continue the development of the Maricunga Project in connection with Codelco's broader operations, including its surrounding mining tenements in the Salar de Maricunga lithium landscape.

(c) Integration Committee

To facilitate the integration of the LPI Group into the Codelco Group, LPI and Codelco have established an Integration Committee to oversee the implementation of the Scheme and to act as a forum for discussion, planning and sharing of information.

Until the completion of the Transaction, the Integration Committee is comprised of an equal number representatives from both LPI and Codelco. The role of the committee is to oversee matters related to integration planning, including changes of directors, employee retention and incentivisation, employee performance and costs, stakeholder engagement and communications and business operations of the LPI Group. The Integration Committee commenced holding meetings shortly after signing the Scheme Implementation Deed.

(d) Corporate structure

If the Scheme is implemented, Bidder Nominee will become the holder of all Scheme Shares such that it will be LPI's direct holding company. As part of business-as-usual planning following implementation of the Scheme, Codelco may convert LPI to a proprietary company and may reorganise the way in which LPI's subsidiaries are held within the broader Codelco Group.

(e) LPI Board

Codelco intends to reconstitute the LPI Board, and the board of directors for each of LPI's Subsidiaries, with effect on and from the Implementation Date. As at the date of this Scheme Booklet, the new directors have not been determined. Final decisions on the composition of the LPI Board after implementation of the Scheme will be made in light of the circumstances at the relevant time.

(f) Employees and management team

Following implementation of the Scheme, Codelco will evaluate the LPI Group's business operations and organisational structure as part of its integration planning to ensure the LPI Group, once integrated into the Codelco Group, has the appropriate mix and level of employees and skills to enhance the business going forward.

Accordingly, final decisions on these matters (including any changes to the employment of the present employees of LPI) will, if necessary, only be made by Codelco following the completion of the post-Transaction review process and will be based on all material facts and circumstances at the relevant time. Codelco has not made any final decisions in relation to LPI's Australian employees as at the date of this Scheme Booklet.

(g) LPI to be delisted

If the Scheme is implemented, an application will be made to the ASX for LPI to be removed from the ASX's official list, with effect shortly after the Implementation Date.

6.9 INTERESTS IN LPI SHARES

As at the date of this Scheme Booklet, Codelco does not have a Relevant Interest in any LPI Shares.

Except for the Scheme Consideration, Codelco has not provided, or agreed to provide, consideration for any LPI Shares or other LPI securities under any transaction during the period of four months before the date of this Scheme Booklet.

Codelco has not acquired or disposed of a Relevant Interest in any LPI Share in the four months preceding the date of this Scheme Booklet.

6.10 INTERESTS OF CODELCO DIRECTORS

(a) Marketable securities in LPI held by, or on behalf of, Codelco Directors

As at the date of this Scheme Booklet, no interests in the marketable securities of LPI are held by, or on behalf of, Codelco Directors. No Codelco Director acquired or disposed of any marketable securities of LPI during the four months before the date of this Scheme Booklet.

(b) Interests of Codelco Directors in contracts of LPI

No Codelco Director has an interest in any contract entered into by LPI, other than the Scheme Implementation Deed.

(c) Other interests of Codelco Directors

The Codelco Directors have no interest in the outcome of the Scheme.

6.11 DISCLOSURE OF CODELCO AND BIDDER NOMINEE FEES AND OTHER BENEFITS AND COLLATERAL BENEFITS

Neither Codelco or Bidder Nominee will be making any payment or giving any benefit to any LPI Director or their Associates as at the date of this Scheme Booklet as compensation or consideration for, or otherwise in connection with, their retirement from their respective offices if the Scheme is implemented.

During the period of four months to the date of this Scheme Booklet, neither Codelco, Bidder Nominee nor any of their Associates have given, or offered to give, or agreed to give, a benefit to another person which was likely to induce the other person, or any Associate of the other person, to vote in favour of the Scheme or dispose of LPI Shares, and which will not be provided to all Scheme Shareholders under the Scheme.

6.12 NO OTHER MATERIAL INFORMATION

Except as set out in this Scheme Booklet, there is no other information regarding Codelco or Bidder Nominee, or either's intentions regarding LPI, that is material to the making of a decision by an LPI Shareholder in relation to the Scheme, being information that is within the knowledge of Codelco or Bidder Nominee as at the Scheme Record Date, which has not been previously disclosed to LPI Shareholders.

Section 7

Risk Factors

The LPI Board considers that it is appropriate for LPI Shareholders, in considering the Scheme, to be aware that there are a number of risk factors which could materially adversely affect the future operating and financial performance of LPI and the value of LPI Shares.

The risk factors in this section 7 are existing risks that relate to LPI's business and the industry in which it operates, or that are generally associated with an investment in listed securities. These risks will only continue to be relevant to you if the Scheme does not proceed, in which case (in the absence of a Competing Proposal that is ultimately implemented) LPI will continue to operate as a stand-alone entity, and you will retain your investment in LPI.

This section 7 outlines:

- General risk factors;
- Specific risk factors for the LPI Group;
- Unknown risks; and
- Risks and implications for LPI if the Scheme is not implemented.

This section 7 is a summary only and does not purport to list every risk that may be associated with an investment in the LPI Group now or in the future.

If the Scheme proceeds, Scheme Shareholders will receive the Scheme Consideration and, from implementation of the Scheme, will cease to be LPI Shareholders and will no longer be exposed to the risks set out in this section 7.

You should carefully consider the risks discussed in this section 7, as well as the other information contained in this Scheme Booklet generally, before voting on the Scheme Resolution. You should consult your legal, financial, taxation or other professional adviser if you are unclear or uncertain about any matter mentioned in this section 7 or elsewhere in this Scheme Booklet.

7.1 GENERAL RISK FACTORS

As with any entity with listed securities on ASX, the future prospects, operating and financial performance of LPI and the value of LPI Shares may be affected by a variety of factors. These factors may include:

- (a) changes in investor sentiment and overall performance of Australian and international stock markets;
- (b) changes in general business, industry cycles, and economic conditions including inflation, interest rates, exchange rates, commodity prices, employment levels and consumer demand;
- (c) economic and political factors in Australia and internationally (including in Chile), including economic growth;
- (d) changes in legislation and government, fiscal, monetary and regulatory policies including foreign investment and government or political intervention in Australia and internationally (including in Chile);
- (e) uncertainty around the likelihood, timing, franking or quantum of future dividends (if any);
- (f) failure to make or integrate any future acquisitions or business combinations (including the realisation of synergies), significant one-time write-offs or restructuring charges, and unanticipated costs and liabilities;
- (g) changes in accounting or financial reporting standards; and
- (h) changes in taxation laws (or their interpretation).

Deterioration of the general economic conditions (including as a result of COVID-19), adverse foreign exchange rate movements, the Australian and overseas stock markets, and catastrophic events may also affect LPI's operating and financial position.

Section 7

Risk Factors

7.2 SPECIFIC RISK FACTORS FOR THE LPI GROUP

There are a range of business-specific risks associated with your current investment in LPI Shares, as set out below. You will only continue to be exposed to these risks if the Scheme does not proceed and you retain your investment in LPI Shares. While LPI has in place what it considers are appropriate policies and procedures to help manage these risks, there is no guarantee that LPI will be able to manage these risks completely. Furthermore, certain aspects of these risks (or LPI's ability to respond to and manage them) may be partly or wholly outside of LPI's control.

(a) Maricunga Project development risks

LPI's operational and financial performance from the Maricunga Project is dependent on the mine's successful development. In addition to the general development risks mentioned in section 7.2(d) below, there are a number of risks and uncertainties specific to the development of the Maricunga Project, including:

- escalating operating or capital costs;
- future capital requirements exceeding those forecast in LPI's budget and life of mine plans from time to time. While LPI has completed a Definitive Feasibility Study in respect of the Maricunga Project (announced to ASX on 20 January 2022), there can be no guarantee that the Maricunga Project will be successfully developed and brought into production as assumed or within the estimated parameters in the Definitive Feasibility Study;
- assuming a final investment decision is made to proceed to develop the Maricunga Project, LPI will be required to raise significant debt and/or equity funding to finance the project. LPI has been proactively addressing its potential future financing needs, however, there is no certainty that project finance will be available on commercially acceptable terms, or at all, at the desired time;
- slippage in the development or pre-production schedule as a result of delays in obtaining, or a failure to obtain or maintain necessary permits or approvals, shortages of, or delays in the procurement of, materials, or other items necessary for ongoing development or delays in the negotiation of key contracts;
- LPI has prepared a detailed Environmental Impact Assessment detailing the actions to be taken to reduce Maricunga Project's impact on the environment (which has been approved by relevant Chilean authorities for the life of the project), however, LPI remains subject to environmental risks in Chile in conducting its current and intended future operations at the Maricunga Project;
- currently the Maricunga Project is fully permitted and LPI maintains good relationships with the associated indigenous communities (however, see section 5.14(b) for details of the Invalidation Petitioners claims in relation to alleged deficiencies in the environmental impact assessment process for the Maricunga Project), however, these relationships can change. Actual or perceived concerns from these communities, as well as local governments, affect LPI's 'social licence' to operate, which may be challenged by governments, communities or community members and could affect LPI's operations and results;
- changes in the Chilean political, regulatory or fiscal framework; and
- loss of title to exploration and mining properties due to non-fulfilment of compliance obligations, defective title or changes to regulations.

If any of these risks and uncertainties materialise, they could result in LPI not realising its development plans for the Maricunga Project, or such plans generating less revenue than expected, costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on LPI's financial and operating performance. No assurance can be given that the capital cost and development timeline estimates for the development of the Maricunga Project will ultimately be achieved.

(b) Estimate risk in Mineral Resources and Ore Reserves

LPI's Mineral Resources and Ore Reserves for the Maricunga Project are expressions of judgement based on industry practice, experience and knowledge, and are estimates only. Estimates of Mineral Resources and Ore Reserves are necessarily imprecise and depend to some extent on interpretations which may prove inaccurate. No assurance can be given that the estimated Mineral Resources and Ore Reserves are accurate or that the indicated level of lithium or any other mineral will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Estimates that are valid when made may change significantly when new information becomes available. Actual mineralisation or geological conditions may be different from those predicted.

No assurance can be given that any or all of LPI's Mineral Resources constitute or will be converted into Ore Reserves. Actual Mineral Resources and Ore Reserves may differ from those estimated, which could have an adverse effect on LPI's operations, financial performance and financial position.

Various factors, such as commodity price fluctuations as well as increased production costs, may render a part of the LPI's Ore Reserves unprofitable to develop at a particular site or sites for periods of time or may render such Ore Reserves containing relatively lower grade mineralisation uneconomic. Estimated Ore Reserves may have to be recalculated based on actual production experience.

(c) Replacement of Mineral Resources

LPI will need to eventually replace Mineral Resources depleted by production to maintain production levels over the long term. Mineral Resources can be replaced through further drilling to identify extensions, locating new deposits or making acquisitions. There is a risk that depletion of Mineral Resources will not be offset by discoveries or acquisitions, or that divestitures of assets will lead to a lower Mineral Resource base. LPI's Mineral Resource base may decline if Mineral Resources are mined without adequate replacement.

Whether a Mineral Resource is commercially viable depends on a number of factors, including the particular attributes of the deposit, such as size, grade, quality and proximity to infrastructure, commodity prices, government regulation, obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and the exercise of discretions by such authorities, land tenure, land use, and environmental protection. There is no certainty that the expenditures made by LPI towards the search for and evaluation of mineral deposits will ultimately result in discoveries of commercial quantities of Mineral Resources.

Other factors such as adverse weather events, operational and technical difficulties, industrial and environmental accidents, lack of access to key infrastructure and changes to government policy or legislation (among other factors) may preclude LPI from successfully mining and exploring discovered resources.

(d) General development and production risks

Although LPI's current focus has been the development of the Maricunga Project, it may in the future acquire interests in other projects. The success of LPI's projects (including the Maricunga Project) is dependent on a number of factors including, but not limited to:

- access to adequate capital to fund and develop its projects;
- construction of efficient development and production infrastructure within capital expenditure budgets;
- securing and maintaining title to interests;
- retention of appropriately skilled and experienced employees, contractors and consultants; and
- counterparties meeting their obligations under the respective agreements that LPI is party to.

LPI's operations may be impacted by many factors including environmental hazards and adverse weather events, difficulty obtaining and/or retaining government and/or third party approvals or agreements, increases in operating or capital costs (including in the price of materials and plant and equipment), delays in shipping and aviation services, technical failures, unusual or unexpected geological conditions, among others.

Any of these circumstances could result in LPI not realising its operational or development plans or in such plans costing more than expected or being delayed. This could impact LPI's financial and operational performance. Events impacting production rates are likely to reduce the quantity of lithium mined and reduce the amount of product available for sale. No assurance can be given that LPI will achieve commercial viability through development of any of its projects.

(e) Commodity price volatility

LPI revenues and cash flows will be significantly impacted by the price of lithium. Sustained low prices could reduce or eliminate the profit and cashflow that is currently expected to be generated from the Maricunga Project; halt or delay the development of new projects; reduce funds available for exploration; and/or result in impairments to the value of assets.

Such declines in price and/or reductions in operations could cause significant volatility in LPI's financial performance. LPI's revenues are expected to be derived primarily from the sale of lithium. The price that LPI obtains for lithium is influenced by market prices. Commodity prices fluctuate and are affected by many factors beyond the control of LPI. Commodity prices are also affected by the outlook for inflation, interest rates, currency exchange and supply and demand factors.

The price of lithium, generally speaking, is volatile and subject to a variety of factors including global supply and demand, the prices agreed by the world's largest producers of lithium with their customers, utilisation rates at existing production facilities worldwide, the level of competition between producers, technological advancements in the production of lithium, end-uses of lithium, currency exchange rates, general economic conditions, regulatory changes, and other factors.

Depending on hedging practices, future price declines in the market value of lithium may adversely impact on LPI's profit margins, future development and planned future production, which may in turn adversely impact the price of LPI Shares.

(f) Shortages and price volatility

LPI is dependent on various input commodities (such as diesel fuel, electricity, natural gas, steel and concrete) and equipment (including parts) to conduct its exploration and future development activities. A shortage of such input commodities or equipment or a significant increase in their cost could have a material adverse effect on LPI's ability to carry out its exploration and development activities.

Section 7

Risk Factors

7.2 SPECIFIC RISK FACTORS FOR THE LPI GROUP

LPI is also dependent on access to, and supply of, water and electricity to carry out its exploration, and such access and supply may not be readily available. Market prices of input commodities can be subject to volatile price movements, which can be material, occur over short periods of time and are affected by factors that are beyond LPI's control. An increase in the cost, or decrease in the availability, of input commodities or equipment may affect the timely conduct and cost of LPI's exploration objectives.

If the costs of certain input commodities consumed or otherwise used in connection with LPI's exploration were to increase significantly, and remain at such levels for a substantial period, LPI may determine that it is not economically feasible to continue exploration on some or all of its projects, which could have an adverse impact on LPI's financial performance and share price.

(g) **Offtake risk**

Lithium is commonly sold to customers under offtake contracts, and LPI has yet to secure any lithium offtake contracts with potential customers. LPI's ability to generate sufficient revenue or to secure financing for the Maricunga Project could be dependent upon its ability to secure offtakes covering future production at prices and on terms which support the economics and funding of LPI's operations.

(h) **Competition risk**

LPI competes with other companies, including major mining companies in Australia, Chile and internationally. Some of these companies have greater financial and other resources than LPI has and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that LPI can compete effectively with these companies.

(i) **Key personnel and labour market risk**

Retaining and recruiting qualified personnel is critical to LPI's success. Competition for suitably qualified personnel is very strong and LPI, as with other entities in the mining industry, is exposed to challenges associated with attracting and retaining appropriately qualified personnel. If LPI cannot attract, motivate and retain suitably qualified personnel, and if those personnel do not operate effectively, it could adversely affect LPI's current operations and its future growth plans.

(j) **Foreign currency risk**

LPI operates internationally and is exposed to foreign currency risk from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not LPI's functional currency and US dollar denominated loans between LPI and its subsidiaries. This exposes LPI to the fluctuations and volatility of the rate of exchange between currencies as determined by international currency markets.

(k) **Financing risk**

LPI's continued ability to operate its business and effectively implement its business plan over time will depend in part on its ability to raise additional funds for future operations and to repay or refinance debts as they fall due. There is risk that LPI may not be able to access equity or debt capital markets to support its business objectives.

If additional funds are raised through the issue of equity securities, the capital raising may be dilutive to shareholders (if LPI determines that a pro rata entitlement offer is not the most appropriate method of equity fundraising or shareholders elect not to participate in such entitlement offers) and such securities may, subject to requisite shareholder approval, have rights, preferences or privileges senior to those currently holding LPI's shares.

If sufficient funds are not available from either equity or debt capital markets to satisfy LPI's short, medium and long-term capital requirements then this may adversely impact on LPI's operational, financial performance and financial position.

(l) **COVID-19 risk**

Notwithstanding COVID-19 vaccinations, measures taken in response to COVID-19 and easing of COVID-19 related restrictions, there remains a possibility of an economic downturn of unknown duration or severity in certain jurisdictions going forward depending on the emergence and impact of new COVID strains and the future response of governments and authorities. The long-term impacts from COVID-19, while still uncertain, may adversely impact the financial and operational performance of LPI.

(m) **Environmental risk**

LPI's operations activities and proposed activities are subject to extensive environmental laws and regulations. As with all mining operations and exploration projects, LPI's activities may substantially impact the environment or cause exposure to hazardous materials. Lithium exploration and production can affect the environment and result in substantial costs being

incurred for environmental risk management, rehabilitation and damage control. LPI attempts to conduct its operations and activities in accordance with the highest standard of environmental obligation, including compliance with all applicable environmental laws and regulations.

Adverse weather events may impact on LPI's ongoing compliance with environmental laws and regulations. Significant liabilities could be imposed on LPI for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

(n) Project approvals and permitting risk

LPI's activities are subject to various legislation, regulation and approvals. The introduction of any new legislation, be it amendments, the application of developments in existing law or policies or the interpretation of those laws or policies could have a material adverse effect on LPI. Changes in government regulations may adversely affect the financial performance or the current and proposed operations generally of LPI.

In addition, LPI's projects may require from time to time various regulatory approvals by government for their operation and accordingly must comply with those approvals, applicable laws, regulations, guidelines and policies.

Specifically, LPI may require licences and approvals in relation to environmental matters, exploration, development and production of lithium. There is a risk that LPI may not obtain, or may be delayed in obtaining the necessary licences and approvals in relation to its operations. This may affect the timing and scope of LPI's operations. The loss of granted tenements or concessions or the delay in obtaining lease or concession renewals may have a material adverse effect on LPI.

(o) Title risk

LPI's activities are dependent upon the maintenance (including renewal) of the mineral concessions in which LPI has or acquires an interest. Maintenance of LPI's concessions is dependent on, among other things, LPI's ability to meet the licence conditions imposed by the relevant authorities including compliance with LPI's work program requirements which, in turn, is dependent on LPI being sufficiently funded to meet those expenditure requirements. Although LPI has no reason to think that the mineral concessions in which it currently has an interest will not be renewed, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed by the relevant granting authority.

(p) Insurance risk

LPI may not carry insurance to cover all of the risks associated with its business, either because insurance coverage is restricted or prohibitively expensive. LPI will endeavour to maintain insurance within a range of coverage consistent with industry practice in order to cover certain risks associated with LPI's business. However, in certain circumstances LPI's insurance may not be of a nature or level to provide adequate cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of LPI.

Insurance of risks associated with mine development and minerals exploration and production is not always available and, where available, the costs can be prohibitive. There is a risk that insurance premiums may increase to a level where LPI considers it is unreasonable or not in its interests to maintain insurance cover or not to a level of coverage which is in accordance with industry practice.

LPI will use reasonable endeavours to insure against the risks it considers appropriate for LPI's needs and circumstances. However, no assurance can be given that LPI will be able to obtain such insurance coverage in the future at reasonable rates or that any coverage it arranges will be adequate and available to cover claims.

(q) Material contracts

The ability of LPI to operate its business will depend on the performance of the counterparties under various agreements it has entered into or may enter into in the future. If any counterparties do not meet their obligations under the respective agreements, this may impact on LPI's business and financial returns.

(r) Litigation risk

LPI is subject to litigation risks. All industries, including the minerals exploration and production industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which LPI is or may become subject could have a material effect on its financial position, results of operations or LPI's activities. Except as set out in section 5.14, as at the date of this Scheme Booklet, LPI is not aware of any litigation or disputes being undertaken which is material in the context of LPI and its Subsidiaries taken as whole.

7.3 UNKNOWN RISKS

Additional risks and uncertainties not currently known to LPI may also have a material adverse effect on LPI's financial and operational performance and the information set out in this section 7 does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting LPI.

7.4 RISKS AND IMPLICATIONS FOR LPI AND LPI SHAREHOLDERS IF THE SCHEME IS NOT IMPLEMENTED

(a) LPI Shareholders will not receive the Scheme Consideration

If the Scheme is not implemented, Scheme Shareholders will retain their LPI Shares and will not receive the Scheme Consideration. LPI will remain listed on ASX as a standalone entity and the current LPI Board and LPI's senior management team will continue to operate LPI's business. In these circumstances, Scheme Shareholders will continue to be subject to all risks currently associated with an investment in LPI (and to which LPI Shareholders are necessarily already exposed).

(b) If the Scheme does not proceed, the price of LPI Shares may fall below its recent trading price, in the absence of a Superior Proposal

If the Scheme is not implemented and no Superior Proposal emerges, it is possible that the trading price of LPI Shares will fall below current levels, to the extent that the market price reflects an assumption that the Scheme will be implemented and/or that a Superior Proposal might emerge (although this is difficult to predict with any degree of certainty).

Refer to section 1.2(d) for a discussion of the recent trading history of LPI Shares and possible implications for LPI Shareholders.

(c) Risks for LPI as a standalone entity

If the Scheme does not proceed, and no Superior Proposal emerges, the LPI Board intends to continue with its existing strategy.

There are a number of risks, including those of the nature of risks outlined in sections 7.2 and 7.3 above, that may affect LPI's performance and operations more broadly.

(d) Transaction costs already incurred

As detailed in section 9.9, LPI estimates that it will incur costs of approximately A\$3,150,000 in connection to the Scheme, which will be payable by LPI regardless of whether or not the Scheme is implemented. This includes financial advisory, legal, accounting, Independent Expert, Technical Expert, tax and administrative fees, Scheme Booklet and printing, share registry and other expenses.

Section 8

Taxation Implications

8.1 GENERAL AUSTRALIAN TAXATION IMPLICATIONS

The following is a general summary of the main Australian income tax, stamp duty and goods and services tax (**GST**) consequences from disposing of your Scheme Shares under the Scheme.

The Australian income tax comments in this summary only apply to Scheme Shareholders who hold their Scheme Shares on capital account for Australian income tax purposes. In particular, the comments do not apply to Scheme Shareholders who buy and sell shares in the ordinary course of business or who otherwise hold their Scheme Shares on revenue account or as trading stock for Australian tax purposes.

In addition, the Australian income tax comments in this summary do not apply to:

- (a) Scheme Shareholders who acquired their Scheme Shares under an employee share or option scheme;
- (b) Scheme Shareholders who are subject to special taxation rules (for example, attribution managed investment trusts (**AMITs**), trusts that are subject to tax as companies, insurance companies and tax exempt organisations);
- (c) Scheme Shareholders whose Scheme Shares are subject to the “taxation of financial arrangements” rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth); and
- (d) non-Australian resident Scheme Shareholders who have held their shares at any time in carrying on business at or through a permanent establishment in Australia.

Except where otherwise stated, the income tax comments in this summary do not apply to Scheme Shareholders that are partnerships or trusts or persons that are partners of such partnerships, or beneficiaries of such trusts. If a partnership or trust is a Scheme Shareholder, the partners of such partnership or the beneficiaries of such trust should consult their own tax advisers in relation to the Australian income tax consequences for them of the partnership or the trust (as applicable) participating in the Scheme.

This summary does not address the tax consequences of the Scheme under the laws of any jurisdiction other than Australia. Scheme Shareholders should obtain professional advice in relation to the taxation consequences of the Scheme under the laws of any other relevant jurisdiction (such as Chile or their country of residence).

The information in this summary is based upon Australian income tax, GST and stamp duty laws and administrative practices of the relevant revenue authorities in effect as at the date of this Scheme Booklet. It is not intended to be tax advice or an authoritative or comprehensive analysis of the income tax, GST or stamp duty laws of Australia. The summary does not consider any specific facts or circumstances that may apply to your circumstances.

As the tax consequences to a Scheme Shareholder participating in the Scheme will depend on each Scheme Shareholder's own individual circumstances, all Scheme Shareholders are advised to seek their own independent professional advice regarding the Australian and, if relevant, foreign tax consequences of disposing of their Scheme Shares based on their own particular circumstances.

8.2 SCHEME SHAREHOLDERS WHO ARE AUSTRALIAN RESIDENTS (BUT NOT TEMPORARY RESIDENTS) FOR TAX PURPOSES

This section applies to Scheme Shareholders who are residents (but not temporary residents) of Australia for Australian income tax purposes and who hold their Scheme Shares on capital account.

(a) CGT consequences of the disposal of Scheme Shares

The disposal of your Scheme Shares pursuant to the Scheme will constitute a capital gains tax (**CGT**) event.

The CGT event will happen at the time that you dispose of your Scheme Shares under the Scheme, which will be the Implementation Date.

(b) Calculation of the capital gain or loss

The disposal of your Scheme Shares should give rise to a capital gain or loss equal to the difference between:

- (i) the capital proceeds received for the disposal of your Scheme Shares (ie the Scheme Consideration); and
- (ii) the cost base (or, in the case of a capital loss, the reduced cost base) of your Scheme Shares (which would generally include the amount paid to acquire the Scheme Shares plus any non-deductible incidental costs of acquisition, eg brokerage fees and any applicable stamp duty).

Each Scheme Share constitutes a separate asset for CGT purposes. You will need to separately consider the consequences of the disposal of any of your Scheme Shares that were acquired in different parcels at different times.

Your net capital gain for the income year is included in your assessable income for the income year. Broadly, your net capital gain for an income year is the total of all the capital gains made during the income year less capital losses made in the income year and available net capital losses made in previous income years. That amount may be reduced further by other concessions, particularly under the discount capital gains tax rules discussed below.

If you make a capital loss from the disposal of your Scheme Shares, the capital loss may be used to offset capital gains made in the same or subsequent years of income (subject to satisfying any applicable carry forward loss conditions) but cannot be offset against ordinary income, nor carried back to offset net capital gains made in earlier income years.

(c) Discount capital gains

If you are an individual, or hold your Scheme Shares as a trustee of a trust or a complying superannuation entity, and have held your Scheme Shares for at least 12 months before disposal, the discount capital gain provisions may apply as follows:

- (i) If you are an individual, one half of the capital gain (after offsetting any applicable capital losses) will be included in your assessable income.
- (ii) If you are a trustee of a trust (but not a complying superannuation entity), one half of the capital gain (after offsetting any applicable capital losses) will be included in the "net income" of the trust. The discount capital gain provision may also apply to capital gains to which beneficiaries in the trust (other than beneficiaries that are companies) are entitled. The CGT provisions applying to trustees and beneficiaries of trusts are complex and you should seek advice from your professional tax adviser in this regard.
- (iii) If you are a complying superannuation entity (including where you are acting as a trustee of a complying superannuation entity), two-thirds of the capital gain (after offsetting applicable capital losses) will be included in the complying superannuation entity's assessable income.

The discount capital gain provisions generally do not apply to companies.

Where the discount capital gain provisions apply, any available capital losses will be applied to reduce the nominal capital gain before discounting the resulting net amount by either one-half or one-third (as applicable) to calculate the net capital gain that is included in assessable income.

(d) Foreign income tax offsets

If you are subject to Chilean income tax in connection with the disposal of your Scheme Shares, you may be entitled to a "foreign income tax offset" against your Australian income tax liability in connection with the disposal. The amount of the offset will depend on a number of matters, including (but not limited to) whether the CGT discount applies to your capital gain. The foreign income tax offset rules (particularly in the context of capital gains) are complex and you should seek advice from your professional tax adviser in this regard.

8.3 SCHEME SHAREHOLDERS WHO ARE NOT AUSTRALIAN RESIDENTS FOR TAX PURPOSES

This section applies to Scheme Shareholders who are non-residents of Australia for Australian income tax purposes and hold their Scheme Shares on capital account.

If you are a foreign resident of Australia for income tax purposes, any capital gain or loss you make on disposal of the Scheme Shares will be disregarded unless the Scheme Shares are “taxable Australian property”. If a Scheme Share is “taxable Australian property”, any capital gain or loss should be determined as outlined in section 8.2(b) above, noting that foreign resident Scheme Shareholders are generally not eligible to claim the CGT discount in respect of any gain made on the disposal.

In order for a Scheme Share to be “taxable Australian property”, one of the following criteria would generally need to be met:

- (a) the Scheme Share is an “indirect Australian real property interest”;
- (b) at any time, you held the Scheme Share in carrying on business through a permanent establishment in Australia; or
- (c) you elected to disregard a gain or loss in respect of the Scheme Share on ceasing to be an Australian resident.

A Scheme Share should be treated as an “indirect Australian real property interest” if, broadly:

- (a) you, together with your associates (as determined under the income tax legislation), hold a non-portfolio interest (ie 10% or more) in LPI at the time of the disposal or did so for at least any 12 month period in the previous two years (in either case, a **Non-portfolio Interest**); and
- (b) LPI's assets comprise more than 50% interests in real property (including mining or exploration tenements) in Australia (by market value) (**Principal Asset Test**).

The LPI Directors expect that the Principal Asset Test will not be met as at the date of this Scheme Booklet or at the Implementation Date on the basis that less than 50% of the market value of LPI's assets is attributable to direct or indirect interests in taxable Australian real property. Accordingly your Scheme Shares are unlikely to be an “indirect Australian real property interest”.

8.4 FOREIGN RESIDENT CGT WITHHOLDING

In accordance with the foreign resident CGT withholding rules contained in the taxation administration legislation, Codelco may be authorised and required to withhold and pay to the **ATO** up to 12.5% of the Scheme Consideration otherwise payable to you if:

- (a) your Scheme Shares are an “indirect Australian real property interest”; and
- (b) on the Implementation Date, Codelco:
 - (i) knows or reasonably believes you are a foreign resident; or
 - (ii) does not reasonably believe you are an Australian resident, and either:
 - (A) you have an address outside Australia; or
 - (B) Codelco is authorised to pay the Scheme Consideration to a place outside Australia (such as an overseas bank account).

As indicated at section 8.3 above, the LPI Directors are of the view that, as at the date of this Scheme Booklet, less than 50% of the market value of LPI's assets is attributable to direct or indirect interests in taxable Australian real property and, therefore, the Scheme Shares are unlikely to be indirect Australian real property interests. The LPI Directors expect that this will remain the position as at the Implementation Date and, in such case, no amounts will be required to be withheld by Codelco from the Scheme Consideration. Scheme Shareholders will be notified should this position change.

Non-resident LPI Shareholders should obtain their own independent tax advice regarding the tax implications of the Scheme in Australia and in their country of residence.

8.5 STAMP DUTY

You will not be required to pay any stamp duty on the transfer of your Scheme Shares under the Scheme. Under the terms of the Scheme Implementation Deed (refer to clause 19.4(a)), Codelco must pay all stamp duty payable on the Scheme Implementation Deed, or any instrument or transaction contemplated in or necessary to give effect to the Scheme Implementation Deed.

Taxation Implications

8.6 GST

No liability to GST should arise for you in respect of a disposal of your Scheme Shares under the Scheme.

If you incur GST on acquisitions (eg GST on legal, financial or tax advice), to the extent that any of these acquisitions relate to the disposal of your Scheme Shares, you may not be entitled to claim input tax credits or may only be entitled to reduced input tax credits in relation to any GST incurred on these acquisitions. You should seek independent tax advice in relation to your individual circumstances.

8.7 CHILEAN TAX

LPI Shareholders should note the Chilean tax withholding provisions contained in clause 19.15 of the Scheme Implementation Deed (as summarised in paragraph 12 of Annexure A).

You should consult your legal, financial, taxation or other professional adviser if you are unclear or uncertain about how the Chilean tax law could apply to tax the disposal of your LPI Shares.

Section 9

Additional Information

9.1 INTERESTS OF LPI DIRECTORS IN LPI SHARES AND LPI UNLISTED SECURITIES

As at the Last Practicable Date, the LPI Directors have the following Relevant Interests in LPI securities.

Director	Number of LPI Shares	Percentage interest in LPI Shares on a non-diluted basis	Number of LPI Unlisted Securities
Cristobal Garcia-Huidobro	613,636	0.10	8,000,000 LPI Share Appreciation Rights
Richard Crookes	113,636	0.02	1,500,000 LPI Share Appreciation Rights
Andrew Phillips	2,396,136	0.38	4,000,000 LPI Share Appreciation Rights
David Hannon	22,686,797	3.56	4,000,000 LPI Options
Russell Barwick	753,588	0.12	4,000,000 LPI Options
Martin Borda	177,783,334	27.88	Nil
Total	204,347,127	32.05	21,500,000

Each LPI Director will vote or procure the voting of their LPI Shares in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of LPI Shareholders.

No LPI Director acquired or disposed of a Relevant Interest in any LPI Share or other security in the four month period ending on the date immediately before the date of this Scheme Booklet.

9.2 INTERESTS AND DEALINGS OF LPI DIRECTORS IN SECURITIES IN CODELCO

(a) LPI Directors' interests in securities in Codelco

No LPI Director has a Relevant Interest in any securities of Codelco or any of its Related Bodies Corporate.

(b) LPI Directors' dealings in securities in Codelco

No LPI Director has acquired or disposed of a Relevant Interest in any securities in Codelco or any of its Related Bodies Corporate in the four month period ending on the date immediately before the date of this Scheme Booklet.

Section 9

Additional Information

9.3 LPI DIRECTORS' BENEFITS AND AGREEMENTS

(a) Benefits in connection with retirement from office

There is no payment or other benefit that is proposed to be made or given to any LPI Director, secretary or executive officer of LPI (or any of its Related Bodies Corporate) as compensation for the loss of, or consideration for or in connection with his or her retirement from, office in LPI (or any of its Related Bodies Corporate) in connection with, or that is materially affected by the implementation of, the Scheme.

(b) Other agreements or arrangements connected with or conditional on the Scheme

(i) LPI Unlisted Securities

As noted in section 1.2(a), it is proposed that the LPI Unlisted Securities held by your LPI Directors will be cancelled prior to the Implementation Date. The consideration payable to the LPI Directors for the cancellation of each of their LPI Unlisted Securities will be equal to the Scheme Consideration less the applicable exercise price for the relevant securities.

As at the Last Practicable Date, your LPI Directors hold the following LPI Unlisted Securities and will, if those LPI Unlisted Securities are cancelled, receive the following amounts:

Director	Number of LPI Unlisted Securities	Cancellation Amount
Cristobal Garcia-Huidobro	8,000,000 LPI Share Appreciation Rights	A\$160,000
Richard Crookes	1,500,000 LPI Share Appreciation Rights	A\$30,000
Andrew Phillips	4,000,000 LPI Share Appreciation Rights	A\$80,000
David Hannon	4,000,000 LPI Options	A\$80,000
Russell Barwick	4,000,000 LPI Options	A\$80,000
Martin Borda		Nil

(ii) Change of control bonus

In 2022, the board of directors of MSB S.A., which is now a wholly-owned Subsidiary of LPI, approved the payment of (among other things) a cash bonus of A\$433,040 to Mr Cristobal Garcia-Huidobro (representing one year of Mr Garcia-Huidobro's MSB S.A. base salary at the time). The cash bonus is payable upon the commencement of construction of the Maricunga Project or, at the MSB S.A. Board's election, upon a change of control event prior to commencement of construction.

If the Scheme is implemented, LPI and MSB S.A. will be subject to a change of control event and LPI will pay to Mr Garcia-Huidobro the approved cash bonus in the amount of A\$433,040.

(iii) Bonus payments for Directors

As contemplated by clause 8.3(g) of LPI's constitution, the LPI Board approved a one-off bonus payment for each LPI Director, in recognition of the LPI Directors' increased and sustained workload and significant time commitment involved in (among other things): considering and engaging in discussions with Codelco in relation to a potential change of control proposal; facilitating and engaging in due diligence investigations; negotiating and agreeing the terms and conditions of the Scheme Implementation Deed and associated documents; past efforts, including in connection with arranging, negotiating and implementing the disposal by LPI of its Subsidiary, Western Lithium Limited, to Albemarle Lithium Pty Ltd; and (now) overseeing the process through to implementation of the Scheme.

LPI's constitution does not place a monetary cap on the payment of special exertion bonuses to directors.

There are separate fee amounts, to reflect the differing levels of involvement that the LPI Directors have had (and are expected to have) in the process.

Name	Position	Bonus payment (inclusive of superannuation)
Cristobal Garcia-Huidobro	Managing Director & CEO	A\$400,000
Richard Crookes	Executive Director	A\$250,000
Andrew Phillips	Executive Director, Company Secretary & CFO	A\$250,000
David Hannon	Non-Executive Director & Chairman	A\$275,000
Russell Barwick	Non-Executive Director	A\$225,000
Martin Borda	Non-Executive Director	A\$350,000
Total		A\$1,750,000

These amounts:

- (A) are not contingent on the Scheme proceeding and will be paid irrespective of the outcome;
- (B) are to be paid to each Director in addition to their existing remuneration arrangements; and
- (C) have been deemed by the LPI Board to constitute reasonable remuneration to the LPI Directors, having regard to, among other things, their existing annual directors' fees, market practice and their increased and sustained workload and significant time commitment involved in the matters outlined above.

(c) Interests of LPI Directors in contracts with Codelco

No LPI Director has any interest in any contract entered into by Codelco or any of its Related Bodies Corporate.

(d) Benefits from Codelco

None of the LPI Directors has agreed to receive, or is entitled to receive, any benefit from Codelco (or any of its Related Bodies Corporate), which is conditional on, or is related to, the Scheme other than in their capacity as an LPI Shareholder.

9.4 LPI SHAREHOLDER AND DIRECTOR INTENTIONS

As announced to ASX on 18 October 2023, LPI's largest shareholder, MSB SpA (an entity controlled by LPI Director, Mr Martin Borda), and each of your LPI Directors, has confirmed to LPI that they intend to vote all of the LPI Shares that they directly or indirectly own or control at the time of the Scheme Meeting in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of LPI Shareholders.

MSB SpA holds 177,783,334 LPI Shares (27.88% of the total issued share capital of LPI as at the Last Practicable Date).

Your LPI Directors directly or indirectly own or control, in aggregate, an additional 26,563,793 LPI Shares (excluding Mr Martin Borda's holding through MSB SpA), being an additional 4.17% of the total issued share capital of LPI as at the Last Practicable Date.

MSB SpA (and your LPI Directors) have confirmed to LPI that this intention:

- will be subject to the contents of ASIC's Regulatory Guide 25; and
- does not restrict its ability to exercise its voting rights attached to its LPI Shares or to dispose of any of its LPI Shares in its absolute discretion.

Section 9

Additional Information**9.5 STANDBY ARRANGEMENTS**

Under the terms of the Scheme Implementation Deed, during the Exclusivity Period, Codelco must not, and must procure that the other members of the Codelco Group do not, and must use reasonable endeavours to ensure its Associates do not, except with the prior written consent of LPI:

- (a) acquire a Relevant Interest in any LPI Shares or in any other securities in LPI;
- (b) enter into any agreement, arrangement or understanding involving the conferring of rights on a member of the Codelco Group, the economic effect of which is equivalent, or substantially equivalent, to such person acquiring or holding LPI Shares or other securities in LPI; or
- (c) solicit proxies from LPI Shareholders.

The standstill regime does not apply to any steps taken by Codelco in carrying out the Transaction, among other exceptions.

9.6 ASIC RELIEF AND ASX WAIVERS**(a) ASIC relief**

Paragraph 8302(d) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out particulars of any payment or benefit made or given to any LPI Director, secretary or executive officer of LPI or a Related Body Corporate as compensation for loss of, or consideration for or in connection with his or her retirement from, office in LPI or a Related Body Corporate.

ASIC has granted LPI relief from this requirement so that this Scheme Booklet need only set out particulars of any payment or benefit made or given to any LPI Director, secretary or executive officer of LPI in relation to their resignation or retirement from office where those proposed payments or benefits are made in connection with or are materially affected by the implementation of the Scheme (rather than where those payments or benefits are to be made or given at all).

In accordance with the relief granted, LPI may also describe such payments or benefits on an aggregate (rather than individual) basis and, unless that person is an LPI Director, refrain from disclosing the name of any director, secretary or executive officer who will lose office or retire from office in connection with the Scheme.

(b) ASX waivers

ASX has granted LPI a waiver from ASX Listing Rule 6.23.2 to the extent necessary to permit LPI to cancel any outstanding issued convertible securities for consideration without LPI Shareholder approval, conditional on the Scheme becoming Effective.

Further detail in relation to the proposed treatment of the outstanding LPI Unlisted Securities is contained in section 3.9.

9.7 FORMAL DISCLOSURES AND CONSENTS

The following parties have given and have not, before the date of this Scheme Booklet, withdrawn their written consent:

- (a) to be named in this Scheme Booklet in the form and context in which they are named; and
- (b) if applicable, to the inclusion of each statement it has made (if any) in the form and context in which the statement appears in this Scheme Booklet.

Name	Role
Ashurst	Australian legal advisers to LPI
Canaccord Genuity	Financial adviser to LPI
Ernst & Young	Auditors to LPI
BDO	Independent Expert
Behre Dolbear	Technical Expert
Boardroom	Share Registry

Codelco and Bidder Nominee:

- (a) has assumed and accepted responsibility for the preparation and inclusion of the Codelco Material; and
- (b) has given and has not, before the date of this Scheme Booklet, withdrawn its written consent to the inclusion of the Codelco Material in the form and context in which it appears in this Scheme Booklet.

BDO has given, and not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of its Independent Expert's Report in this Scheme Booklet in the form and context in which it appears in Annexure E and references to the Independent Expert's Report in the form and context in which they appear.

Ashurst has given, and not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of section 8 in this Scheme Booklet in the form and context in which it appears in section 8, and references to that section 8 in the form and context in which they appear.

Each person named above:

- (a) has not authorised or caused the issue of the Scheme Booklet;
- (b) does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than Codelco in respect of the Codelco Material and BDO in respect of the Independent Expert's Report; and
- (c) to the maximum extent permitted by law, disclaims all liability in respect of, makes no representation regarding and takes no responsibility for any part of or omission from, this Scheme Booklet, other than Codelco and Bidder Nominee in respect of the Codelco Material and BDO in respect of the Independent Expert's Report.

9.8 NO UNACCEPTABLE CIRCUMSTANCES

The LPI Directors believe that the Scheme does not involve any circumstances in relation to the affairs of LPI that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

9.9 FEES AND EXPENSES

The aggregate amount of the fees and expenses expected to be incurred by LPI in connection with the Scheme is approximately A\$9,330,000 (excluding GST). This includes the following amounts (all excluding GST):

- (a) fees and expenses paid or payable (excluding GST) to LPI's professional advisers (including its financial, legal, accounting, communications and tax advisers) of approximately A\$7,100,000;
- (b) fees paid or payable to the Independent Expert and the Technical Expert of approximately A\$130,000 in aggregate;
- (c) one-off bonus payments to the LPI Directors of approximately A\$1,750,000 in aggregate;
- (d) a separate change of control bonus payment to Mr Cristobal Garcia-Huidobro of \$433,040; and
- (e) Share Registry costs, fees and expenses associated with the Court proceedings, costs relating to design, printing and dispatch of this Scheme Booklet, expenses associated with convening and holding the Scheme Meeting and other general and administrative expenses in connection with the Scheme, of approximately A\$100,000 in aggregate.

Of this, approximately A\$3,150,000 will be paid irrespective of whether the Scheme becomes Effective (and is implemented).

These amounts do not include the transaction costs that may be incurred by Codelco and Bidder Nominee in relation to the Scheme.

9.10 LPI COMPETENT PERSONS STATEMENTS

Refer to the "Statement in respect to LPI's Ore Reserves and Mineral Resources" in section 5.3 and the "Statement in respect to LPI's production guidance" in section 5.4.

9.11 SUPPLEMENTARY INFORMATION

LPI will issue an update or supplement to this Scheme Booklet if it becomes aware that, between the date of this Scheme Booklet and the Effective Date, a material statement in the Scheme Booklet is or becomes false or misleading in a material respect (including because of any material omission from this Scheme Booklet).

LPI will seek the Court's approval for the despatch of any updated or supplementary Scheme Booklet.

9.12 OTHER INFORMATION MATERIAL TO THE MAKING OF A DECISION IN RELATION TO THE SCHEME

Except as set out in this Scheme Booklet, so far as the LPI Directors are aware, there is no information material to the making of a decision by an LPI Shareholder in relation to the Scheme, being information that is within the knowledge of any LPI Director or director of any Related Body Corporate of LPI, as at the date of this Scheme Booklet, which has not been previously disclosed to LPI Shareholders.

9.13 LPI DIRECTORS' STATEMENT

The issue of this Scheme Booklet has been authorised by the LPI Board, and this Scheme Booklet has been signed by or on behalf of the LPI Directors.

The LPI Board has given (and not withdrawn) its consent to lodgement of this Scheme Booklet with ASIC.

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Section 10

Glossary

10.1 DEFINITIONS

The meaning of the terms used in this Scheme Booklet are set out below.

Term	Meaning
Adviser	in relation to an entity, a financial, corporate, legal, tax or other expert adviser or consultant, who provides advisory or consultancy services in a professional capacity in the ordinary course of its business and has been engaged in that capacity in connection with the Transaction by that entity.
AEDT	Australian Eastern Daylight Time.
Announcement Date	18 October 2023, being the date of announcement of the Scheme to the ASX.
Applicable Law	the Corporations Act, the Corporations Regulations, the ASX Listing Rules and any applicable ASIC regulatory guide and Takeovers Panel guidance note.
ASIC	Australian Securities and Investments Commission.
Associate	has the meaning set out in section 12 of the Corporations Act, as if subsection 12(1) of the Corporations Act included a reference to this Scheme Booklet and LPI was the designated body.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market known as 'ASX' operated by ASX Limited.
ASX Listing Rules	the listing rules of ASX as amended or waived from time to time.
ATO	the Australian Taxation Office.
Australian Accounting Standards	the accounting standards made by the Australian Accounting Standards Board in accordance with the Corporations Act, and the requirements of that Act relating to the preparation and content of accounts.
BDO	BDO Corporate Finance Ltd ABN 54 010 185 725.
Bearing	Bearing Lithium Corp. (incorporated under the laws of British Columbia, Canada), a wholly-owned Subsidiary of LPI.
Behre Dolbear	Behre Dolbear Australia Pty. Limited ABN 62 065 713 724.
Bidder Nominee	Salar de Maricunga SpA, a wholly-owned Subsidiary of Codelco.
Bidder Nominee Board	the board of directors of Bidder Nominee.
Boardroom or Share Registry	Boardroom Pty Limited ABN 14 003 209 836.
Break Fee	A\$3,850,000 (exclusive of GST). The circumstances in which the Break Fee is payable to Codelco are set out in Annexure A.

Section 10

Glossary

10.1 DEFINITIONS

Term	Meaning
Business Day	(a) when used in relation to the Implementation Date and the Scheme Record Date, has the meaning given in the ASX Listing Rules; and (b) in all other cases, means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney, New South Wales and Santiago, Chile.
CHESS	the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited ABN 49 008 504 532.
Codelco	Corporación Nacional del Cobre de Chile.
Codelco Board	the board of directors of Codelco.
Codelco Director	any director of Codelco comprising part of the Codelco Board.
Codelco Group	Codelco and each of its Subsidiaries, and a reference to a member of the Codelco Group is to Codelco or any of its Subsidiaries.
Codelco Material	the information regarding the Codelco Group that is provided by Codelco or any of its Advisers to LPI in writing for inclusion in this Scheme Booklet as is required under the Corporations Act, Corporations Regulations and ASIC Regulatory Guide 60.
Competing Bidder	in relation to a Competing Proposal, the person(s) who made that Competing Proposal.
Competing Proposal	has the meaning given to it in the Scheme Implementation Deed (and which is set out in full in paragraph 14 of Annexure A).
Conditions Precedent	the conditions to implementation of the Scheme as summarised in paragraph 2 of Annexure A.
Control	has the meaning given in section 50AA of the Corporations Act.
Corporations Act	the <i>Corporations Act 2001</i> (Cth), as modified or varied by ASIC.
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Counter Proposal	an alternative proposal from Codelco to LPI to provide an equivalent or superior outcome for LPI Shareholders than that offered under a Competing Proposal.
Court	the Federal Court of Australia.
Deed Poll	the Deed Poll executed by Codelco and Bidder Nominee on 8 December 2023 under which Codelco and Bidder Nominee covenant in favour of the Scheme Shareholders to perform their obligations under the Scheme Implementation Deed and the Scheme. A copy of the executed Deed Poll is included in Annexure C of this Scheme Booklet.
Director Share	any LPI Share: (a) held by or on behalf of an LPI Director; or (b) listed as an indirect interest in the latest Appendix 3X or Appendix 3Y lodged by LPI with ASX in respect of each LPI Director.
Effective	when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective (currently expected to be on Wednesday, 7 February 2024).
End Date	18 April 2024, or such other date as agreed in writing by Codelco, Bidder Nominee and LPI.
Exclusivity Period	the period beginning on 18 October 2023 and ending on the earlier of the: (a) the date of termination of the Scheme Implementation Deed; (b) the Implementation Date; and (c) the End Date.

Term	Meaning
First Court Hearing	the hearing of the Court of an application for an order under section 411(1) of the Corporations Act convening the Scheme Meeting, held on Monday, 18 December 2023.
FY22	financial year ended 30 June 2022.
FY23	financial year ended 30 June 2023.
Government Agency	a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia, Chile or elsewhere, including the Ministry of Mining of Chile, the National Service of Geology and Mining (Sernageomin) of Chile, the Chilean Nuclear Commission (CECHEN), the Chilean Tax Authority, ASIC, ATO, ASX, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX.
GST	has the meaning given in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Headcount Test	the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme is passed by a majority in number of LPI Shareholders present and voting, either in person or by proxy at the Scheme Meeting.
HY23	financial half year ended 31 December 2022.
HY23 Accounts	LPI's financial statements for the half year ended 31 December 2022.
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other date as ordered by the Court or agreed in writing by LPI and Codelco.
Independent Expert	BDO, the independent expert appointed by LPI in respect of the Scheme.
Independent Expert's Report	the report by the Independent Expert set out in Annexure E of this Scheme Booklet.
Integration Committee	the committee established pursuant to section 6.4(a) of the Scheme Implementation Deed comprised of an equal number of representatives from Codelco and LPI.
Last Practicable Date	5.00 pm (AEDT), 15 December 2023.
LPI	Lithium Power International Limited ACN 607 260 328.
LPI Bearing Option	an option granted by Bearing (the terms of which were amended by the Plan of Arrangement) to subscribe for 0.7 LPI Shares.
LPI Bearing Warrant	a warrant granted by Bearing (the terms of which were amended by the Plan of Arrangement) to subscribe for 0.7 LPI Shares.
LPI Board	the board of directors of LPI as constituted from time to time.
LPI Canada	LPI Canada Holdings Ltd. (incorporated under the laws of British Columbia, Canada), a wholly-owned Subsidiary of LPI.
LPI Director	any director of LPI comprising part of the LPI Board.
LPI Group	LPI and each of its Subsidiaries, and a reference to a member of the LPI Group is to LPI or any of its Subsidiaries.
LPI Material	all information contained in this Scheme Booklet other than the Codelco Material and the Independent Expert's Report.
LPI Material Adverse Effect	has the same meaning given to "Target Material Adverse Effect" in the Scheme Implementation Deed (and which is set out in full in paragraph 14 of Annexure A).
LPI Options	an option to subscribe for an LPI Share.
LPI Prescribed Event	has the same meaning given to "Target Prescribed Event" in the Scheme Implementation Deed (and which is set out in full in paragraph 14 of Annexure A).

10.1 DEFINITIONS

Term	Meaning
LPI Regulated Event	has the same meaning given to "Target Regulated Event" in the Scheme Implementation Deed (and which is set out in full in paragraph 14 of Annexure A).
LPI Rights Plan	the Lithium Power International Limited Rights Plan, the terms of which were last approved at a general meeting of LPI Shareholders (at the time) on 27 November 2019.
LPI Share	each fully paid ordinary share in LPI.
LPI Share Appreciation Rights	a share appreciation right granted by LPI pursuant to the LPI Rights Plan.
LPI Shareholder	each person who is entered in the Register as a holder of LPI Shares.
LPI Shareholder Information Line	the information line set up for the purpose of responding to enquiries from LPI Shareholders in relation to the Scheme, being 1300 527 403 (within Australia) or +61 2 9066 6158 (outside Australia) on between 9.00 am and 5.30 pm (AEDT) Monday to Friday, excluding public holidays in Sydney.
LPI Unlisted Securities	<ul style="list-style-type: none"> ■ the LPI Share Appreciation Rights; ■ the LPI Options; ■ the LPI Bearing Options; and ■ the LPI Bearing Warrants.
Maricunga Project	LPI's "Maricunga lithium brine project" located in the Maricunga Salt Flat in the Atacama Region in Chile.
MSB S.A.	Minera Salar Blanco S.A., LPI's wholly-owned Subsidiary.
MSB SpA	Minera Salar Blanco SpA, LPI's largest shareholder.
Notice of Scheme Meeting	the notice in relation to the Scheme Meeting set out in Annexure D of this Scheme Booklet.
Plan of Arrangement	the arrangement under the provisions of Division 5 of Part 9 of the <i>Business Corporations Act</i> (British Columbia) approved by the Supreme Court of British Columbia on 2 November 2022, pursuant to which, among other things, LPI Canada acquired all of the issued shares of Bearing.
Register	the register of members of LPI maintained in accordance with the Corporations Act.
Registered Address	in relation to an LPI Shareholder, the address shown in the Register as at the Scheme Record Date.
Related Body Corporate	has the meaning given in section 50 of the Corporations Act.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Requisite Majorities	approval of the Scheme Resolution by: <ul style="list-style-type: none"> ■ unless the Court orders otherwise, a majority in number (ie more than 50%) of LPI Shareholders present and voting on the Scheme Resolution at the Scheme Meeting, either in person or by proxy, attorney or, in the case of corporate LPI Shareholders, body corporate representative; and ■ at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by LPI Shareholders, either in person or by proxy, attorney or, in the case of corporate LPI Shareholders, body corporate representative.
Reverse Break Fee	A\$3,850,000 (exclusive of GST). The circumstances in which the Reverse Break Fee is payable to LPI are set out in the summary of the Scheme Implementation Deed contained in Annexure A.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between LPI and the Scheme Shareholders in the form set out in Annexure B of this Scheme Booklet or in such other form as is agreed in writing between LPI and Codelco, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved by LPI and Codelco (acting reasonably).

Term	Meaning
Scheme Booklet	this document, including the Annexures to it.
Scheme Consideration	the consideration to be provided by Codelco to each Scheme Shareholder for the transfer to Bidder Nominee of each Scheme Share, being for each LPI Share held by a Scheme Shareholder as at the Scheme Record Date, A\$0.57 cash.
Scheme Implementation Deed	the scheme implementation deed between LPI and Codelco dated 18 October 2023. A summary is set out in Annexure A of this Scheme Booklet and a copy is attached in full to LPI's ASX announcement on the Announcement Date, which is available on ASX's website at www.asx.com.au and on LPI's website at www.lithiumpowerinternational.com .
Scheme Meeting	the meeting of LPI Shareholders to be convened as ordered by the Court under section 411(1) of the Corporations Act, to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Order	the order of the Court under section 411(4)(b) of the Corporations Act approving the Scheme, with or without modifications or conditions as are thought fit by the Court.
Scheme Record Date	5.00 pm (Sydney time) on the day which is two Business Days after the Effective Date, or any other date agreed in writing between LPI and Codelco or as may be required by ASX.
Scheme Resolution	the resolution to approve the Scheme to be voted on at the Scheme Meeting, as set out in the Notice of Scheme Meeting.
Scheme Share	an LPI Share held by a Scheme Shareholder.
Scheme Shareholder	a holder of LPI Shares recorded in the Register as at the Scheme Record Date.
Second Court Date	the first day on which the Court hears the application for an order under section 411(4)(b) of the Corporations Act approving the Scheme or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard. The hearing of the application made to the Court for the order under section 411(4)(b) of the Corporations Act approving the Scheme is the Second Court Hearing .
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Superior Proposal	has the meaning given to it in the Scheme Implementation Deed (and which is set out in full in paragraph 14 of Annexure A).
Takeovers Panel	the Takeovers Panel constituted under the <i>Australian Securities and Investments Commission Act 2001</i> (Cth).
Technical Expert	Behre Dolbear, the technical expert appointed by LPI in respect of the Scheme.
Trading Day	has the meaning given to that term in the ASX Listing Rules.
Transaction	the acquisition of the Scheme Shares by Bidder Nominee through implementation of the Scheme in accordance with the terms of the Scheme Implementation Deed and the Scheme.
TSXV	TSX Venture Exchange.
Undisturbed Date	26 September 2023, being the Trading Day prior to LPI's first response to media speculation regarding discussions with Codelco.
VWAP	volume weighted average trading price on the ASX.



10.2 INTERPRETATION

In this Scheme Booklet, unless the context requires otherwise:

- (a) headings are inserted for convenience and do not affect the interpretation of this Scheme Booklet;
- (b) words and phrases in this Scheme Booklet have the same meaning given to them (if any) in the Corporations Act;
- (c) the singular includes the plural and vice versa;
- (d) a gender includes all genders;
- (e) a reference to a person includes a corporation, partnership, joint venture, association, unincorporated body or other body corporate and vice versa;
- (f) if a word is defined, another part of speech has a corresponding meaning;
- (g) unless stated otherwise, a reference to a section or Annexure is a reference to a section or Annexure of this Scheme Booklet;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) unless expressly stated otherwise, a reference to time is a reference to time in Australian Eastern Daylight Time; and
- (j) unless expressly stated otherwise, a reference to dollars or \$, is to Australian dollars (AUD).

Annexure A

Summary of Scheme

Implementation Deed

This is a summary of the key terms of the Scheme Implementation Deed. A copy of the Scheme Implementation Deed is attached in full to LPI's ASX announcement on 18 October 2023, which is available on ASX's website at www.asx.com.au and on LPI's website at www.lithiumpowerinternational.com. You should refer to the full copy of the Scheme Implementation Deed for all of the terms of the Scheme Implementation Deed.

Unless otherwise defined, capitalised terms used in this Annexure A have the meaning given to them in the Glossary in section 10 of the Scheme Booklet or paragraph 14 titled "Additional Defined Terms". Any reference to a "paragraph" or "paragraphs" is a reference to a paragraph or paragraphs in this Annexure A, unless otherwise stated.

1. SCHEME CONSIDERATION

Subject to the Scheme becoming Effective, each Scheme Shareholder will receive A\$0.57 cash for each LPI Share held as at the Scheme Record Date.

2. CONDITIONS PRECEDENT

The Scheme will not become Effective and the obligations of the parties with respect to implementation of the Transaction will not become binding until the following Conditions Precedent are satisfied or waived (where permitted):

Condition
1 FIRB Approval Before 8.00 am on the Second Court Date, either: <ul style="list-style-type: none"> (a) Codelco receives written notice under the FATA, by or on behalf of the Treasurer (or the Treasurer's delegate) stating that, or to the effect that, the Commonwealth Government does not object to Codelco acquiring all of the LPI Shares in accordance with the Scheme Implementation Deed and the Scheme, either without conditions or subject only to: <ul style="list-style-type: none"> (i) the "standard tax conditions" set out in items 1 to 6 of Part D of the FIRB's Guidance Note 12 'Tax Conditions' (in the form last updated on 10 August 2023); and (ii) such other conditions which are acceptable to Codelco (acting reasonably); or (b) following notice of the proposed Scheme and Codelco's proposed acquisition of all the LPI Shares having been given by Codelco to the Treasurer under the FATA: <ul style="list-style-type: none"> (i) the Treasurer has ceased to be empowered to make any order because the applicable time limit on making orders and decisions has expired; or (ii) if an interim order is made to prohibit Codelco acquiring LPI Shares, the subsequent period for making a final order prohibiting Codelco from acquiring the LPI Shares elapses without any final order being made.
2 LPI Shareholder Scheme Approval Before 8.00 am on the Second Court Date, LPI Shareholder Scheme Approval is obtained at the Scheme Meeting (or any adjournment or postponement of it) convened in accordance with the orders made under section 411(1) of the Corporations Act.

Annexure A
Summary of Scheme Implementation Deed

Condition	
3	Court approval of Scheme The Court makes orders under section 411(4)(b) of the Corporations Act approving the Scheme.
4	No regulatory actions As at 8.00 am on the Second Court Date, there is not in effect: (a) any temporary, preliminary or final decision, order, injunction or decree issued by a court or other Government Agency; or (b) any action or investigation by any Government Agency outside of Chile, in consequence of, or in connection with, the Transaction which restrains, prohibits or impedes the implementation of the Transaction or any part of it.
5	No LPI Material Adverse Effect No LPI Material Adverse Effect occurs between the date of the Scheme Implementation Deed and 8.00 am on the Second Court Date.
6	No LPI Prescribed Event No LPI Prescribed Event occurs between the date of the Scheme Implementation Deed and 8.00 am on the Second Court Date.
7	No LPI Regulated Event No LPI Regulated Event occurs between the date of the Scheme Implementation Deed and 8.00 am on the Second Court Date.
8	LPI Representations and Warranties Each LPI Representation and Warranty is true and correct in all material respects as at the time it is given or made.
9	LPI Unlisted Securities As at 8.00 am on the Second Court Date, binding arrangements have been put in place to deal with the LPI Unlisted Securities (other than any LPI Unlisted Securities which have expired or have been exercised by, and the resulting LPI Shares have been issued to, the holder) on terms summarised in paragraph 6 below.
10	Maricunga Authorisations As at 8.00 am on the Second Court Date, no material Authorisation for the Maricunga Project, other than the Authorisation granted by the Chilean Nuclear Energy Commission, has been forfeited, terminated, cancelled, suspended or materially varied.
11	Independent Expert's Report The Independent Expert issues the Independent Expert's Report, which concludes that the Scheme is in the best interests of LPI Shareholders and the Independent Expert does not withdraw or qualify its conclusion in any written update to its Independent Expert's Report or withdraw the Independent Expert's Report prior to 8.00 am on the Second Court Date.
12	Codelco Representations and Warranties Each Codelco Representation and Warranty is true and correct in all material respects as at the time it is given or made.

3. TERMINATION ON FAILURE TO FULFILL OR WAIVE A CONDITION PRECEDENT

- (a) If:
 - (i) (Condition not satisfied or waived) any Condition Precedent is not satisfied or (where capable of waiver) waived by the time or date specified in the Scheme Implementation Deed for its satisfaction;
 - (ii) (Condition not capable of being satisfied) for any reason, a Condition Precedent is not capable of being satisfied, or a circumstance occurs which is reasonably likely to result in a Condition Precedent not being capable of being satisfied, and the Condition Precedent has not been waived or cannot be waived; or
 - (iii) (Scheme not Effective) the Scheme does not become Effective by 11.59 pm on the End Date,
- (b) then the parties must consult in good faith to determine whether to:
 - (i) proceed by way of alternative means or method so as to achieve a commercial outcome that is substantially the same as the Transaction;
 - (ii) extend the relevant time or date for satisfaction of a particular Condition Precedent;
 - (iii) change the date of the application to be made to the Court for orders under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed by the parties;
 - (iv) extend the End Date; or
 - (v) do any combination of the matters listed in paragraphs 3(b)(i) to 3(b)(iv) (inclusive).
- (c) If the parties are unable to reach agreement within five Business Days after the delivery of the notice above (or any shorter period ending at 5.00 pm on the day before the Second Court Date):
 - (i) subject to paragraph 3(c)(ii), either party may terminate the Scheme Implementation Deed; or
 - (ii) if a Condition Precedent may be waived and exists for the benefit of one party only, that party only may waive that Condition Precedent or terminate the Scheme Implementation Deed,

in each case before 8.00 am on the Second Court Date. A party will not be entitled to terminate the Scheme Implementation Deed if the relevant Condition Precedent has not been satisfied or agreement cannot be reached as a result of a breach of the Scheme Implementation Deed by that party or a deliberate act or omission of that party.

4. OBLIGATIONS OF LPI AND CODELCO

4.1 LPI's obligations

LPI's key substantive obligations under the Scheme Implementation Deed include the following:

- (a) (**Announcement**) Immediately following execution of the Scheme Implementation Deed, make an announcement to ASX in the form agreed between LPI and Codelco (on the basis of written statements made to LPI by each LPI Director), that:
 - (i) the LPI Board unanimously recommends that LPI Shareholders vote in favour of the Scheme at the Scheme Meeting; and
 - (ii) each LPI Director who holds or controls LPI Shares intends to vote the LPI Shares that he or she directly or indirectly owns or controls in favour of the Scheme at the Scheme Meeting,

in each case:

- (iii) in the absence of a Superior Proposal; and
- (iv) subject to the Independent Expert concluding (and continuing to conclude at all times prior to the Second Court Date) that the Scheme is in the best interests of LPI Shareholders.

- (b) (**Prepare Scheme Booklet**) Prepare the Scheme Booklet and, subject to Codelco complying with its obligations in respect of the Codelco Material, ensure that the Scheme Booklet includes all information required by applicable laws, ASIC Regulatory Guides, Takeovers Panel policy and guidance notes and the ASX Listing Rules and unless there has been a change of recommendation permitted by paragraph 4.1(f) below, include in the Scheme Booklet a statement (on the basis of written statements made to it by each of its directors) that:

- (i) the LPI Board unanimously recommends that LPI Shareholders vote in favour of the Scheme at the Scheme Meeting; and
- (ii) each LPI Director who holds or controls LPI Shares intends to vote the LPI Shares that he or she directly or indirectly owns or controls in favour of the Scheme at the Scheme Meeting,

in each case:

- (iii) in the absence of a Superior Proposal; and
- (iv) subject to the Independent Expert concluding (and continuing to conclude at all times prior to the Second Court Date) that the Scheme is in the best interests of LPI Shareholders.



Annexure A

Summary of Scheme Implementation Deed

4. OBLIGATIONS OF LPI AND CODELCO

- (c) **(Independent Expert's Report)** Promptly appoint the Independent Expert and commission the preparation of the Independent Expert's Report, and provide all assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report.
- (d) **(Due diligence and verification)** Undertake appropriate due diligence and verification processes in relation to the LPI Material and, after those processes have been completed, provide on or before the First Court Date, an affidavit to the Court confirming the due diligence and verification processes undertaken and their completion.
- (e) **(Implementation of Scheme)** If the Scheme is approved by the Court:
 - (i) close the Register as at the Scheme Record Date to determine the identity of the Scheme Shareholders and their entitlements to the Scheme Consideration, in accordance with the Scheme, and provide such information to Codelco;
 - (ii) subject to Codelco having provided the Scheme Consideration in accordance with the Scheme and Deed Poll, execute proper instruments of transfer and effect and register the transfer of the Scheme Shares to Bidder Nominee on the Implementation Date;
 - (iii) apply to ASX to suspend trading in LPI Shares with effect from the close of trading on the Effective Date; and
 - (iv) apply to ASX to have LPI removed from the official list of ASX, and quotation of LPI Shares on the ASX terminated, with effect on and from the close of trading on the Trading Day immediately following the Implementation Date (unless otherwise directed by Codelco in writing).
- (f) **(Board recommendations and voting)** LPI must use reasonable endeavours to procure that LPI's directors maintain the recommendation summarised in paragraph 4.1(a)(i) and the intention summarised in paragraph 4.1(a)(ii) until the Implementation Date and repeat this recommendation and voting intention statement in all public announcements in connection with the Transaction, unless:
 - (i) the LPI Board, acting in good faith and after consulting with LPI's legal advisers, determines that maintaining the recommendation summarised in paragraph 4.1(a)(i) would be likely to breach the directors' fiduciary or statutory obligations;
 - (ii) the LPI Board determines that a Competing Proposal received by LPI is a Superior Proposal or announces the receipt of a Superior Proposal;
 - (iii) the Independent Expert concludes (either in its initial Independent Expert's Report or in any written update, revision, amendment, addendum or supplementary reports to it) that the Scheme is not in the best interests of LPI Shareholders, or the Independent Expert withdraws its Independent Expert's Report prior to 5.00 pm on the day before the Second Court Date; or
 - (iv) in the case of the recommendation summarised in paragraph 4.1(a)(i), the Court, ASIC or the Takeovers Panel orders, requires, requests or otherwise indicates it would be desirable for the director to withdraw, or abstain from making, their recommendation,
- provided in each case, LPI has complied with its exclusivity obligations set out in the Scheme Implementation Deed. For the purposes of the Scheme Implementation Deed, if a Competing Proposal is publicly announced in respect of LPI, the release by LPI of one or more announcements to the effect that LPI Shareholders should take no action while the LPI Board considers its response will not (in and of itself) be regarded as a failure of LPI directors to maintain the recommendation summarised in paragraph 4.1(a)(i) and the voting intention summarised in paragraph 4.1(a)(ii).
- (g) **(Board Composition)** As soon as practicable on the Implementation Date, take all actions necessary, in accordance with the constitution of LPI, the Corporations Act and the ASX Listing Rules, to:
 - (i) effect the appointment of each of the persons nominated by Codelco as new directors of the LPI Board; and
 - (ii) procure that all LPI Directors resign, other than the directors appointed under subparagraph (i) above or as otherwise directed by Codelco in writing, subject to:
 - (A) the Scheme Consideration being issued; and
 - (B) receipt by LPI of duly signed consents to act from each nominated director before the Scheme Record Date.

4.2 Codelco's obligations

Codelco's obligations in relation to implementation of the Scheme are more limited than LPI's. Codelco's key process obligation is preparing the Codelco Material for inclusion in the Scheme Booklet, and Codelco's key implementation deliverable is procuring the provision of the Scheme Consideration.

5. PRE-IMPLEMENTATION OBLIGATIONS

5.1 Conduct of business

Subject to paragraphs (d) and (e) below, during the Exclusivity Period, LPI must:

- (a) conduct its business and operations:
 - (i) in the ordinary course and in substantially the same manner as have been conducted in the 12 month period prior to 18 October 2023, other than in respect of the sale of the LPI Group's assets in Western Australia, Australia; and
 - (ii) substantially in accordance with the Budget and Work Program, and in any event, must not incur any other expenditure which, taken together with any expenditure or other costs incurred in connection with, or as a result of, any LPI Regulated Event, would exceed an amount of A\$1,000,000 in aggregate;
- (b) use reasonable endeavours to:
 - (i) preserve its relationship with its existing financiers, suppliers, Government Agencies and others having business dealings with it;
 - (ii) retain the services of its key officers and employees;
 - (iii) comply in all material respects with laws and Authorisations applicable to it;
 - (iv) maintain and preserve the value of its business and assets consistent with past practices, including maintaining at least its current level of insurance; and
 - (v) ensure that no LPI Prescribed Event or LPI Regulated Event occurs and there is no occurrence within any member of the LPI Group's reasonable control that would have an LPI Material Adverse Effect; and
- (c) ensure that Codelco is informed of, timely updated on, and consulted on, the progress and status of N°104607-2023 "Minera Salar Blanco S.A./ Consejo de Defensa", the Chilean Supreme Court and Trial N°R-333-2022 "Comunidad Indígena Colla de Copiapó y Otros/ Director Ejecutivo del Servicio de Evaluación Ambiental", Environmental Court of Santiago.

The above restrictions do not apply to any action which:

- (d) is a Permitted Event; or
- (e) is reasonably and prudently required to respond to any epidemic, pandemic, hurricane, earthquake, flood, weather conditions, calamity or other natural disaster, act of God or other force majeure event (or any worsening of or recovery from any of the foregoing), provided that, to the extent reasonably practicable, LPI has consulted with Codelco in good faith in respect of the proposal to take such action or not take such action (as applicable) and considers any reasonable comments or requests of Codelco in relation to such proposal in good faith.

5.2 Access to information

- (a) During the Exclusivity Period, the LPI Group will make available to the Codelco Group, its officers and advisers, premises and documents, records and other information, as reasonably requested by the Codelco Group and afford the Codelco Group reasonable co-operation for the purposes of:
 - (i) any Regulatory Approvals;
 - (ii) Codelco developing and implementing plans for transition of the business of the LPI Group to Codelco following implementation of the Transaction;
 - (iii) keeping Codelco informed of any material developments relating to the LPI Group's business, including matters raised by any Government Agency and the matters summarised in paragraph 5.1 above and providing Codelco with regular updates in relation to actual performance of the business expenditures and comparisons of such performance and expenditures to the Budget and Work Program; and
 - (iv) any other purpose which is agreed in writing between the parties.

5.3 Integration planning

The Integration Committee will be comprised of an equal number of representatives from LPI and Codelco. The role of the Integration Committee is to oversee implementation of the Scheme and to act as a forum to facilitate the integration of the LPI Group into the Codelco Group and, in particular, in respect of the following:

- (a) matters related to integration planning, including changes of directors, employee retention and incentivisation, employee performance and costs, stakeholder engagement and communications, business operations of the LPI Group and functions or processes;
- (b) any actions restricted by paragraph 5.1 above, which a party wishes to undertake with the agreement of the other party (or which otherwise require consultation and discussion with the other party); and
- (c) any other matters as the parties may agree from time to time.



Annexure A

Summary of Scheme Implementation Deed

6. LPI UNLISTED SECURITIES

Subject to the Scheme becoming Effective, LPI must procure that each LPI Unlisted Security is:

- (a) vested and exercised and either:
 - (i) the resulting LPI Shares are issued prior to the Scheme Record Date; or
 - (ii) otherwise, a cash payment is made in lieu of the issue of the resulting LPI Shares in subparagraph (i) in accordance with the terms of issue of the relevant rights; or
- (b) pursuant to an arrangement to be agreed with the holder of the relevant LPI Unlisted Security (as the case may be), cancelled or extinguished prior to the Implementation Date.

LPI must use reasonable endeavours to obtain any necessary waiver from ASX Listing Rule 6.23 in connection with any actions undertaken in relation to the LPI Unlisted Securities.

7. EXCLUSIVITY

7.1 Existing discussions

LPI represents and warrants that, as at the date of the Scheme Implementation Deed:

- (a) it is not party to any agreement or arrangement with any Third Party entered into for the purposes of facilitating a Competing Proposal;
- (b) it is not, directly or indirectly, participating in any discussions or negotiations with a Third Party that concern, or that could be reasonably expected to lead to, a Competing Proposal; and
- (c) any due diligence access granted to any Third Party for the purposes of such Third Party making, formulating, developing or finalising, or assisting in the making, formulation, development or finalisation of, a Competing Proposal has been terminated.

7.2 No-shop, no-talk and no-due diligence

During the Exclusivity Period, LPI must not (and must ensure that none of its related bodies corporate or Representatives, nor any other person on its behalf) directly or indirectly:

- (a) (**no-shop**) solicit, encourage, initiate or invite any offer, enquiries, expressions of interest, discussions or proposals from any Third Party in relation to, or that may reasonably be expected to encourage or lead to, a Competing Proposal, or announce or communicate to any person any intention to do any of these things;
- (b) (**no-talk**) subject to the fiduciary exception summarised in paragraph 7.3 below, negotiate, accept or enter into, participate in or continue any discussions or negotiations with a Third Party in relation to, or that may reasonably be expected to encourage or lead to, a Competing Proposal, or otherwise facilitate a Competing Proposal, or announce or communicate to any person any intention to do any of these things; or
- (c) (**no-due diligence**) without limiting the no-talk restriction above, and subject to the fiduciary exception summarised in paragraph 7.3 below, disclose, make available to any Third Party, or cause or permit any Third Party to receive, any non-public information relating to LPI or any of its related bodies corporate that may reasonably be expected to assist such Third Party in formulating, developing or finalising a Competing Proposal or communicate to any person any intention to do any of these things.

7.3 Fiduciary exception

The no-talk and no-due diligence restrictions described above in 7.2 do not:

- (a) apply in respect of a Competing Proposal where:
 - (i) there has not been any breach of the no-shop restriction in paragraph 7.2(a) in respect of a Competing Proposal; and
 - (ii) the LPI Board, acting in good faith and after consulting with LPI's financial and legal advisers, determines that such Competing Proposal is, or may reasonably be likely to constitute, a Superior Proposal if it were proposed and that failing to respond to such Competing Proposal would be reasonably likely to constitute a breach of the fiduciary duties or statutory obligations of the LPI Board; and
- (b) prevent LPI disclosing non-public information to its auditors or advisers, or a Government Agency or regulatory body in the ordinary course of its business or as required under LPI's existing contractual obligations provided it is not done in a manner which is intended to circumvent the intent described above.

8. NOTIFICATION AND MATCHING RIGHTS

8.1 Initial notification

If, during the Exclusivity Period:

- (a) LPI or any of its related bodies corporate or Representatives receives a Competing Proposal; and
- (b) LPI proposes to take or takes any action in reliance on the exception in clause 7.3 (other than clause 7.3(b)),

LPI must as soon as reasonably practicable (and in any event within two clear Business Days after receiving a Competing Proposal) give Codelco a notice setting out all material details of a Competing Proposal.

8.2 Matching Right

- (a) If, during the Exclusivity Period, the LPI Board determines that a Competing Proposal is a Superior Proposal, LPI must as soon as practicable (and in any event within two clear Business Days of making that determination) give Codelco a notice setting out all material details of that Superior Proposal, including identifying details of the third party who made the Competing Proposal, the consideration, conditions, proposed timetable and break or reimbursement fee (if any), that the LPI Board has determined is a Superior Proposal (**Matching Right Notice**).
- (b) During the Exclusivity Period, LPI must not enter into, or agree to enter into, any binding documentation to give effect or implement the Competing Proposal and must use reasonable endeavours to ensure that no LPI Director makes any public statement recommending the Competing Proposal to LPI Shareholders, unless
 - (i) the LPI Board (or a majority of them), acting in good faith determines that such Competing Proposal is, or may reasonably be likely to constitute, a Superior Proposal and that failing to respond to such Competing Proposal would be reasonably likely to constitute a breach of the fiduciary duties or statutory obligations of the LPI Board;
 - (ii) LPI has provided Codelco with a Matching Right Notice;
 - (iii) LPI has given Codelco at least five clear Business Days after the date that LPI gives Codelco the Matching Right Notice (**Matching Period**) to announce or otherwise propose or provide to LPI an alternative proposal with a view to providing an equivalent or a superior outcome for the LPI Shareholders than those offered under the relevant Competing Proposal (**Counter Proposal**); and
 - (iv) Codelco has not announced or otherwise proposed or provided to LPI such Counter Proposal by the expiry of the Matching Period.
- (c) If Codelco makes a Counter Proposal during the Matching Period:
 - (i) LPI must use its best endeavours to procure that the LPI Board promptly considers the Counter Proposal in good faith before entering into, or agreeing to enter into, any binding documentation to give effect to or implement the Competing Proposal; and
 - (ii) if the LPI Board acting in good faith determines that the terms and conditions of the Counter Proposal would provide an equivalent or superior outcome to LPI Shareholders than the relevant Competing Proposal, LPI must notify Codelco of the determination and the parties must use their reasonable endeavours to agree any amendments to the Scheme Implementation Deed and implement the Counter Proposal as soon as reasonably practicable.
- (d) If the LPI Board acting in good faith determines that the terms and conditions of the Counter Proposal taken as a whole would not provide an equivalent or superior outcome to LPI Shareholders than the relevant Competing Proposal, then LPI must as soon as reasonably practicable, notify Codelco of the determination in writing.

8.3 LPI Board determination

An announcement by LPI or the LPI Board to the effect that:

- (a) the LPI Board has determined that a Competing Proposal is a Superior Proposal and commenced the matching right process; or
- (b) LPI Shareholders should take no action pending the completion of the matching right process,

does not constitute a change, withdrawal, modification or qualification of the recommendation by the LPI Board or an endorsement of a Competing Proposal, nor does it contravene the Scheme Implementation Deed or give rise to a termination right under the Scheme Implementation Deed.

9. BREAK FEE AND REVERSE BREAK FEE

A Break Fee or Reverse Break Fee may be payable by either LPI or Codelco (as applicable) in the circumstances summarised below. In either instance the amount payable is A\$3,850,000 (exclusive of GST), and is payable within 20 Business Days after receipt by either LPI or Codelco (as applicable) of a demand for the respective fee to be paid.

Annexure A

Summary of Scheme Implementation Deed

9.1 Break Fee triggers

LPI must pay Codelco the Break Fee if:

- (a) **(change of recommendation or voting intention statement)** during the Exclusivity Period, any LPI Director:
 - (i) does not recommend the Scheme, or withdraws or adversely modifies an earlier recommendation, or makes an announcement in support of a Competing Proposal; or
 - (ii) does not state that he or she intends to vote in favour of the Scheme or withdraws or adversely modifies an earlier statement that they intend to vote in favour of the Scheme at the Scheme Meeting,

and Codelco has terminated the Scheme Implementation Deed, except:

- (iii) where LPI has terminated the Scheme Implementation Deed;
- (iv) where the Independent Expert concludes that the Scheme is not in the best interest of the LPI Shareholders or the Independent Expert withdraws its Independent Expert's Report prior to 5.00 pm on the day before the Second Court Date (other than where the conclusion or withdrawal is due to a Superior Proposal); or
- (v) where the Court, ASIC or the Takeovers Panel orders, requires, requests or otherwise indicates that that it would be desirable for the LPI Director to withdraw or abstain from making their recommendation;

- (b) **(Competing Proposal)** during the Exclusivity Period a Competing Proposal is publicly announced, made or becomes open for acceptance and the proponent of that Competing Proposal, within 9 months of the Competing Proposal being publicly announced, being received by LPI or becomes open for acceptance (whichever is earliest), acquires voting power of (or economic interest in) more than 50% of all LPI Shares and that Competing Proposal is, or becomes, free from any conditions; or
- (c) **(termination by Codelco)** Codelco has validly terminated the Scheme Implementation Deed in accordance with paragraphs 10(a)(iii) or 10(a)(iv).

9.2 Reverse Break Fee triggers

Codelco must pay LPI the Break Fee if LPI has validly terminated Scheme Implementation Deed pursuant to paragraphs 10(a)(iii) or 10(a)(iv).

10. TERMINATION

- (a) Either party (the **Terminating Party**) may terminate the Scheme Implementation Deed by notice in writing to the other party:
 - (i) **(End Date)** if the Scheme has not become Effective on or before the End Date;
 - (ii) **(failure to agree)** in accordance with paragraph 3(c) above;
 - (iii) **(material breach)** if before 8.00 am on the Second Court Date, the other party (the **Defaulting Party**) commits a breach of the Scheme Implementation Deed and:
 - (A) the breach is material taken in the context of the Transaction as a whole;
 - (B) the Terminating Party has given the Defaulting Party written notice setting out the relevant circumstances giving rise to the breach, and stating an intention to terminate the Scheme Implementation Deed unless the breach is remedied; and
 - (C) the relevant circumstances giving rise to the breach are not remedied to the Terminating Party's reasonable satisfaction by the earlier of:
 - (aa) five Business Days after the date of the notice given by the Terminating Party under paragraph 10(a)(iii)(B); or
 - (bb) 5.00 pm on the Business Day before the Second Court Date;
 - (iv) **(insolvency event)** if an insolvency event occurs in relation to the other party; or
 - (v) **(mutual agreement)** if agreed to in writing by LPI and Codelco.
- (b) Codelco may terminate the Scheme Implementation Deed by giving written notice to LPI at any time before 8.00 am on the Second Court Date if:
 - (i) **(LPI director recommendation)** any LPI Director:
 - (A) does not recommend the Scheme (or withdraws or adversely modified an earlier recommendation) or recommends a Competing Proposal; or
 - (B) does not state that he or she intends to vote in favour of the Scheme (or withdraws or adversely modifies an earlier statement that they intend to vote in favour of the Scheme);
 - (ii) **(agreement with a Competing Proposal)** LPI or a member of the LPI Group enters into a definitive agreement in relation to the implementation of a Competing Proposal.

(c) LPI may terminate the Scheme Implementation Deed by giving written notice to Codelco at any time before 8.00 am on the Second Court Date if:

- (i) **(Independent Experts Report)** the Independent Expert concludes that the Scheme is not in the best interests of LPI Shareholders or the Independent Expert withdraws its Independent Expert's Report, other than where such conclusion is due to a Superior Proposal; or
- (ii) **(Superior Proposal)** LPI receives a Competing Proposal and the LPI Directors acting in good faith and having followed the processes set out in the Scheme Implementation Deed, have determined that the Competing Proposal constitutes a Superior Proposal.

11. EFFECT OF TERMINATION

On termination of the Scheme Implementation Deed, each party will be released from any liability or obligation (except for those specified to continue beyond termination), but each party will retain any accrued rights it has or may have against the other party.

12. CHILEAN TAX WITHHOLDING

If Codelco is required under section 74 No. 4 of the income tax law contained in Decree Law No. 824 of 1974 of the Republic of Chile (**Chilean Income Tax Law**) to withhold amounts in respect of the acquisition of the Scheme Shares from certain Scheme Shareholders, Codelco is permitted to deduct the relevant amounts from the payment of the Scheme Consideration to those Scheme Shareholders, and remit such amounts to the relevant Government Agency.

The aggregate sum payable to Scheme Shareholders shall not be increased to reflect the deduction and the net aggregate sum payable to those Scheme Shareholders shall be taken to be in full and final satisfaction of the amounts owing to those Scheme Shareholders.

In respect of such withholding or deduction, Codelco agrees (subject to obtaining such certification or confirmation from Scheme Shareholders as it may reasonably require in order to confirm the application of the relevant tax laws, and for the avoidance of doubt, such certification or confirmation shall be satisfied by the relevant Scheme Shareholders providing the warranty under clause 10.3(b)(iv) of the Scheme (contained in Annexure B of this Scheme Booklet)) that no deduction or withholding from the Scheme Consideration will be applicable in Chile to Scheme Shareholders unless a notice is provided by any Scheme Shareholder under the above-referred clause 10.3(b)(iv) of the Scheme, in which case Codelco shall withhold an amount equal to 20% of the total amount of any payments made in respect of the acquisition of the Scheme Shares relating to the Scheme Shareholder providing such notice, without any deductions, or such other amount which replaces such withholding obligation under applicable tax laws.

13. OTHER CLAUSES

The Scheme Implementation Deed contains other clauses and schedules (including representations and warranties by LPI in clause 15 of the Scheme Implementation Deed), most of which are customary for an agreement of that nature. A copy of the Scheme Implementation Deed is attached in full to LPI's ASX announcement on 18 October 2023 which is available on ASX's website at www.asx.com.au and on LPI's website at www.lithiumpowerinternational.com.

14. ADDITIONAL DEFINED TERMS

ASIC Regulatory Guides means the regulatory guides published by ASIC from time to time.

Authorisation means:

- (a) an approval, authorisation, consent, declaration, exemption, favourable resolution, licence, notarisation, permit or waiver, however it is described, including any renewal or amendment and any condition attaching to it from or by a Government Agency; and
- (b) in relation to anything that could be prohibited or restricted by law, if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken.

Break Fee means A\$3,850,000 (exclusive of GST).

Budget and Work Program means the final budget and work program relating to the business of the LPI Group (and the Maricunga Project in particular) agreed in writing between Codelco and LPI on or before the date of the Scheme Implementation Deed.

CEOL means a Chilean Special Lithium Operating Contract (*Contrato Especial de Operación del Litio*).

Chilean Lithium Policy means:

- (a) a National Lithium Matter; or
- (b) Trial N°104697-2023 "Minera Salar Blanco S.A./Consejo de Defensa" before the Chilean Supreme Court of Chile.



Annexure A

Summary of Scheme Implementation Deed

Chilean NLP means:

- (a) the National Lithium Strategy of Chile, announced by a Government Agency on 20 April 2023 and published on 20 June 2023 in Chile; and
- (b) any Lithium Policy which arises from, or in connection with, the National Lithium Strategy of Chile.

Codelco Representation and Warranty means a representation and warranty set out in clause 15.2 of the Scheme Implementation Deed.

Competing Proposal means any proposal, offer, transaction, agreement or arrangement which, if ultimately entered into or completed substantially in accordance with its terms, would result in:

- (a) a person other than any member of the Codelco Group (whether alone or together with its associates), directly or indirectly:
 - (i) acquiring control (within the meaning given in section 50AA of the Corporations Act) of LPI or any member of the LPI Group which holds all or a substantial part of the business or assets of the LPI Group;
 - (ii) acquiring an interest (including an economic interest by way of an equity swap, contract for difference or similar transaction or arrangement), or a relevant interest, in more than 20% of the LPI Shares;
 - (iii) acquiring, becoming the holder of, or having a right to acquire an economic interest in all or a substantial part of the business or assets of the LPI Group, whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy-back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement; or
- (b) the Transaction not being capable of being implemented on the basis set out the Scheme Implementation Deed.

Confidentiality Deed means the confidentiality deed between LPI and Codelco dated 21 August 2023.

DD Cut-off Time means 5.00 pm on the date that is one Business Day prior to 18 October 2023, or such later date as LPI and Codelco agree in writing.

Disclosure Letter means a letter identified as such dated 18 October 2023 provided by LPI to Codelco and countersigned by Codelco.

Fairly Disclosed means, in relation to a matter, event or circumstance, disclosed by the LPI Group or their Representatives to any member of the Codelco Group or any of their Representatives, in reasonably sufficient detail, so as to allow a reasonable and sophisticated investor experienced in transactions similar to the transactions contemplated by the Scheme Implementation Deed to identify or otherwise determine the nature and scope of the relevant matter, event or circumstance.

FATA means *Foreign Acquisitions and Takeovers Act 1975* (Cth).

FIRB means the Foreign Investment Review Board.

Lithium Policy means any legislation or regulation, judicial or administrative resolution or interpretation of the law or any practice or policy of a Government Agency (whether or not retrospective in effect) regarding or in connection with the legal governance or management of lithium in Chile, which, for the avoidance of any doubt, includes the capacity or right to explore or mine lithium from the mining concessions or rights held by the LPI Group in the Maricunga Project.

LPI Data Rooms means the online data rooms established by or on behalf of LPI in connection with the Transaction.

LPI Disclosure Material means:

- (a) the LPI Due Diligence Information;
- (b) public register information;
- (c) the Budget and Work Program; and
- (d) the Disclosure Letter.

LPI Due Diligence Information means all written information relating to the business, assets, liabilities, operations, profits and losses, financial position and performance and prospects of the LPI Group provided or made available in the LPI Data Rooms by, or on behalf of, the LPI Group to any member of the Codelco Group or its Representatives on or before the DD Cut-off Time or otherwise agreed in writing between Codelco and LPI as forming part of the LPI Due Diligence Information.

LPI Material Adverse Effect means an event, matter or circumstance that occurs, is announced or becomes known to Codelco after the date of the Scheme Implementation Deed which, either individually or when aggregated with all such events or circumstances that have occurred, has had or would be reasonably likely to have the effect of diminishing the consolidated net asset value of the LPI Group (calculated in accordance with the accounting policies and practices applied by LPI as at the date of the Scheme Implementation Deed and calculated on the date of the relevant event, matter or circumstance) by an amount of at least A\$40 million, other than any event, matter or circumstance:

- (a) relating to a Permitted Event;
- (b) arising from a Chilean Lithium Policy;
- (c) which is the payment of, or incurring by, the LPI Group of costs and expenses relating to the Transaction substantially in accordance with the Budget and Work Program;
- (d) arising as a result of a change to legislation or regulation, any judicial or administrative interpretation of the law or any practice or policy of a Government Agency (whether or not retrospective in effect), including in relation to tax or Lithium Policy; or
- (e) that arises as a result of general changes in economic, political or business conditions (including interest rates, commodity prices and exchange rates), or in securities, credit or financial markets including material adverse changes or major disruptions to, or fluctuations in, the industry in which LPI operates, or acts of terrorism, outbreak or escalation of war (whether or not declared), natural disaster or the like, including any epidemic or pandemic including those associated with COVID-19,

provided, further, however, that any event, matter or circumstance set forth in subclause (e) above may be taken into account in determining whether there is or has been an LPI Material Adverse Effect to the extent that such event, matter or circumstance has had or could reasonably be expected to have, individually or in the aggregate, a disproportionately adverse effect on LPI compared to other similarly situated entities of similar characteristics in the lithium industry in Chile.

LPI Prescribed Event means any of the following events:

- (a) (**conversion**) LPI converts all or any of its shares into a larger or smaller number of shares;
- (b) (**capital reduction**) any member of the LPI Group resolves to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (c) (**buy-back**) any member of the LPI Group:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (d) (**distribution**) any member of the LPI Group declares, pays or distributes any dividend, bonus or other share of its profits or assets or returns or agrees to return any capital to its members;
- (e) (**issue of securities**) any member of the LPI Group issues shares or securities convertible into shares, or grants an option over its shares, or agrees to make such an issue or grant such an option, other than to LPI or another member of the LPI Group;
- (f) (**grant of performance rights and options**) any member of the LPI Group issuing securities, or granting a performance right or option over its securities, or agreeing to make such an issue or grant such a performance right or option, other than:
 - (i) an issue or grant (or an agreement to issue or grant) to another member of the LPI Group; or
 - (ii) the vesting, conversion and/or exercise of any LPI Unlisted Security;
- (g) (**change to constitution**) any member of the LPI Group adopts a new constitution or modifies or repeals its constitution or a provision of it;
- (h) (**deregistration**) any member of the LPI Group is deregistered as a company or otherwise dissolved except in the case of the voluntary deregistration or dissolution of a solvent subsidiary with less than A\$1 million in net assets as at 18 October 2023; or
 - (i) (**insolvency event**) an insolvency event occurring in relation to any member of the LPI Group, other than any Permitted Event.

LPI Regulated Event means the occurrence of any of the following:

- (a) (**acquisitions or disposals**) any member of the LPI Group acquires or disposes of, offers to acquire or dispose of or agrees to acquire or dispose of any business, entity or undertaking or assets comprising a business, the value of which exceeds A\$250,000;
- (b) (**contracts and commitments**) any member of the LPI Group enters into any contract or commitment involving revenue or expenditure of more than A\$250,000 over the term of the contract or commitment, excluding any agreements entered into in the ordinary course of business and/or consistent with transactions previously entered into;
- (c) (**encumbrances**) a member of the LPI Group creating, granting or agreeing to any encumbrance over the whole, or a substantial part, of its business or assets, other than a lien that arises by operation of law, legislation or in the usual and ordinary course of business;
- (d) (**finance**) a member of the LPI Group:
 - (i) enters into any new financing arrangement, agreement or otherwise provides financial accommodation in excess of A\$250,000 other than with a member of the Codelco Group or a member of the LPI Group, or amends the terms of any existing financial arrangement, agreement or instrument in any material respect;

Annexure A

Summary of Scheme Implementation Deed

- (ii) incurs capital expenditure in excess of A\$250,000 per annum;
- (iii) waives any material third party default where the financial impact on the LPI Group will be in excess of A\$250,000 (individually or in aggregate in a financial year); or
- (iv) accepts as a compromise of a matter less than the full compensation due to a member of the LPI Group where the financial impact of the compromise on the LPI Group is more than A\$250,000 (individually or in aggregate in a financial year);
- (e) **(related party transactions)** a member of the LPI Group enters into, or resolves to enter into, a transaction with any related party of LPI (other than a related party which is a member of the LPI Group), as defined in section 228 of the Corporations Act;
- (f) **(new employment agreements)** a member of the LPI Group employs or agrees to employ any person, the value of whose total annual remuneration is or is to be A\$250,000 or more, other than in the ordinary course of business on terms consistent with past practice;
- (g) **(varying employment arrangements)** a member of the LPI Group materially alters, varies or amends any employment, consulting, severance or similar agreement or arrangement with one or more of its officers, directors, other executives or employees, or otherwise materially increases compensation or benefits for any of the above, in each case other than pursuant to:
 - (i) an increase of base salary in the ordinary course as part of annual remuneration reviews consistent with past practices;
 - (ii) fees paid to directors of LPI in accordance LPI's constitution in connection with genuine special exertions or extra services provided by those directors for the benefit of the LPI Group (including their work in relation to the Transaction) up to an aggregate amount for all directors of A\$50,000;
 - (iii) contractual arrangements in effect on 18 October 2023 and which are contained in the LPI Due Diligence Information; or
 - (iv) LPI's policies and guidelines in effect on 18 October 2023 and which are contained in the LPI Due Diligence Information,
- (h) **(employee share schemes)** a member of the LPI Group amends the terms of an employee share scheme or any other plan or scheme operated for the benefit of directors or employees;
- (i) **(settle legal proceedings)** a member of the LPI Group settles any legal proceeding, disputed claim, investigation, arbitration or other like proceedings where the settlement amount payable exceeds A\$250,000;
- (j) **(accounting policy)** a member of the LPI Group changes any accounting policy applied by them to report their financial position other than any change in policy required by a change in accounting standards or law;
- (k) **(tax)** a member of the LPI Group does anything that would result in a change to the LPI consolidated tax group; or
- (l) **(agreement)** a member of the LPI Group agrees to do any of the matters set out above,

other than any Permitted Event, (for the avoidance of doubt, the monetary thresholds set out in this definition exclude any amounts to the extent they are contemplated in the LPI Disclosure Material (including the Budget and Work Program)).

LPI Representation and Warranty means a representation and warranty set out in clause 15.1 of the Scheme Implementation Deed.

LPI Shareholder Scheme Approval means a resolution in favour of the Scheme being passed by the required majorities of LPI Shareholders under section 411(4)(a)(ii) of the Corporations Act.

National Lithium Matter means, with respect to the Maricunga Project (or any part of it), any:

- (a) claim arising out of the Chilean NLP or Lithium Policy (whether brought by any Government Agency or any other person) or any interpretation thereof; or
- (b) action or investigation by any Government Agency in connection with the Chilean NLP or Lithium Policy, including, for the avoidance of doubt, the execution, granting, expansion or amendment of a CEOL in the area comprised by the Maricunga Project.

Permitted Event means any agreement, arrangement, understanding or other transaction, event, occurrence or matter:

- (a) that was Fairly Disclosed in the LPI Disclosure Material or which ought to have been expected to arise from an event, occurrence or matter that was so disclosed;
- (b) that is required or permitted to be done, or procured by LPI, under the Scheme Implementation Deed or the Transaction or the transactions contemplated by either;
- (c) in relation to which Codelco has consented in writing;
- (d) which arises as a result of a court or Government Agency order, injunction or undertaking or is otherwise required in order to comply with any applicable law or regulation; or

(e) relating to the issue of any LPI Shares on the exercise or conversion of any LPI Unlisted Securities, the vesting of those LPI Unlisted Securities, or anything done in connection with the transactions summarised in paragraph 6.

Regulatory Approvals means:

- (a) any approval, consent, waiver, exemption, ruling or declaration from a Government Agency outside of Chile that is necessary, required by law, or which Codelco and LPI agree (acting reasonably) is desirable, to implement the Transaction, including (without limitation) any relief, waiver, confirmation, exemption or consent granted by ASX, ASIC or FIRB (including FIRB approval) required to implement the Transaction substantially on the terms of the Scheme Implementation Deed and the Scheme; or
- (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Government Agency outside of Chile intervened or acting in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

Representatives means, in relation to a party:

- (a) each of the party's subsidiaries; and
- (b) each of the directors, officers, employees, agents, representatives and advisers of the party or any of its Subsidiaries.

Reverse Break Fee means A\$3,850,000 (exclusive of GST).

Superior Proposal means a Competing Proposal which the LPI Board, acting in good faith and after consulting with LPI's financial and legal advisers, determines:

- (a) is reasonably capable of being implemented in accordance with its terms; and
- (b) would, if so implemented, likely result in a more favourable outcome for LPI Shareholders than would result from the implementation of the Transaction.

Third Party means a person other than Codelco, a member of the Codelco Group, LPI or a member of the LPI Group, and that person's related bodies corporate and associates.



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Annexure A
Summary of Scheme Implementation Deed

Annexure B

Scheme of Arrangement

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Lithium Power International Limited
ACN 607 260 328

Scheme Shareholders

2023

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THIS SCHEME OF ARRANGEMENT is made on

2023

BETWEEN:

- (1) Lithium Power International Limited ACN 607 260 328 of Level 7, 151 Macquarie Street, Sydney NSW 2000 (**Target**); and
- (2) Each person registered as the holder of Target Shares in the Target Register as at the Scheme Record Date (each a **Scheme Shareholder** and together, the **Scheme Shareholders**).

THE PARTIES AGREE AS FOLLOWS:

1. **Interpretation**

1.1 **Definitions**

The meanings of the terms used in this Scheme are set out below.

ADI means authorised deposit-taking institution (as defined in the *Banking Act 1959* (Cth)).

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in Division 2 of Part 1.2 of the Corporations Act.

ASX means the Australian Securities Exchange or ASX Limited ABN 98 008 624 691, as the context requires.

ATO means the Australian Tax Office.

Bidder means Corporación Nacional del Cobre de Chile of Huérfanos 1270, Santiago, Chile.

Bidder Group means Bidder and its subsidiaries.

Bidder Nominee means Salar de Maricunga SpA, a wholly-owned subsidiary of Bidder.

Business Day:

- (a) when used in relation to the Implementation Date and the Record Date, has the meaning given in the Listing Rules; and
- (b) in all other cases, means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney, New South Wales and Santiago, Chile.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited ABN 49 008 504 532.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Supreme Court of New South Wales or Federal Court of Australia (as determined by the Target) or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Target and Bidder.

Court Order has the meaning given in clause 5.

Deed Poll means the deed poll under which Bidder and Bidder Nominee covenant in favour of the Scheme Shareholders to perform the obligations attributed to Bidder and Bidder Nominee under this Scheme.

Effective means the coming into effect, under subsection 411(10) of the Corporations Act, of the Court Order made under paragraph 411(4)(b) of the Corporations Act in relation to this Scheme.

Effective Date means the date on which this Scheme becomes Effective.

End Date has the meaning given to it in the Scheme Implementation Deed, including any variation as permitted under that document.

Government Agency means a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia, Chile or elsewhere, including ASIC, ATO, ASX, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX.

Implementation Date means the fifth Business Day after the Scheme Record Date, or such other date as ordered by the Court or agreed in writing by Target and Bidder.

Listing Rules means the official listing rules of ASX.

Operating Rules means the official operating rules of ASX.

Registered Address means in relation to a Target Shareholder, the address shown in the Target Register as at the Scheme Record Date.

Relevant Interest has the meaning given in section 608 of the Corporations Act.

Scheme means this scheme of arrangement under Part 5.1 of the Corporations Act between Target and the Scheme Shareholders subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Target and Bidder.

Scheme Consideration means A\$0.57 cash for each Scheme Share.

Scheme Implementation Deed means the scheme implementation deed dated 18 October 2023 between Target and Bidder relating to (among other things) the implementation of this Scheme.

Scheme Meeting means the meeting of the Target Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Record Date means 5.00 pm on the day which is two Business Days after the Effective Date or such other date agreed to in writing by Target and Bidder or as may be required by ASX.

Scheme Share means a Target Share on issue as at the Scheme Record Date.

Scheme Shareholder means a person who holds one or more Scheme Shares as at the Scheme Record Date.

Scheme Transfer means a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of Bidder Nominee as transferee, being a master transfer of all of the Scheme Shares.

Second Court Date means the first day on which the Court hears the application for an order under section 411(4)(b) of the Corporations Act approving the Scheme or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.

Takeovers Panel means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

Target means Lithium Power International Limited ACN 607 260 328.

Target Bearing Option has the meaning given to it in the Scheme Implementation Deed.

Target Bearing Warrant has the meaning given to it in the Scheme Implementation Deed.

Target Option has the meaning given to it in the Scheme Implementation Deed.

Target Register means the register of members of the Target.

Target Registry means Boardroom Pty Limited ACN 003 209 836.

Target Share means a fully paid ordinary share in the capital of the Target.

Target Share Appreciation Right has the meaning given to it in the Scheme Implementation Deed.

Target Shareholder means each person who is registered as the holder of a Target Share in the Target Register.

1.2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this Scheme;

- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them (whether passed by the same or another Government Agency with legal power to do so);
- (h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to **\$, A\$ or dollar** is to Australian currency;
- (j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney, New South Wales;
- (k) words defined in the Corporations Act, and which are not otherwise defined in clause 1.1, have the same meaning given to them in the Corporations Act;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;
- (n) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body,
is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (o) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (p) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (q) if an act prescribed under this Scheme to be done by a party on or by a given day is done after 5.00 pm on that day, it is taken to be done on the next day; and
- (r) a reference to the Listing Rules and the Operating Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

1.3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words include or for example or similar expressions does not limit what else is included.

1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

1.5 Scheme components

This Scheme includes any schedule to it.

2. Preliminary matters

- (a) Target is a public company limited by shares registered in Victoria, Australia, and is admitted to the official list of the ASX. Target Shares are quoted for trading on the securities exchange operated by ASX.
- (b) As at the date of the Scheme Implementation Deed, there were on issue:
 - (i) 629,237,560 Target Shares;
 - (ii) 19,500,000 Target Share Appreciation Rights;
 - (iii) 9,250,000 Target Options;
 - (iv) 8,350,000 Target Bearing Options; and
 - (v) 16,806,855 Target Bearing Warrants.
- (c) Bidder is a public, State-owned company incorporated in Chile, and Bidder Nominee is a company incorporated in Chile.
- (d) If this Scheme becomes Effective:
 - (i) Bidder must provide or procure the provision of the Scheme Consideration to the Scheme Shareholders in accordance with this Scheme and the Deed Poll;
 - (ii) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to Bidder Nominee; and
 - (iii) Target will enter the name and address of Bidder Nominee in the Target Register in respect of the Scheme Shares.
- (e) Target and Bidder have agreed, by executing the Scheme Implementation Deed, to implement (among other things) this Scheme, on and subject to the terms of the Scheme Implementation Deed.
- (f) Bidder and Bidder Nominee have each executed the Deed Poll under which they covenant in favour of the Scheme Shareholders to perform their respective obligations under this Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

3. Conditions

3.1 Conditions precedent

This Scheme is conditional on, and will not become Effective unless and until, each of the following conditions precedent is satisfied:

- (a) all the conditions in clause 3.2 of the Scheme Implementation Deed (other than the condition in item 3 of clause 3.2 (Court approval of Scheme)) of the Scheme Implementation Deed) having been satisfied or waived in accordance with the terms of the Scheme Implementation Deed by 8.00 am on the Second Court Date;
- (b) neither the Scheme Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00 am on the Second Court Date;

- (c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and that are agreed to by Target and Bidder (such agreement not to be unreasonably withheld or delayed);
- (d) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and that are agreed to by Target and Bidder (such agreement not to be unreasonably withheld or delayed) having been satisfied or waived; and
- (e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act on or before the End Date (or any later date Target and Bidder agree in writing).

3.2 **Certificate**

- (a) Target and Bidder will each provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied (but in the case of the condition precedent in clause 3.1(a), other than the conditions precedent in clause item 3 of clause 3.2 (Court approval of Scheme) of the Scheme Implementation Deed) as at 8.00 am on the Second Court Date.
- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that the conditions precedent in clauses 3.1(a) and 3.1(b) were satisfied, waived or taken to be waived as at 8.00 am on the Second Court Date.

3.3 **End Date**

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) the Scheme Implementation Deed or the Deed Poll is terminated in accordance with its terms,

unless Target and Bidder otherwise agree in writing (and, if required, as approved by the Court).

4. **Scheme becoming Effective**

Subject to clause 3, this Scheme will take effect on and from the Effective Date.

5. **Lodgement of Court order with ASIC**

If the conditions precedent in clause 3.1 are satisfied or waived, Target must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) (the **Court Order**), as soon as possible after the Court approves this Scheme and in any event by 4.00 pm on the first Business Day after the day on which the Court approves this Scheme (or such later time or date as agreed in writing by Target and Bidder).

6. Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 7.2 and Bidder having provided Target with written confirmation of the provision of the Scheme Consideration, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Bidder Nominee, without the need for any further act by any Scheme Shareholder (other than acts performed by Target as attorney and agent for Scheme Shareholders under clause 10.6), by:
 - (i) Target delivering to Bidder for execution a duly completed Scheme Transfer to transfer all of the Scheme Shares to Bidder Nominee, executed on behalf of the Scheme Shareholders by Target as their attorney and agent; and
 - (ii) Bidder Nominee duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Target for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 6(a)(ii), but subject to the stamping of the Scheme Transfer (if required), Target must enter, or procure the entering of, the name of Bidder Nominee in the Target Register as the registered holder of all the Scheme Shares.

7. Scheme Consideration

7.1 Entitlement to Scheme Consideration

Subject to the terms of this Scheme, each Scheme Shareholder will be entitled to the Scheme Consideration for each Scheme Share held by that Scheme Shareholder.

7.2 Provision of Scheme Consideration

- (a) Bidder must, by no later than the Business Day before the Implementation Date, deposit, or procure the deposit, in cleared funds an amount equal to the aggregate Scheme Consideration payable to all Scheme Shareholders into an Australian dollar denominated trust account with an ADI operated by Target as trustee for the Scheme Shareholders and notified to Bidder at least five Business Days prior to the Implementation Date. Any interest on the amounts deposited (less bank fees and other charges) will be credited to Bidder's account.
- (b) On the Implementation Date, subject to receipt of funds from Bidder in accordance with clause 7.2(a), Target must pay from the trust account referred to in clause 7.2(a) to each Scheme Shareholder the applicable amount of Scheme Consideration that the Scheme Shareholder is entitled for each Scheme Share transferred to Bidder in accordance with this clause 7.
- (c) The obligations of Target under clause 7.2(b) will be satisfied by Target (in its absolute discretion, and despite any authority referred to in clause 7.2(c)(i) made or given by the Scheme Shareholder):
 - (i) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Shareholder by an appropriate authority from the Scheme Shareholder to Target; or

- (ii) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (provided that such Scheme Shareholder's Registered Address is outside of New Zealand), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 7.3).
- (d) To the extent that, following satisfaction of Target's obligations under clause 7.2(b), there is a surplus in the amount held by Target as trustee for the Scheme Shareholder in the trust account referred to in that clause, that surplus must be paid by Target to Bidder.

7.3 **Joint holders**

In the case of Scheme Shares held in joint names:

- (a) any Scheme Consideration required to be provided under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Target, the holder whose name appears first in the Target Register as at the Scheme Record Date or to the joint holders; and
- (b) any other document required to be sent under this Scheme will be forwarded to either, at the sole discretion of Target, the holder whose name appears first in the Target Register as at the Scheme Record Date or to the joint holders.

7.4 **Fractional entitlements and splitting**

- (a) Where the calculation of the amount of Scheme Consideration to be paid to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent, then the fractional entitlement will be rounded down to the nearest cent.
- (b) If Bidder is of the opinion, formed reasonably, that several Scheme Shareholders, each of which holds a holding of Target Shares which results in a fractional entitlement to the Scheme Consideration have, before the Scheme Record Date, been party to a shareholding splitting or division in an attempt to obtain an unfair advantage by reference to the rounding provided for in the calculation of each Scheme Shareholder's entitlement to the Scheme Consideration, Bidder may direct Target to give notice to those Scheme Shareholders:
 - (i) setting out the names and Registered Addresses of all of them;
 - (ii) stating that opinion; and
 - (iii) attributing to one of them specifically identified in the notice the Target Shares held by all of them,

and, after the notice has been so given, the Scheme Shareholder specifically identified in the notice shall, for the purposes of this Scheme, be taken to hold all those Target Shares and each of the other Scheme Shareholders whose names are set out in the notice shall, for the purposes of this Scheme, be taken to hold no Target Shares.

7.5 **Unclaimed monies**

- (a) Target may cancel a cheque issued under this clause 7 if the cheque:
 - (i) is returned to Target or the Target Registry; or

- (ii) has not been presented for payment within six months after the Implementation Date.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Target (or the Target Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Target must reissue a cheque that was previously cancelled under this clause 7.5.
- (c) The *Unclaimed Money Act 1995 (NSW)* will apply in relation to any Scheme Consideration which becomes "unclaimed money" (as defined in sections 7 and 8 of the *Unclaimed Money Act 1995 (NSW)*).

7.6

Orders of a court or Government Agency

If Bidder or Target (or the Target Registry) is required under any applicable law including as a result of any order, direction or notice made or given by a court of competent jurisdiction or by another Government Agency that:

- (a) requires payment of a sum to a third party in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder by Target in accordance with this clause 7, then Bidder or Target shall be entitled to procure that the payment is made in accordance with that law, order, direction or notice; or
- (b) prevents Bidder or Target from dispatching payment to any particular Scheme Shareholder in accordance with this clause 7, or such payment is otherwise prohibited by applicable law, Bidder or Target shall be entitled to retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration, until such time as payment in accordance with this clause 7 is permitted by that (or another) order, direction, notice or otherwise by law,

and the payment or retention by Bidder or Target in accordance with this clause 7.6 will constitute full discharge of Bidder's obligations under clause 7.2 with respect to such payment or retention.

8.

Dealings in Target shares

8.1

Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Target Shares or other alterations to the Target Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Target Register as the holder of the relevant Target Shares on or before the Scheme Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before 5.00 pm on the day on which the Scheme Record Date occurs at the place where the Target Register is kept,

and Target must not accept for registration, nor recognise for any purpose (except a transfer to Bidder Nominee pursuant to this Scheme and any subsequent transfer by Bidder Nominee or their respective successors in title), any transfer or transmission application or other request received after the Scheme Record Date, or received prior to the Scheme Record Date but not in registrable or actionable form, as appropriate.

8.2 Register

- (a) Target must register, or cause to be registered registrable transmission applications or transfers of Target Shares that are received in accordance with clause 8.1(b) before 5.00 pm on the day on which the Scheme Record Date occurs provided that, for the avoidance of doubt, nothing in this clause 8.2(a) requires Target to register a transfer that would result in a Scheme Shareholder holding a parcel of Scheme Shares that is less than a "marketable parcel" (as defined in the Operating Rules).
- (b) If this Scheme becomes Effective, a Scheme Shareholder (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them on or after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Target shall be entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Target must maintain, or cause to be maintained, the Target Register in accordance with the provisions of this clause 8.2 until the Scheme Consideration has been paid to the Scheme Shareholders and Bidder Nominee has been entered in the Target Register as holder of all the Scheme Shares. The Target Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for the Target Shares (other than statements of holding in favour of Bidder Nominee) will cease to have effect after the Scheme Record Date as documents of title in respect of those securities and, as from that date, each entry current at that date on the Target Register (other than entries on the Target Register in respect of Bidder Nominee) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.
- (e) As soon as possible on or after the Scheme Record Date, and in any event by 5.00 pm on the second Business Day after the Scheme Record Date, Target will ensure that details of the names, Registered Addresses and holdings of Target Shares for each Scheme Shareholder as shown in the Target Register at the Scheme Record Date are available to Bidder in the form that Bidder reasonably requires.

9. Quotation of Target Shares

- (a) Target must apply to ASX to suspend trading of the Target Shares on the ASX with effect from the close of trading on the Effective Date or such other date as agreed between Target and Bidder, acting reasonably, following consultation with ASX.
- (b) Target must apply to ASX:
 - (i) for termination of the official quotation of the Target Shares on the ASX; and
 - (ii) to have itself removed from the official list of the ASX,

in each case with effect on and from the close of trading on the trading day immediately following the Implementation Date, or such other date as Target and Bidder may agree, acting reasonably, following consultation with ASX.

10. General Scheme provisions

10.1 Further assurances

- (a) Target will do all things and execute all deeds, instruments, transfers or other documents (whether on its own behalf or on behalf of each Scheme Shareholder) as may be required by law, the Court or is otherwise reasonably necessary to give full effect to the terms of this Scheme and the transactions contemplated by it.
- (b) Without limiting Target's other powers under this Scheme, Target has power to do all things that it considers necessary or desirable to give effect to this Scheme and the transactions contemplated by it.

10.2 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) Target may, by its counsel, consent on behalf of all persons concerned to those alterations or conditions to which Bidder has consented (whether in writing or by its counsel); and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which Target has consented to under clause 10.2(a).

10.3 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder irrevocably:
 - (i) agrees to the transfer of their Scheme Shares together with all rights and entitlements attaching to those Scheme Shares to Bidder Nominee in accordance with this Scheme;
 - (ii) agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme; and
 - (iii) acknowledges and agrees that this Scheme binds Target and all Scheme Shareholders (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting),

without the need for any further act by that Scheme Shareholder.

- (b) Each Scheme Shareholder is taken (by operation of this Scheme and without the need for any further act by that Scheme Shareholder) to have warranted to Target and Bidder on the Implementation Date, and appointed and authorised Target as its attorney and agent to warrant to Bidder on the Implementation Date, that:
 - (i) all of their Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any security interests within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
 - (ii) they have full power and capacity to transfer their Scheme Shares to Bidder Nominee together with any rights and entitlements attaching to those Scheme Shares;

- (iii) they have no existing right to be issued any Target Shares, options exercisable into Target Shares, performance rights, convertible notes or any other Target securities; and
- (iv) in the case of Scheme Shareholders that are not resident or domiciled in Chile under Chilean tax laws, they, individually or with any Associate, have not held a Relevant Interest in more than 10% of the issued share capital of Target in the twelve month period prior to the Implementation Date unless, prior to the Record Date, they have given written notice to Bidder of any such holding.

(c) Target undertakes in favour of each Scheme Shareholder that it will provide the warranties in clause 10.3(b) to Bidder Nominee as agent and attorney of each Scheme Shareholder.

10.4 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Bidder Nominee will, at the time of transfer of them to Bidder Nominee, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any security interests within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.
- (b) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 7, Bidder Nominee will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by Target of the name and address of Bidder Nominee in the Target Register as the holder of the Scheme Shares.

10.5 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 7, and until Target registers Bidder Nominee as the holder of all Scheme Shares in the Target Register, each Scheme Shareholder:

- (a) is deemed to have appointed Bidder Nominee as attorney and agent (and directed Bidder in each such capacity) to appoint any director, officer, secretary or agent nominated by Bidder Nominee as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution or document;
- (b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 10.5(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Bidder Nominee reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 10.5(a), Bidder Nominee and any director, officer, secretary or agent nominated by Bidder Nominee under clause 10.5(a) may act in the best interests of Bidder Nominee as the intended registered holder of the Scheme Shares.

10.6 Authority given to Target

(a) On and from the Effective Date, each Scheme Shareholder, without the need for any further act, irrevocably appoints Target and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of:

- (i) enforcing the Deed Poll against Bidder and/or Bidder Nominee, and Target undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Bidder and/or Bidder Nominee on behalf of and as agent and attorney for each Scheme Shareholder; and
- (ii) executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and Target accepts each such appointment under this clause 10.6.

(b) Target, as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 10.6 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

10.7 Binding effect of Scheme

This Scheme binds Target and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Target.

11. General

11.1 Stamp duty

Bidder will:

- (a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by, or made under, or in connection with, the Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 11.1(a).

11.2 Consent

Each of the Scheme Shareholders consents to Target doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme and the transactions contemplated by it, whether on behalf of the Scheme Shareholders, Target or otherwise.

11.3 Notices

(a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Target, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Target's registered office or at the office of the Target Registry.

(b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Scheme Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

11.4 No liability when acting in good faith

Each Scheme Shareholder agrees (by operation of this Scheme and without the need for any further act by the Scheme Shareholder) that neither Target, Bidder, Bidder Nominee nor any of their respective directors, officers, secretaries or employees shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

11.5 Governing law and jurisdiction

(a) This Scheme is governed by the laws in force in New South Wales, Australia.

(b) The parties irrevocably submit to the exclusive jurisdiction of courts exercising jurisdiction in New South Wales, Australia and courts of appeal from them in respect of any proceedings arising out of, or in connection with, this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

Annexure C Deed Poll

Corporación Nacional del Cobre de Chile

Salar de Maricunga SpA

in favour of

Scheme Shareholders

8 December 2023

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THIS DEED POLL is made on

8 December 2023

BY:

- (1) **Corporación Nacional del Cobre de Chile** of Huérfanos 1270, Santiago, Chile (**Bidder**); and
- (2) **Salar de Maricunga SpA**, a wholly-owned subsidiary of Bidder, of Huérfanos 1270, Santiago, Chile (**Bidder Nominee**),

in favour of:

- (3) each person registered as a holder of fully paid ordinary shares in Lithium Power International Limited (ACN 607 260 328) (**Target**) in the Target Register as at the Scheme Record Date (each a **Scheme Shareholder** and together, the **Scheme Shareholders**).

RECITALS:

- (A) The directors of Target have resolved that Target should propose the Scheme.
- (B) The effect of the Scheme will be that, subject to the satisfaction or waiver of certain conditions precedent, all Scheme Shares will be transferred to Bidder Nominee.
- (C) Target and Bidder have entered into the Scheme Implementation Deed.
- (D) In the Scheme Implementation Deed, Bidder has agreed (among other things) to provide, or procure the provision of, the Scheme Consideration on the Implementation Date, in accordance with the Scheme and this deed poll.
- (E) Bidder and Bidder Nominee are entering into this deed poll for the purpose of covenanting in favour of Scheme Shareholders to perform their respective obligations under the Scheme Implementation Deed and the Scheme.

THE PARTIES AGREE AS FOLLOWS:

1. **Interpretation**

1.1 **Definitions**

The meanings of the terms used in this deed poll are set out below.

First Court Date means the first day on which an application made to the Court for an order under section 411(1) of the Corporations Act convening the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.

Insolvency Event means, in respect of a person:

- (a) an administrator being appointed to the person;
- (b) a controller or analogous person being appointed to the person or any of the person's property;

- (c) an application being made to a court for an order to appoint a controller, provisional liquidator, trustee for creditors or in bankruptcy or analogous person to the person or any of the person's property;
- (d) an appointment of the kind referred to in paragraph (c) being made (whether or not following a resolution or application);
- (e) the person being taken under section 459F(1) of the Corporations Act to have failed to comply with a statutory demand;
- (f) an application being made to a court for an order for its winding up;
- (g) an order being made, or the person passing a resolution, for its winding up;
- (h) the person:
 - (i) suspending payment of its debts, ceasing (or threatening to cease) to carry on all or a material part of its business, stating that it is unable to pay its debts or being or becoming otherwise insolvent; or
 - (ii) being unable to pay its debts or otherwise insolvent;
 - (i) the person taking any step toward entering into a compromise or arrangement with, or assignment for the benefit of, any of its members or creditors;
 - (j) a court or other authority enforcing any judgment or order against the person for the payment of money or the recovery of any property; or
 - (k) any analogous event to paragraphs (a) to (j) above occurring in connection with that person under the laws of any applicable jurisdiction,

unless this takes place as part of a solvent reconstruction, amalgamation, merger or consolidation.

Scheme Implementation Deed means the Scheme Implementation Deed dated 18 October 2023 between Target and Bidder relating to (among other things) the implementation of the Scheme.

Scheme means the proposed scheme of arrangement under Part 5.1 of the Corporations Act between Target and Scheme Shareholders, the form of which is set out in Schedule 3 to the Scheme Implementation Deed or in such other form as is agreed in writing between the parties, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by Target and Bidder.

Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.2 General interpretation

Clauses 1.2, 1.3, 1.4 and 1.5 of the Scheme apply to the interpretation of this deed poll, *mutatis mutandis*, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 **Nature of deed poll**

Each of Bidder and Bidder Nominee acknowledge that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not a party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Target and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent to enforce this deed poll against Bidder and Bidder Nominee.

2. **Conditions precedent and termination**

2.1 **Conditions precedent**

This deed poll and the obligations of Bidder and Bidder Nominee under this deed poll are subject to the Scheme becoming Effective.

2.2 **Termination**

The obligations of Bidder and Bidder Nominee under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no further force or effect if:

- (a) the Scheme has not become Effective on or before the End Date; or
- (b) the Scheme Implementation Deed is terminated in accordance with its terms, unless Bidder and Target otherwise agree in writing (and, if required, as approved by the Court).

2.3 **Consequences of termination**

If this deed poll is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Shareholders:

- (a) Bidder and Bidder Nominee are released from their respective obligations to further perform this deed poll except those obligations contained in clause 7.1 and any other obligations which by their nature survive termination; and
- (b) each Scheme Shareholder retains the rights, powers or remedies they have against Bidder and Bidder Nominee in respect of any breach of this deed poll which occurs before it is terminated.

3. **Scheme Consideration**

3.1 **Compliance with Scheme obligations generally**

Subject to clause 2, each of Bidder and Bidder Nominee undertake in favour of each Scheme Shareholder to observe and perform the steps attributed to it under, and otherwise to comply with, the Scheme, subject to and in accordance with the terms of the Scheme.

3.2 **Provision of Scheme Consideration**

Subject to clause 2 and subject to and in accordance with the terms of the Scheme, each of Bidder and Bidder Nominee undertake to, by no later than the Business Day before the Implementation Date, deposit, or procure the deposit, in cleared funds an amount equal to the aggregate Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account

with an ADI operated by Target as trustee for the Scheme Shareholders and notified to Bidder at least five Business Days prior to the Implementation Date. Any interest on the amounts deposited (less bank fees and other charges) will be credited to Bidder's account.

4. **Representations and warranties**

Each of Bidder and Bidder Nominee represents and warrants in favour of each Scheme Shareholder that:

- (a) **(status)** it is a validly existing corporation registered under the laws of its place of incorporation;
- (b) **(power)** it has full legal capacity and power to enter into this deed poll and carry out the transactions that this deed poll contemplates in accordance with its terms;
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise it entering into this deed poll and carrying out the transactions that this deed poll contemplates in accordance with its terms;
- (d) **(validity of obligations)** this deed poll constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms;
- (a) **(no contravention)** neither its execution of this deed poll nor the carrying out by it of the transactions that this deed poll contemplates in accordance with its terms, does or will contravene:
 - (i) any law to which it or any of its property is subject or any order of any Government Agency that is binding on it or any of its property;
 - (ii) any undertaking or instrument binding on it or any of its property; or
 - (iii) its constituent documents;
- (b) **(solvency)** neither it nor any of its subsidiaries is affected by an Insolvency Event; and
- (c) **(not representative capacity)** it is not entering into this deed poll as trustee of any trust or settlement or otherwise in a representative capacity.

5. **Continuing obligations**

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) each of Bidder and Bidder Nominee have fully performed their obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.2.

6. **Notices**

6.1 **Form of notice and how notice must be given**

Any notice (including any other communication) given to Bidder or Bidder Nominee under or in connection with this deed poll must be:

- (a) in writing and in English;

(b) addressed to Bidder or Bidder Nominee at the address or email address set out below:

Address: Huérfanos 1270, Santiago, Chile

Email: JSanm012@codelco.cl and macarena.vargas@codelco.cl

Attention: Jaime San Martín and Macarena Vargas

Copy to (which shall not constitute notice):

Address: Deutsche Bank Place, Level 28, 126 Phillip St, Sydney, NSW 2000

Email: Richard.Kriedemann@allens.com.au, Elise.Blume@allens.com.au and Emma.Morris@allens.com.au

Attention: Richard Kriedemann, Elise Blume and Emma Morris

(c) signed by or on behalf of the person giving the notice. If the notice is sent by email and does not contain a signature, it is deemed to be signed by the person identified as the sender of the email;

(d) sent to Bidder or Bidder Nominee by hand, prepaid post (airmail if from a place outside Australia) or email; and

(e) if sent by email, in a form which:

(i) identifies the sender; and

(ii) clearly indicates the subject matter of the notice in the subject heading of the email.

6.2 When notice is received

Without limiting any other means by which a person may prove that a notice has been received by Bidder or Bidder Nominee, a notice is deemed to be received:

(a) if sent by hand, when left at the address of Bidder or Bidder Nominee;

(b) if sent by prepaid post, five Business Days (if posted within Australia to an address in Australia) or 10 Business Days (if posted from one country to another) after the date of posting; or

(c) if sent by email:

(i) at the time the email was delivered to the recipient's email server or the recipient read the email, as stated in an automated message received by the sender; or

(ii) one hour after the email was sent (as recorded on the device from which it was sent), unless within 24 hours of sending the email the sender receives an automated message that it was not delivered,

whichever is earlier, but any notice or other communication that, pursuant to this clause 6.2, would be considered to have been received if a notice would otherwise be deemed to be received on a day that is not a Business Day, or after 5.00 pm (recipient's local time) on a Business Day, the notice is deemed to be received at 9.00 am (recipient's local time) on the next Business Day.

7. General

7.1 Stamp duty and registration fees

Bidder:

- (a) will pay all stamp duty, registration fees and similar taxes payable or assessed as being payable in connection with this deed poll or any other transaction contemplated by this deed poll (including any fees, fines, penalties and interest in connection with any of these amounts); and
- (b) indemnifies each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a).

7.2 Variation

A provision of this deed poll or any right created under it may not be varied, altered or otherwise amended unless:

- (a) if before the First Court Date, the variation is agreed to by Target and Bidder in writing (which such agreement may be given or withheld without reference to, or approval by, any Scheme Shareholder); and
- (b) if on or after the First Court Date, the variation is agreed to by Target and Bidder in writing (which such agreement may be given or withheld without reference to, or approval by, any Scheme Shareholder) and the Court indicates that the variation, alteration or amendment would not of itself preclude approval of the Scheme,

in which event Bidder and Bidder Nominee must enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation, alteration or amendment.

7.3 Waiver

- (a) Failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement of, a right, power or remedy provided by law or under this deed poll by a party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this deed poll.
- (b) A waiver or consent given by a party under this deed poll is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of a term of this deed poll operates as a waiver of another breach of that term or of a breach of any other term of this deed poll.

7.4 Remedies cumulative

The rights, powers and remedies of Bidder, Bidder Nominee and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.5 Assignment or other dealings

- (a) The rights created by this deed poll are personal to Bidder, Bidder Nominee and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of Bidder.
- (b) Any purported dealing in contravention of clause 7.5(a) is invalid.

7.6 Further action

Bidder and Bidder Nominee must, at their own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

7.7 Governing law and jurisdiction

- (a) This deed poll and any dispute arising out of or in connection with the subject matter of this deed poll is governed by the laws of the State of New South Wales, Australia.
- (b) Bidder and Bidder Nominee each:
 - (i) submit to the non-exclusive jurisdiction of the courts of that State, and courts of appeal from them, in respect of any proceedings arising out of or in connection with the subject matter of this deed poll; and
 - (ii) waives any right it has to object to any legal process being brought in those courts including any claim that the process has been brought in an inconvenient forum or that those courts do not have jurisdiction.

EXECUTED AND DELIVERED as a deed poll.

SIGNED, SEALED AND DELIVERED by
Corporación Nacional del Cobre de Chile
in the presence of:



Witness Signature General Counsel

Macarena Vargas Losada



Authorised signature - Chairman

Máximo Pacheco Matte

SIGNED, SEALED AND DELIVERED by
Salar de Maricunga SpA in the presence of:



Witness Signature - General Manager

Jaime San Martín Larenas



Authorised Signatory - Director

Macarena Vargas Losada

Annexure D

Notice of Scheme Meeting

LITHIUM POWER INTERNATIONAL LIMITED
ACN 607 260 328 ('LPI' or the 'Company')

NOTICE OF SCHEME MEETING

Notice

Notice is given by order of the Federal Court of Australia, made on 18 December 2023 pursuant to section 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), that a meeting of LPI Shareholders will be held at:

TIME: 11.00 am (AEDT)

DATE: 23 January 2024

PLACE: Ashurst Australia, Level 11, 5 Martin Place Sydney, NSW 2000 and online via the online platform at <https://web.lumiagm.com/330428612>.

The explanatory notes that accompany and form part of this Notice of Scheme Meeting describe in more detail how to participate in the Scheme Meeting either in person or via the online platform. Please ensure you read the explanatory notes in full.

Chairperson

The Court has directed that Mr David Hannon, or failing him, Mr Andrew Phillips, be Chair of the Scheme Meeting and has directed the Chair to report the result of the Scheme Meeting to the Court.

Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without alterations or conditions made or required by the Court) proposed to be made between LPI and LPI Shareholders (**Scheme**).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet that accompanies this Notice of Scheme Meeting. Capitalised terms used but not defined in this Notice of Scheme Meeting have the defined meanings set out in section 10 (*Glossary*) of the Scheme Booklet.



Scheme Resolution

To consider and, if thought fit, to pass the following resolution:

'That pursuant to, and in accordance with, section 411 of the Corporations Act 2001 (Cth):

- (a) the Scheme proposed between the Company and the holders of its fully paid ordinary shares, the terms of which are contained in and more precisely described in the Scheme Booklet of which the notice convening this meeting forms part, is approved, with or without alterations or conditions as approved by the Court to which the Company and Codelco agree; and*
- (b) the Company is authorised, subject to the terms of the Scheme Implementation Deed, to:*
 - (i) agree to any such alterations or conditions; and*
 - (ii) subject to approval by the Court, implement the Scheme with any such alterations or conditions.'*

There are no relevant voting exclusions that apply to this Scheme Meeting.

Important note

The Chair of the Scheme Meeting intends to vote all valid undirected proxies which they receive **for** or **in favour of** the Scheme Resolution.

Dated 19 December 2023

By order of the Court

Andrew Phillips

Company Secretary
19 December 2023

EXPLANATORY NOTES

General

These explanatory notes should be read in conjunction with the Notice of Scheme Meeting and the information in the Scheme Booklet. These explanatory notes and the Notice of Scheme Meeting form part of the Scheme Booklet.

Capitalised terms used but not defined in the Notice of Scheme Meeting and in these explanatory notes, have the same meaning as set out in the Glossary in section 10 (*Glossary*) of the Scheme Booklet.

Meeting format

The Scheme Meeting will be held as a hybrid meeting. This means that LPI Shareholders and their authorised proxies, attorneys and corporate representatives will be able to attend the meeting in person at Ashurst Australia, Level 11, 5 Martin Place Sydney, NSW 2000 or may participate in the Scheme Meeting online at <https://web.lumiagm.com/330428612>.

LPI Shareholders who are unable to participate in the Scheme Meeting (or choose not to) are strongly encouraged to submit a proxy form as early as possible and in any event by 11.00 am (AEDT) on Sunday, 21 January 2024 following the instructions below.

Voting eligibility

The LPI Directors have determined that the time for determining eligibility to vote at the Scheme Meeting is 11.00 am (AEDT) on Sunday, 21 January 2024. Share transfers registered after this time will be disregarded for determining an LPI Shareholder's entitlement to take part in and vote at the Scheme Meeting. The remaining comments in these explanatory notes are addressed to LPI Shareholders entitled to participate in and vote at the Scheme Meeting.

Participating in the Scheme Meeting

- **Participating via the online platform**

LPI Shareholders and their authorised proxies, attorneys and corporate representatives can participate in and vote at the Scheme Meeting via the online platform at <https://web.lumiagm.com/330428612>.

When signing in to the online platform LPI Shareholders will be prompted to authenticate their identity by entering their username (which is their Voting Access Code from their proxy or email notification of Scheme Meeting) and password (which is their postcode or three-character country code (if outside Australia)). Authorised proxies, attorneys and corporate representatives wishing to participate in and vote at the Scheme Meeting via the online platform must contact Boardroom on 1300 737 760 to request the login details for their proxy appointment prior to the meeting in order to access the online platform.

The online platform can be accessed via a computer or mobile or tablet device with internet access. The online platform will allow LPI Shareholders and their authorised proxies, attorneys and corporate representative to participate in the Scheme Meeting live, ask questions online and cast an online vote.

Participants will be able to log in to the online platform 1 hour before the start of the Scheme Meeting. LPI recommends that LPI Shareholders log in to the online portal at least 15 minutes prior to the start of the Scheme Meeting to ensure their internet connections and devices are working and to attend to registration requirements.

The Lumi Online Shareholder's Meeting Guide provides details about how to ensure your browser is compatible with the online platform as well as a step-by-step guide to successfully log in and navigate the site. The Lumi Online Shareholder's Meeting Guide is annexed to this Notice of Scheme Meeting.

Participating in person

All persons attending the Scheme Meeting in person are asked to arrive 30 minutes before the time scheduled for the Scheme Meeting to commence, so that their shareholding can be checked against the Register, any power of attorney or certificate of appointment of corporate representative verified and their attendance noted.

If it becomes necessary or appropriate to make alternative arrangements to hold the Scheme Meeting to that set out in this notice, LPI Shareholders will be given as much notice as possible. Information relating to alternative arrangements will be communicated to shareholders through an announcement to the ASX and LPI's website at www.lithiumpowerinternational.com.

How you can vote

Voting at the Scheme Meeting will be conducted by poll.

If you are an LPI Shareholder entitled to vote at the Scheme Meeting, you may vote:

- **by attending the Scheme Meeting in person**, at Ashurst Australia, Level 11, 5 Martin Place Sydney, NSW 2000;
- **by attending the Scheme Meeting via the online platform**, by participating and voting via the online platform during the Scheme Meeting at <https://web.lumiagm.com/330428612>;
- **by proxy**, by appointing one or two proxies to attend the Scheme Meeting and vote on your behalf, by completing and submitting the Proxy Form in accordance with the instructions on that form and these explanatory notes. To be valid, your completed Proxy Form must be received by the Share Registry by 11.00 am (AEDT) on 21 January 2024;
- **by attorney**, by appointing an attorney to participate in and vote at the Scheme Meeting on your behalf and providing a duly executed power of attorney to the Share Registry; or
- **by corporate representative**, in the case of a body corporate, appointing a corporate representative to participate in and vote at the Scheme Meeting on your behalf, and providing a duly executed 'Appointment of Corporate Representative' form (in accordance with section 250D of the Corporations Act) prior to the Scheme Meeting as set out in further detail below.

Voting

- **Voting online during the Scheme Meeting**

To vote online, you must participate in the Scheme Meeting via the online platform at <https://web.lumiagm.com/330428612> on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.

Online voting will be open between the start of the Scheme Meeting and the closing of voting as announced by the Chair during the Scheme Meeting.

More information about how to use the online platform (including how to vote and submit questions online during the Scheme Meeting) is available in the Lumi Online Shareholder's Meeting Guide, which is annexed to this Notice of Scheme Meeting.

Voting in person during the Scheme Meeting

LPI Shareholders and their authorised proxies, attorneys and corporate representatives who are attending in person may vote by either:

- bringing their own mobile device and using this to log into the Lumi Platform via the Lumi website on their mobile device; or
- using a poll card which will be made available to LPI Shareholders or authorised persons at the in person meeting.

- **Voting by proxy**

An LPI Shareholder who is entitled to participate in and vote at the Scheme Meeting is entitled to appoint not more than two proxies to attend and vote in place of that LPI Shareholder.

If the LPI Shareholder appoints two proxies, the LPI Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise half of the LPI Shareholder's votes.

A proxy need not be an LPI Shareholder, and may be an individual or a body corporate. A body corporate appointed as an LPI Shareholder's proxy must ensure that it appoints an individual as its corporate representative to exercise any of the powers the body may exercise as a proxy at the Scheme Meeting in accordance with sections 250D and 253B of the Corporations Act. The representative should bring to the Scheme Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

Subject to the specific proxy provisions applying (see the Explanatory Notes below):

- if an LPI Shareholder has not directed their proxy how to vote, the proxy may vote (or abstain from voting) as the proxy determines, and
- if an LPI Shareholder appoints the Chair of the Scheme Meeting as proxy and does not direct the Chair how to vote on an item of business, **the Chair intends to vote all undirected proxies in favour of the Scheme Resolution.**

- **Voting by attorney**

An LPI Shareholder who is entitled to participate in and vote at the Scheme Meeting is entitled to appoint a person (whether an LPI Shareholder or not) as its attorney to attend and vote at the Scheme Meeting.

The power of attorney appointing your attorney to participate in and vote at the meeting must be duly executed by you and specify your name, the company (that is, LPI), details of the holding the power of attorney is representing and the attorney, and also specify the meeting(s) at which the appointment may be used. The appointment may be a standing one.

A person attending the Scheme Meeting as an attorney must provide the Share Registry with an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the Scheme Meeting at any time before the Scheme Meeting unless it has been previously provided to the Share Registry.

- **Voting by corporate representative**

An LPI Shareholder who is entitled to participate in and vote at the Scheme Meeting that is a body corporate or a proxy that is a body corporate may elect to appoint an individual as its corporate representative to attend the Scheme Meeting. The appointment of the representative must comply with the requirements under sections 250D and 253B of the Corporations Act. A corporate representative of an LPI Shareholder that is a body corporate attending the meeting should provide the Share Registry with the necessary evidence of their appointment by providing that individual with:

- a letter or certificate authorising him or her as the corporation's representative, executed in accordance with the Company's constitution; or
- a copy of the resolution appointing the representative, certified by a secretary or director of the corporation.

Boardroom's standard Appointment of Corporate Representative Form can be obtained here: <https://boardroomlimited.com.au/wordpress/wp-content/uploads/2021/05/Appointment-of-Corporate-Representative.pdf>.

The appointment form (and accompanying necessary evidence) may be received by the Share Registry any time before the Scheme Meeting.

- **How to submit a Proxy Form**

To be effective, the Proxy Form must be completed, signed and lodged (together with the relevant original power of attorney or a certified copy if the proxy is signed by an attorney) with the Share Registry, as an original or by facsimile, **no later than** 11.00 am (AEDT) on 21 January 2024 (being 48 hours before the time of the Scheme Meeting).

Proxy forms received after this time will be invalid.

Proxy forms may be submitted in one of the following ways:

- **Online:** via <https://www.votingonline.com.au/lithiumscheme>;

- **Mobile:** by scanning the QR Code on the Proxy Form provided to you and following the prompts;
- **Mail:** to Boardroom Pty Limited using the reply-paid envelope or GPO Box 3993, Sydney NSW 2001. Please allow sufficient time so that it reaches Boardroom Pty Limited by the Proxy Deadline; and
- **Fax:** complete and sign the Proxy Form provided to you and fax the form to + 61 2 9290 9655.

Jointly held securities

If you hold LPI Shares jointly with one or more persons, you may vote at the Scheme Meeting either personally or by proxy, attorney or corporate representative as if that person was the sole holder. If more than one joint holder tenders a vote in respect of the relevant LPI Shares, the vote of the holder named first in the Register who tenders a vote, whether in person or by proxy, attorney or corporate representative, will be accepted to the exclusion of the votes of the other joint holders.

Questions from LPI Shareholders

LPI Shareholders who would like to ask questions at the Scheme Meeting are invited to do so in writing before the Scheme Meeting by emailing their question(s) to info@lithiumpowerinternational.com prior to 11.00 am (AEDT) on Sunday, 21 January 2024.

LPI Shareholders and their authorised proxies, attorneys and corporate representatives will have the opportunity to ask questions or make comments (if attending the Scheme Meeting in person) or submit questions or comments (if participating via the online platform) to the LPI Board during the Scheme Meeting.

In the interests of all present, please confine your questions to matters before the Scheme Meeting that are relevant to LPI Shareholders as a whole. Due to time constraints, LPI cannot guarantee that all questions asked prior to or at the Scheme Meeting will be answered.

Technical difficulties

Technical difficulties may arise during the course of the Scheme Meeting. The Chair has discretion as to whether and how the Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the Chair will have regard to the number of LPI Shareholders impacted and the extent to which participation in the business of the meeting is affected. Where the Chair considers it appropriate, the Chair may continue to hold the Scheme Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions.

Scheme Resolution

- **Scheme Booklet**

To enable you to make an informed decision about taking part in the Scheme Meeting (either in person or virtually) and voting on the Scheme Resolution, further information on the Scheme is set out in the Scheme Booklet, of which this Notice of Scheme Meeting forms part. You should read the Scheme Booklet and its appendices in full before making a decision whether, and as to how, you intend to vote on the Scheme Resolution.

The purpose of the Scheme Booklet is to explain the terms of the Scheme and the manner in which the Scheme will be considered and implemented (if approved), to provide information required by law and to provide any other information that is material to the making of a decision by LPI Shareholders whether or not to vote in favour of the Scheme.

- **Shareholder approval of the Scheme Resolution**

For the Scheme to proceed and be implemented, the Scheme Resolution must be approved by the Requisite Majorities of LPI Shareholders, being:

- unless the Court orders otherwise, a majority in number (more than 50%) of LPI Shareholders present and voting (personally or by proxy, attorney or corporate representative) at the Scheme Meeting; and
- at least 75% of the votes cast on the Scheme Resolution.

The Court has discretion under section 411(4)(a)(ii)(A) of the Corporations Act to approve the Scheme if it is approved by at least 75% of the votes cast on the resolution but not by majority in number of LPI Shareholders present and voting at the Scheme Meeting.

- **Court approval**

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without alterations or conditions required by the Court) must be approved by the Court. The Court has discretion whether or not to approve the Scheme, even if the Scheme Resolution is approved by the Requisite Majorities of LPI Shareholders.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

Further information

Further information concerning the Scheme Resolution and the Scheme are set out in the Scheme Booklet.

A copy of the Scheme Booklet can be obtained by anyone from ASX's website (www.asx.com.au) (ASX:LPI), LPI's website at www.lithiumpowerinternational.com, or by contacting the LPI Shareholder Information Line using the details below.

Further information for LPI Shareholders is set out in the Scheme Booklet. If you have any questions of a general nature, please contact the LPI Shareholder Information Line on 1300 527 403 (within Australia) or +61 2 9066 6158 (outside Australia), between 9.00am and 5.30pm (AEDT) Monday to Friday, excluding public holidays in Sydney.



ONLINE SHAREHOLDERS' MEETING GUIDE 2024

Attending the Scheme Meeting virtually

If you choose to participate online, you will be able to view a live webcast of the meeting, ask questions and submit your votes in real time.

To access the meeting:

Visit web.lumiagm.com/330428612 on your computer, tablet or smartphone. You will need the latest version of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.

Meeting ID: 330-428-612

To login you must have your **Voting Access Code (VAC)** and **Postcode or Country Code**

The website will be open and available for log in from 10:00am (AEDT), 23rd January 2024.

For personal use only

Using the Lumi AGM platform:

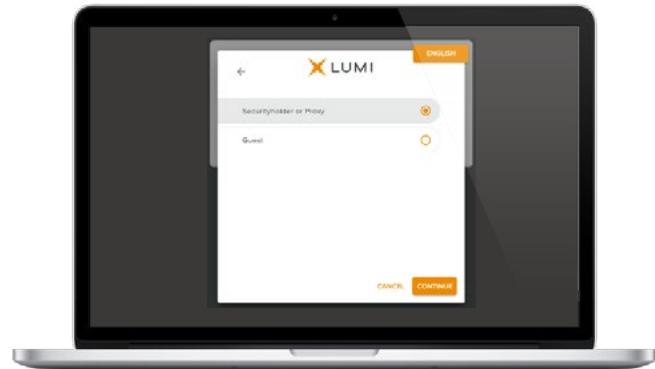
ACCESS

The 1st page of the platform will ask in what capacity you are joining the meeting.

Shareholders or appointed proxies should select

“Shareholder or Proxyholder”

Guests should select **“Guest”**



CREDENTIALS

Shareholders/Proxys

Your username is your **Voting Access Code** and your password is your **Postcode or Country Code**, or, for Non-Australian residents, your **3-letter country code**.

Proxy holders should obtain their log in credentials from the registrar by calling 1300 737 760

Guests

Please enter your name and email address to be admitted into the meeting.

Please note, guests will not be able to ask questions or vote at the meeting.

NAVIGATION

Once successfully authenticated, the home page will appear. You can view meeting instructions, ask questions and watch the webcast.

If viewing on a computer the webcast will appear at the side automatically once the meeting has started.

On a mobile device, select the broadcast icon at the bottom of the screen to watch the webcast.



During the meeting, mobile users can minimise the webcast at any time by selecting the arrow by the broadcast icon. You will still be able to hear the meeting. Selecting the broadcast icon again will reopen the webcast.

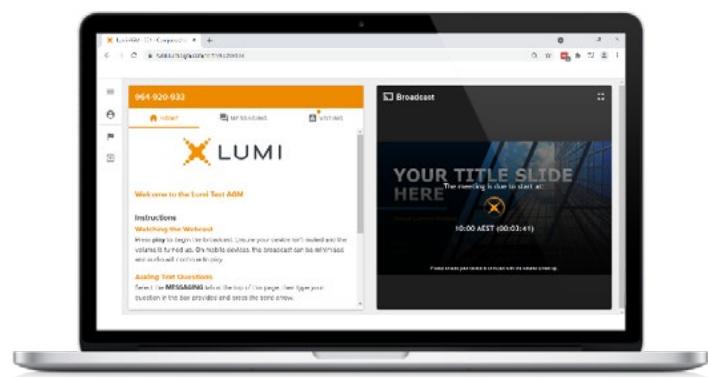
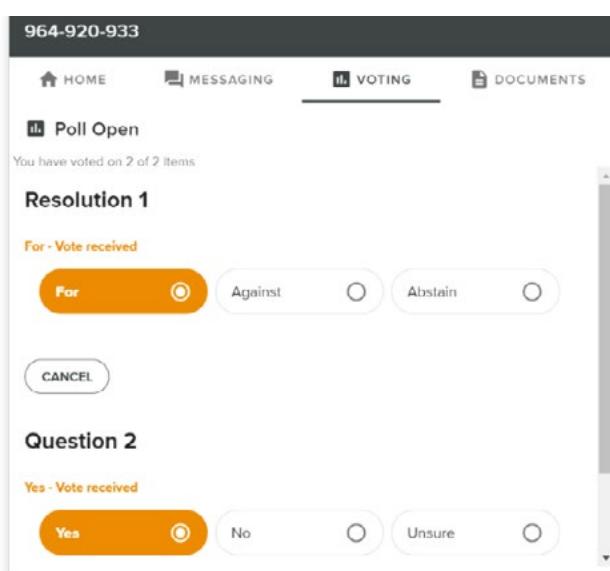
For personal use only

VOTING

The Chair will open voting on all resolutions at the start of the meeting. Once voting has opened, the voting tab will appear on the navigation bar.



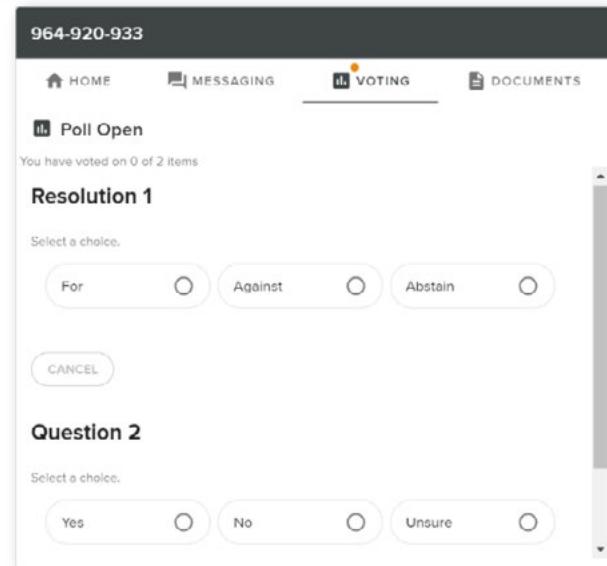
Selecting this tab will open a list of all resolutions and their voting options.



Desktop / Laptop users can watch the webcast full screen, by selecting the full screen icon.



To reduce the webcast to its original size, select the X at the top of the broadcast window.



To vote, simply select your voting direction from the options displayed on screen. Your selection will change colour and a confirmation message will appear.

To change your vote, simply select another option. If you wish to cancel your vote, please press cancel.

There is no need to press a submit or send button. Your vote is automatically counted.

Voting can be performed at any time during the meeting until the Chair closes the poll.

QUESTIONS

Any shareholder or appointed proxy is eligible to ask questions.

If you would like to ask a question. Select the messaging tab.



Messages can be submitted at any time from the start of the meeting, up until the Chair closes the Q&A session.

964-920-933

HOME MESSAGING VOTING DOCUMENTS

Messaging

Ask a question >

Moderator
Type your question in the box above and then press the send arrow. Please include the number of the resolution at the beginning of your question. Questions may be moderated or amalgamated if there are multiple questions on the same topic

✓ Received

Asking Audio Questions

An audio questions line is available to members and appointed proxy holders.

For shareholders and appointed proxies only. To ask a question orally: Click on the 'Request to speak' button at the bottom of the broadcast window to confirm your details. Click 'Submit Request' Follow the audio prompts to connect and you will hear the meeting while you wait to ask your question."

964-920-933

HOME MESSAGING VOTING DOCUMENTS

Messaging

Ask a question >

Moderator
Type your question in the box above and then press the send arrow. Please include the number of the resolution at the beginning of your question. Questions may be moderated or amalgamated if there are multiple questions on the same topic

Select the "Ask a Question" box and type in your message.

Once you are happy with your message, select the send icon.



Questions sent via the Lumi platform may be moderated before being sent to the Chair. This is to avoid repetition and remove any inappropriate language.

This meeting is accepting audio questions. Please make sure your browser can access your microphone, fill out the form below and then wait to be connected.

Your Name
enter your name...

Your Topic or Question
enter the number of questions you have and the resolution(s) or topic(s) they relate to...

Submit Request

Meeting ID: 330-428-612

To login you must have your **Voting Access Code (VAC)** and **Postcode or Country Code**

The website will be open and available for log in from 10:00am (AEDT), 23rd January 2024

Country Codes

For overseas shareholders, select your country code from the list below and enter it into the password field.

ABW	Aruba
AFG	Afghanistan
AGO	Angola
AIA	Anguilla
ALA	Aland Islands
ALB	Albania
AND	Andorra
ANT	Netherlands Antilles
ARE	United Arab Emirates
ARG	Argentina
ARM	Armenia
ASM	American Samoa
ATA	Antarctica
ATF	French Southern
ATG	Antigua & Barbuda
AUS	Australia
AUT	Austria
AZE	Azerbaijan
BDI	Burundi
BEL	Belgium
BEN	Benin
BFA	Burkina Faso
BGD	Bangladesh
BGR	Bulgaria
BHR	Bahrain
BHS	Bahamas
BIH	Bosnia & Herzegovina
BLM	St Barthelemy
BLR	Belarus
BLZ	Belize
BMU	Bermuda
BOL	Bolivia
BRA	Brazil
BRB	Barbados
BRN	Brunei Darussalam
BTN	Bhutan
BUR	Burma
BVT	Bouvet Island
BWA	Botswana
CAF	Central African Republic
CAN	Canada
CCK	Cocos (Keeling) Islands
CHE	Switzerland
CHL	Chile
CHN	China
CIV	Côte D'Ivoire
CMR	Cameroon
COD	Democratic Republic of Congo
COK	Cook Islands
COL	Colombia
COM	Comoros
CPV	Cape Verde
CRI	Costa Rica
CUB	Cuba
CYM	Cayman Islands
CYP	Cyprus
CXR	Christmas Island
CZE	Czech Republic
DEU	Germany
DJI	Djibouti
DMA	Dominica
DNK	Denmark
DOM	Dominican Republic

DZA	Algeria
ECU	Ecuador
EGY	Egypt
ERI	Eritrea
ESH	Western Sahara
ESP	Spain
EST	Estonia
ETH	Ethiopia
FIN	Finland
FJI	Fiji
FLK	Falkland Islands (Malvinas)
FRA	France
FRO	Faroe Islands
FSM	Micronesia
GAB	Gabon
GBR	United Kingdom
GEO	Georgia
GGY	Guernsey
GHA	Ghana
GIB	Gibraltar
GIN	Guinea
GLP	Guadeloupe
GMB	Gambia
GNB	Guinea-Bissau
GNQ	Equatorial Guinea
GRC	Greece
GRD	Grenada
GRL	Greenland
GTM	Guatemala
GUF	French Guiana
GUM	Guam
GUY	Guyana
HKG	Hong Kong
HMD	Heard & McDonald Islands
HND	Honduras
HRV	Croatia
HTI	Haiti
HUN	Hungary
IDN	Indonesia
IMN	Isle of Man
IND	India
IOT	British Indian Ocean Territory
IRL	Ireland
IRN	Iran Islamic Republic of
IRQ	Iraq
ISM	Isle of Man
ISL	Iceland
ISR	Israel
ITA	Italy
JAM	Jamaica
JEY	Jersey
JOR	Jordan
JPN	Japan
KAZ	Kazakhstan
KEN	Kenya
KGZ	Kyrgyzstan
KHM	Cambodia
KIR	Kiribati
KNA	St Kitts And Nevis
KOR	Korea Republic of
KWT	Kuwait
LAO	Laos
LBN	Lebanon
LBR	Liberia
LBY	Libyan Arab Jamahiriya
LCA	St Lucia
LIE	Liechtenstein
LKA	Sri Lanka
LSO	Lesotho
LTU	Lithuania
LUX	Luxembourg
LVA	Latvia
MAC	Macao
MAF	St Martin
MAR	Morocco
MCO	Monaco
MDA	Republic Of Moldova
MDG	Madagascar
MDV	Maldives
MEX	Mexico
MHL	Marshall Islands
MKD	Macedonia Former Yugoslav Rep
MLI	Mali
MLT	Mauritania
MMR	Myanmar
MNE	Montenegro
MNG	Mongolia
MNP	Northern Mariana Islands
MOZ	Mozambique
MRT	Mauritania
MSR	Montserrat
MTQ	Martinique
MUS	Mauritius
MWI	Malawi
MYS	Malaysia
MYT	Mayotte
NAM	Namibia
NCL	New Caledonia
NER	Niger
NFK	Norfolk Island
NGA	Nigeria
NIC	Nicaragua
NIU	Niue
NLD	Netherlands
NOR	Norway Montenegro
NPL	Nepal
NRU	Nauru
NZL	New Zealand
OMN	Oman
PAK	Pakistan
PAN	Panama
PCN	Pitcairn Islands
PER	Peru
PHL	Philippines
PLW	Palau
PNG	Papua New Guinea
POL	Poland
PRI	Puerto Rico
PRK	Korea Dem Peoples Republic of
PRT	Portugal
PRY	Paraguay
PSE	Palestinian Territory Occupied
PYF	French Polynesia
QAT	Qatar
REU	Reunion
ROU	Romania
RUS	Russian Federation
RWA	Rwanda
SAU	Saudi Arabia Kingdom Of
SDN	Sudan
SEN	Senegal
SGP	Singapore
SGS	Sth Georgia & Sth Sandwich Isl
SHN	St Helena
SJM	Svalbard & Jan Mayen
SLB	Solomon Islands
SCG	Serbia & Outlying
SLE	Sierra Leone
SLV	El Salvador
SMR	San Marino
SOM	Somalia
SPM	St Pierre And Miquelon
SRB	Serbia
STP	Sao Tome And Principe
SUR	Suriname
SVK	Slovakia
SVN	Slovenia
SWE	Sweden
SWZ	Swaziland
SYC	Seychelles
SYR	Syrian Arab Republic
TCA	Turks & Caicos Islands
TCD	Chad
TGO	Togo
THA	Thailand
TJK	Tajikistan
TKL	Tokelau
TKM	Turkmenistan
TLS	Timor-Leste
TMP	East Timor
TON	Tonga
TTO	Trinidad & Tobago
TUN	Tunisia
TUR	Turkey
TUV	Tuvalu
TWN	Taiwan
TZA	Tanzania United Republic of
UGA	Uganda
UKR	Ukraine
UMI	United States Minor
URY	Uruguay
USA	United States of America
UZB	Uzbekistan
VNM	Vietnam
VUT	Vanuatu
WLF	Wallis & Futuna
WSM	Samoa
YEM	Yemen
YMD	Yemen Democratic
YUG	Yugoslavia Socialist Fed Rep
ZAF	South Africa
ZAR	Zaire
ZMB	Zambia
ZWE	Zimbabwe

Annexure E

Independent Expert's Report

Lithium Power International Limited

Independent Expert's Report and Financial Services Guide

18 DECEMBER 2023

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FINANCIAL SERVICES GUIDE

Dated: 18 December 2023

The Financial Services Guide ('FSG') is provided to comply with the legal requirements imposed by the Corporations Act 2001 and includes important information regarding the general financial product advice contained in this report ('this Report'). The FSG also includes general information about BDO Corporate Finance Ltd ABN 54 010 185 725, Australian Financial Services Licence No. 245513 ('BDOCF' or 'we', 'us' or 'our'), including the financial services we are authorised to provide, our remuneration and our dispute resolution.

BDOCF holds an Australian Financial Services Licence to provide the following services:

- a) Financial product advice in relation to deposit and payment products (limited to basic deposit products and deposit products other than basic deposit products), securities, and interests in managed investment schemes excluding investor directed portfolio services;
- b) Arranging to deal in financial products in relation to securities; and
- c) Applying for, acquiring, varying or disposing of a financial product in relation to interests in managed investment schemes excluding investor directed portfolio services, and securities.

General Financial Product Advice

This Report sets out what is described as general financial product advice. This Report does not consider personal objectives, individual financial position or needs and therefore does not represent personal financial product advice. Consequently, any person using this Report must consider their own objectives, financial situation and needs. They may wish to obtain professional advice to assist in this assessment.

The Assignment

BDOCF has been engaged to provide general financial product advice in the form of a report in relation to a financial product. Specifically, BDOCF has been engaged to provide an independent expert's report to the shareholders of Lithium Power International Limited ('LPI' or 'the Company') in relation to the acquisition of all outstanding LPI shares by Corporación Nacional del Cobre de Chile ('Codelco') ('the Proposed Transaction').

Further details of the Proposed Transaction are set out in Section 4. The scope of this Report is set out in detail in Section 3.3. This Report provides an opinion on whether or not the Proposed Transaction is 'fair and reasonable' to, and in the 'best interests' of, the ordinary LPI shareholders ('the Shareholders') and has been prepared to provide information to the Shareholders to assist them to make an informed decision on whether vote in favour of or against the Proposed Transaction. Other important information relating to this Report is set out in more detail in Section 3.

This Report cannot be relied upon for any purpose other than the purpose mentioned above and cannot be relied upon by any person or entity other than those mentioned above, unless we have provided our express consent in writing to do so. A shareholder's decision to vote in favour of or against the Proposed Transaction is likely to be influenced by their particular circumstances, for example, their taxation considerations and risk profile. Each shareholder should obtain their own professional advice in relation to their own circumstances.

Fees, Commissions and Other Benefits we may Receive

We charge a fee for providing reports. The fees are negotiated with the party who engages us to provide a report. We estimate the fee for the preparation of this Report will be approximately \$120,000 plus GST. Fees are usually charged as a fixed amount or on an hourly basis depending on the terms of the agreement with the engaging party. Our fees for this Report are not contingent on the outcome of the Proposed Transaction.

Except for the fees referred to above, neither BDOCF, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of this Report.

Directors of BDOCF may receive a share in the profits of BDO Group Holdings Limited, a parent entity of BDOCF. All directors and employees of BDO Group Holdings Limited and its subsidiaries (including BDOCF) are entitled to receive a salary. Where a director of BDOCF is a shareholder of BDO Group Holdings Limited, the person is entitled to share in the profits of BDO Group Holdings Limited.

Associations and relationships

From time to time BDOCF or its related entities may provide professional services to issuers of financial products in the ordinary course of its business. These services may include audit, tax and business advisory services. BDOCF has previously completed an independent expert's report for LPI in relation to LPI consolidating ownership of Minera Salar Blanco S.A (the entity that owns the Maricunga Lithium Brine Project). This report was dated 27 September 2022.

The signatories to this Report do not hold any shares in LPI and no such shares have ever been held by the signatories.

To prepare our reports, including this Report, we may use researched information provided by research facilities to which we subscribe or which are publicly available. Reference has been made to the sources of information in this Report, where applicable. Research fees are not included in the fee details provided in this Report.

Complaints Resolution

Internal Complaints Resolution Process

We are committed to meeting your needs and maintaining a high level of client satisfaction. If you are unsatisfied with a service we have provided you, we have avenues available to you for the investigation and resolution of any complaint you may have.

To make a formal complaint, please use the Complaints Form. For more on this, including the Complaints Form and contact details, see the [BDO Complaints Policy](#) available on our website.

Referral to External Dispute Resolution Scheme

BDOCF is a member of the Australian Financial Complaints Authority (Member Number 10236).

Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to the Australian Financial Complaints Authority ('AFCA') using the contact details set out below.

Australian Financial Complaints Authority Limited
Mail: GPO Box 3, Melbourne, VIC, 3001
Online Address: <http://www.afca.org.au>
Email: info@afca.org
Phone: 1800 931 678
Fax: (03) 9613 6399
Interpreter Service: 131 450

Compensation Arrangements

BDOCF and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDOCF or its representatives under Chapter 7 of the Corporations Act 2001. These arrangements and the level of cover held by BDOCF satisfy the requirements of section 912B of the Corporations Act 2001.

Contact Details

BDO Corporate Finance Ltd

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Phone: (07) 3237 5999	Email: cf.brisbane@bdo.com.au
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GLOSSARY

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Reference	Definition
A\$ or \$	Australian dollars
ABV	Asset-based valuation
AGM	Annual general meeting
APES 225	Accounting Professional and Ethical Standards Board professional standard APES 225 <i>Valuation Services</i>
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
BDA	Behre Dolbear Australia Pty Limited
BDA Report, the	The BDA Technical Specialist Report dated 27 November 2023
BDO Persons	The partners, directors, agents or associates of BDO
BDOCF	BDO Corporate Finance Ltd
Board, the	The board of directors of the Company
CAPM	Capital asset pricing model
CEOL	Contrato Especial de Operacion del Litio
Codelco	Corporación Nacional del Cobre de Chile
CME	Capitalisation of Maintainable Earnings
Company, the	Lithium Power International Limited
Consideration, the	The cash consideration of \$0.57 offered by Codelco for each LPI share held
Corporations Act, the	The Corporations Act 2001
DCF	Discounted cash flow
DFS	The updated definitive feasibility study released by LPI on 20 January 2022
DLE	Direct lithium extraction
Directors, the	The Directors of the Company
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EV	Electric vehicle
FBT	Fringe benefits tax
Financial Model, the	The life of mine model provided by LPI and reviewed by BDA
FSG	Financial Services Guide
FY	The financial year or 12-month period ended on 30 June
GWh	Gigawatt hours
LCE	Lithium carbonate equivalent
LOM	The life of mine model provided by LPI and reviewed by BDA
LPI	Lithium Power International Limited
Management, the	The management of LPI
Maricunga, Maricunga Project, the	The Maricunga lithium brine project operated by the Company
MBV	Market-based valuation

Reference	Definition
MOM	Mining operating margin
MSB	Minera Salar Blanco S.A
MSB SpA	Minera Salar Blanco SpA
NCC	New Code Concessions
NLS	The National Lithium Strategy of the Chile
NPAT	Net profit after tax
NPV	Net present value
OCC	Old Code Concessions
Project, the	The Maricunga lithium brine project operated by the Company
Proposed Transaction, the	The proposed acquisition of 100% of the issued shares in LPI by Codelco, by way of scheme of arrangement.
Regulations, the	The Corporation Regulations 2001
Report, this	This independent expert's report prepared by BDOCF and dated 18 December 2023
RG 111	Regulatory Guide 111: <i>Content of Expert Reports</i> , issued by ASIC
RG 112	Regulatory Guide 112: <i>Independence of Experts</i> , issued by ASIC
RGs	Regulatory guides published by ASIC
Scheme, the	The scheme of arrangement between LPI and Codelco
Scheme Booklet, the	The Scheme Booklet prepared by LPI and dated on or about 18 December 2023
Scheme Meeting, the	The scheme meeting to be held on or about 23 January 2024
Shareholders, the	The holders of fully paid ordinary shares in the Company
SID	The scheme implementation deed prepared by LPI and dated on or about 18 October 2023
Stage One	The initial stage of the Maricunga Project
Undisturbed Date, the	26 September 2023, the trading day prior to the Company's response to media speculation regarding discussions with Codelco
Valuation Date, the	1 January 2024
VAT	Value-added tax
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
We, us, our	BDO Corporate Finance Ltd
WLI	Western Lithium Ltd
WoodMac	Wood Mackenzie

PART I: ASSESSMENT OF THE PROPOSED TRANSACTION

The Shareholders
C/- The Directors
Lithium Power International Limited
Level 7, 151 Macquarie Street,
Sydney, NSW, Australia, 2000

18 December 2023

Dear Shareholders,

1.0 Introduction

BDO Corporate Finance Ltd ('BDOCF', 'we', 'us' or 'our') has been engaged to provide an independent expert's report ('this Report') to the ordinary shareholders ('the Shareholders') of Lithium Power International Limited ('LPI' or 'the Company') in relation to the acquisition of all outstanding LPI shares by Corporación Nacional del Cobre de Chile ('Codelco') ('the Proposed Transaction').

The Proposed Transaction has been entered into by way of a binding scheme implementation deed between LPI and Codelco for the implementation of a scheme of arrangement ('the Scheme') under Part 5.1 of the Corporations Act 2001 ('the Corporations Act'). We note that under the Scheme, the Shareholders will receive cash consideration of AU\$0.57 from Codelco for each LPI share held ('the Consideration').

A more detailed description of the Proposed Transaction is set out in Section 4.

In this Report, BDOCF has expressed an opinion as to whether or not the Proposed Transaction is 'fair and reasonable' to, and in the 'best interests' of, the Shareholders. This Report has been prepared solely for use by the Shareholders to provide them with information relating to the Proposed Transaction. The scope and purpose of this Report are detailed in Sections 3.3 and 3.4 respectively.

This Report, including Part I, Part II and the appendices, should be read in full along with all other documentation provided to the Shareholders including the scheme booklet prepared by LPI and dated on or about 18 December 2023 ('the Scheme Booklet').

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2.0 Assessment of the Proposed Transaction

This section is set out as follows:

- ▶ Section 2.1 sets out the methodology for our assessment of the Proposed Transaction;
- ▶ Section 2.2 sets out our assessment of the fairness of the Proposed Transaction;
- ▶ Section 2.3 sets out our assessment of the reasonableness of the Proposed Transaction; and
- ▶ Section 2.4 provides our assessment of whether the Proposed Transaction is fair and reasonable to the Shareholders.

2.1 Basis of Evaluation

ASIC have issued Regulatory Guide 111: *Content of Expert Reports* ('RG 111'), which provides guidance in relation to independent expert's reports. RG 111 relates to the provision of independent expert's reports in a range of circumstances, including those where the expert is required to provide an opinion in relation to a takeover transaction. RG 111 states that the independent expert's report should explain the particulars of how the transaction was examined and evaluated as well as the results of the examination and evaluation.

The Proposed Transaction involves Codelco acquiring 100% of the issued share capital in LPI which represents a controlling interest stake. RG 111 specifically differentiates between control and non-control transactions in providing guidance on the type of analysis to complete. RG 111 suggests that where the transaction is a control transaction the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. In our opinion the Proposed Transaction is a control transaction as defined by RG 111 and we have assessed the Proposed Transaction by considering whether, in our opinion, it is fair and reasonable to, and in the best interests of, the Shareholders.

Under RG 111, a transaction will be considered 'fair' if the value of the consideration to be received by the shareholders is equal to or greater than the value of the shares that are the subject of the transaction. To assess whether an offer is 'reasonable', an expert should examine other significant factors to which shareholders may give consideration prior to accepting or approving the transaction. This includes comparing the likely advantages and disadvantages if the transaction is approved with the position of the Shareholders if the transaction is not approved.

RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept an offer in the absence of a higher bid. Our assessment concludes by providing our opinion as to whether or not the Proposed Transaction is 'fair and reasonable'. While all relevant issues need to be considered before drawing an overall conclusion, we will assess the fairness and reasonableness issues separately for clarity.

If our opinion of the Proposed Transaction is that it is 'fair and reasonable' then we will also be able to conclude that the Proposed Transaction is in the 'best interests' of the Shareholders. If our opinion of the Proposed Transaction is that it is 'not fair but reasonable', we may still conclude that the Proposed Transaction is in the best interests of the Shareholders. In this circumstance, we will clearly state that the consideration is not equal to or greater than the value of a LPI share, but that there are sufficient reasons for the Shareholders to vote in favour of the Proposed Transaction in the absence of a superior proposal. If our opinion of the Proposed Transaction is that it is 'not fair and not reasonable', we will conclude that the Proposed Transaction is 'not in the best interests of the Shareholders'.

We have assessed the fairness and reasonableness of the Proposed Transaction in Sections 2.2 and 2.3 below and provide an opinion on whether the Proposed Transaction is the 'best interests' of the Shareholders in Section 2.4 below.

2.2 Assessment of Fairness

2.2.1 Basis of Assessment

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject to the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject to an offer in a control transaction the expert should consider this value inclusive of a control premium and assume a 100% ownership interest.

In our view, it is appropriate to assess the fairness of the Proposed Transaction to the Shareholders as follows:

- a) Determine the value of a share in LPI on a controlling interest basis prior to the Proposed Transaction; and
- b) Compare the value determined in a) above with the Consideration.

In accordance with the requirements of RG 111, the Proposed Transaction can be considered 'fair' to the Shareholders if the consideration offered per ordinary share is equal to or greater than the value determined in a) above.

2.2.2 *Value of a LPI Share Prior to the Proposed Transaction on a Controlling Interest Basis*

In our view, for the purposes of the analysis set out in this Report, it is appropriate to adopt a value in the range of AU\$0.30 to AU\$0.68 per LPI share on a controlling interest basis. In forming this view, we considered a Sum-of-Parts ('SOP') methodology and a Market-Based Valuation ('MBV') methodology.

In completing our SOP valuation, we have relied on the work of Behre Dolbear Australia Pty Limited ('BDA') who we engaged to provide their view on the technical inputs adopted in the financial model provided by LPI ('the Financial Model').

The BDA Independent Technical Specialists Report dated 27 November 2023 ('the BDA Report') is attached as Appendix D to this Report. While BDA has provided us with information which indicates they have the requisite experience to assess the inputs into the Financial Model, we are not responsible for the BDA Report.

In completing our MBV methodology, we have had reference to trading in LPI's shares up to and including 26 September 2023, being the Undisturbed Date.

For the purposes of this Report, we have adopted the sum-of-parts approach as the more appropriate valuation methodology for LPI in the current circumstances. Our valuation of LPI is set out in Section 8.

2.2.3 *Value of the Consideration Offered Under the Proposed Transaction*

Under the Proposed Transaction, the Shareholders will receive a cash payment of AU\$0.57 per LPI share held (i.e. the Consideration).

2.2.4 *Assessment of the Fairness of the Proposed Transaction*

In order to assess the fairness of the Proposed Transaction, it is appropriate to compare the value of a LPI share on a controlling interest basis with the consideration offered under the Proposed Transaction. Pursuant to RG 111, the Proposed Transaction is considered to be fair if the value of the Consideration per share is equal to or greater than the value per LPI share.

Table 2.1 below summarises our assessment of the fairness of the Proposed Transaction.

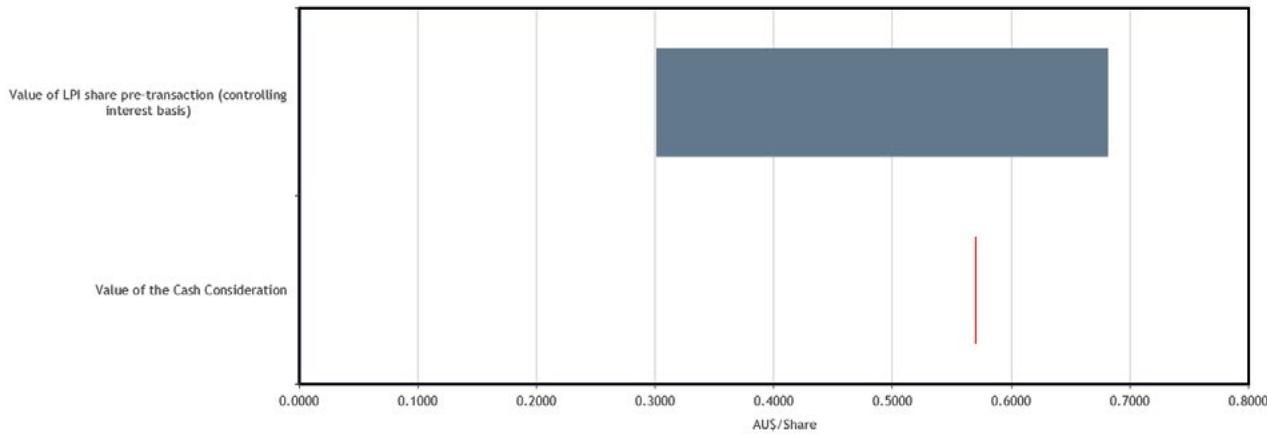
Table 2.1: Assessment of the Fairness of the Proposed Transaction

	Low	High
Value of a LPI share prior to the Proposed Transaction (controlling interest)	AU\$0.30	AU\$0.68
Value of the Consideration	AU\$0.57	AU\$0.57

Source: BDOCF Analysis

Figure 2.1 summarises our assessment of the fairness of the Proposed Transaction, setting out a graphical comparison of our valuation of a LPI share prior to the Proposed Transaction on a controlling interest basis and the consideration offered to the Shareholders under the Proposed Transaction.

Figure 2.1: Fairness of the Proposed Transaction



Source: BDOCF analysis

With reference to Table 2.1 and Figure 2.1, we note that the Consideration of AU\$0.57 per LPI share is in the range of the value of a LPI share prior to the Proposed Transaction on a controlling interest basis.

After considering the information summarised above and set out in detail in the balance of this Report, it is our view that, in the absence of any other information or a superior proposal, the Proposed Transaction is **Fair** to the Shareholders as at the date of this Report.

2.3 Assessment of Reasonableness

2.3.1 Basis of Assessment

Under RG 111, a transaction is considered reasonable if it is fair. It may also be reasonable, despite not being fair, if after considering other significant factors, the interests of the shareholders are reasonably balanced.

In addition to our fairness assessment set out in Section 2.2 above, to assess whether the Proposed Transaction is 'reasonable' we consider it appropriate to examine other significant factors to which the Shareholders may give consideration prior to forming a view on whether to vote in favour of or against the Proposed Transaction. This includes comparing the likely advantages and disadvantages of approving the Proposed Transaction with the position of a Shareholder if the Proposed Transaction is not approved, as well as a consideration of other significant factors.

Our assessment of the reasonableness of the Proposed Transaction is set out as follows:

- ▶ Section 2.3.2 sets out the advantages of the Proposed Transaction to the Shareholders;
- ▶ Section 2.3.3 sets out the disadvantages of the Proposed Transaction to the Shareholders;
- ▶ Section 2.3.4 sets out discussion of other considerations relevant to the Proposed Transaction;
- ▶ Section 2.3.5 sets out the position of the Shareholders if the Proposed Transaction is not approved; and
- ▶ Section 2.3.6 provides our opinion on the reasonableness of the Proposed Transaction to the Shareholders.

2.3.2 Advantages of the Proposed Transaction

Table 2.2 below outlines the potential advantages to the Shareholders of approving the Proposed Transaction.

Table 2.2: Potential Advantages of the Proposed Transaction

Advantage	Explanation
The Proposed Transaction is fair	As set out in Section 2.2 above, the Proposed Transaction is fair to the Shareholders as at the date of this Report. RG 111 states that an offer is reasonable if it is fair.
The current offer price is known	If the Proposed Transaction is implemented, the Shareholders have certainty that they will receive AU\$0.57 for each LPI share held ('the Consideration'). These Shareholders will no longer be exposed to the ongoing risks associated with holding shares in LPI. While the value of the Consideration under the Proposed Transaction is certain, we note that it may be possible, assuming sufficient liquidity, for the Shareholders to sell their shares on the ASX for a price that is broadly in line with the Consideration. By way of example, from 18 October 2023 (the date the Proposed Transaction was announced) to 17 November 2023, LPI shares have traded in the range of AU\$0.53 to AU\$0.55.
The consideration is at a premium to the price that LPI shares have traded on the ASX prior to the Proposed Transaction	As outlined in Section 5.4, ASX trading of LPI shares prior to the announcement of the Proposed Transaction has been at VWAPs in the range of AU\$0.2388 (1 week VWAP prior to 26 September 2023, being the trading day prior to LPI's response to media speculation regarding discussions with Codelco ('the Undisturbed Date')) to AU\$0.4218 (12 month VWAP prior to the Undisturbed Date). The Consideration of AU\$0.57 per share is at a premium to the price that LPI shares have traded on the ASX prior to the announcement of the Proposed Transaction. Notwithstanding the above, we note that in the weeks leading up to the announcement of the Proposed Transaction, there was media speculation which influenced the share price (refer Section 8.4 for more information). We note that from 1 September 2023 (being the month prior to the announcement of the Proposed Transaction) to 17 October 2023 (being the final date LPI traded prior to the announcement of the Proposed Transaction), LPI's share price has traded in the range of AU\$0.23 (on 21 September 2023) to AU\$0.46 (on 16 October 2023). Following the announcement of the Proposed Transaction to 31 October 2023, LPI shares have traded in the range of AU\$0.53 to AU\$0.55.
No brokerage charges	As outlined in the Scheme Booklet, the Shareholders will not be required to pay brokerage charges on the disposal of their shares if the Proposed Transaction is approved.
A superior proposal has not emerged	The Directors have advised that, as at the date of this Report, a superior proposal to the Proposed Transaction has not been received by the Company and the Directors are not aware of any superior proposal that is likely to emerge.

Source: BDOCF analysis

2.3.3 Disadvantages of the Proposed Transaction

Table 2.3 below outlines the potential disadvantages to the Shareholders of approving the Proposed Transaction.

Table 2.3: Potential Disadvantages of the Proposed Transaction

Disadvantage	Explanation
No exposure to any future offers	If the Proposed Transaction is approved, the Shareholders will no longer be able to benefit from any superior offers from Codelco or any other party. Notwithstanding, there is no indication, nor guarantee that a future offer will be forthcoming.
No exposure to any potential future value of LPI	If the Proposed Transaction is approved, Shareholders will receive the AU\$0.57 cash consideration for each share owned, and no longer hold any shares in the Company. Accordingly, Shareholders will have no exposure to any potential upside in the value of the Company going forward.
No partial investment	The Proposed Transaction relates to 100% of each Shareholder's shares. If the Proposed Transaction is approved, Codelco will acquire 100% of LPI shares and no partial investment will be possible.

Source: BDOCF analysis

2.3.4 Other Considerations

Tax Considerations

If the Proposed Transaction is approved and implemented, the Shareholders will be treated as having disposed of their shares for tax purposes. A gain or loss on disposal may arise depending on the cost base of each individual Shareholder's shares, the length of time held, whether the shares are held on capital or revenue account and whether or not the Shareholder is an Australian resident for tax purposes.

Details of the taxation consequences are set out in Section 8 of the Scheme Booklet. As we have not considered the specific taxation implications that may be relevant for individual Shareholders in connection with the Proposed Transaction, Shareholders should consult their own adviser in relation to the taxation consequences of the Proposed Transaction.

2.3.5 Position of the Shareholders if the Proposed Transaction is Not Approved

Table 2.6 below outlines the potential position of individual LPI shareholders if the Proposed Transaction is Not Approved.

Table 2.6: Position of Shareholders if the Proposed Transaction is Not Approved

Position of Shareholders	Explanation
Continued shareholding in LPI	<p>If the Proposed Transaction is not implemented, the Shareholders will continue to hold shares in LPI. The Shareholders will continue to be exposed to the risk and opportunities associated with the ownership of LPI shares.</p> <p>For completeness, we note that following discussions with the management of LPI ('Management') we understand that the announcement of the National Lithium Strategy ('NLS') by the Chilean Government in April 2023 created uncertainty for project financiers (increasing the difficulty of obtaining funding for the development of the Maricunga lithium brine project ('the Project')).</p> <p>Notwithstanding the above, if the Proposed Transaction is not approved, Management have advised that LPI will evaluate their working capital requirements and continue to explore their project financing options with the aim of developing the Project.</p> <p>For completeness, we note that as per the definitive feasibility study ('DFS') released in January 2022, the capital required to develop the Project is estimated at approximately US\$626 million (which LPI has not secured). In the event that LPI are not able to fund this with debt, the Company may be required to conduct an equity raise to source the additional capital. We note that any additional equity funding may be dilutive to LPI Shareholders and may be undertaken at lower prices than the current market price or implied value of the Consideration.</p>
Share trading price may be materially different to recent share trading prices and the shares in LPI may trade at prices that are lower than the Consideration	<p>If the Proposed Transaction does not proceed, the price of LPI shares may decrease relative to recent trading prices (e.g. from 18 October 2023 to 17 November 2023, LPI shares have traded in the range of AU\$0.53 to AU\$0.55) and the decrease may be material. As outlined in Section 5.4, prior to the Undisturbed Date, LPI shares traded on the ASX with a 6-month VWAP of AU\$0.3144 and a 1-week VWAP of AU\$0.2388. With regards to this, we note that we have referenced the VWAPs up to and including the Undisturbed Date. LPI's 'Response to Media Speculation' announcement on 28 September 2023 (which confirmed they were engaging in discussions with Codelco about a potential transaction) caused an increase to the share price (i.e. the 1 week VWAP prior to 28 September 2023 was AU\$0.2596 and the VWAP on 29 September 2023 was AU\$0.3633). Notwithstanding this, recent share trading prices are lower than the Consideration.</p> <p>It is important to note that shares in LPI have been valued in this Report on a controlling interest basis to assess the Proposed Transaction. If the Proposed Transaction is not implemented, the price of shares in LPI is likely to change to represent the value of LPI on a minority interest basis.</p> <p>If the Proposed Transaction is not implemented, it is possible that shares in LPI will trade at a price that is materially lower than the cash consideration of AU\$0.57 per share. For completeness, we note that the price of lithium carbonate has fallen and as at the Undisturbed Date, the date the Proposed Transaction was announced and 23 November 2023 was approximately US\$23,863/t, US\$24,567/t and US\$18,795/t respectively.</p>

Position of Shareholders	Explanation
Non-recoverable costs	LPI will incur costs in relation to the Proposed Transaction irrespective of whether or not the Proposed Transaction is implemented. LPI will not be able to recover the costs that it has incurred in relation to the Proposed Transaction in the event that the Proposed Transaction is not approved and/or implemented.
Prospect of a superior proposal or alternative transaction	It is possible that if the Proposed Transaction is not implemented LPI may receive an offer superior to the Proposed Transaction. However, as at the date of this Report, the Directors have not received a proposal superior to the Proposed Transaction.

Source: *BDOCF analysis*

2.3.6 *Assessment of the Reasonableness of the Proposed Transaction*

In our opinion, after considering all of the issues set out in this Report, it is our view that, in the absence of any other information or a superior proposal, the Proposed Transaction is **Reasonable** to the Shareholders as at the date of this Report.

2.4 **Opinion**

After considering the above assessments, it is our view that, in the absence of any other information or a superior proposal, the Proposed Transaction is Fair and Reasonable to the Shareholders as at the date of this Report. On this basis, it is our view that in the absence of any other information or a superior proposal, the Proposed Transaction is in the **Best Interests** of Shareholders as at the date of this Report.

Before forming a view on whether to vote in favour of or against the Proposed Transaction, Shareholders must:

- ▶ Have regard to the information set out in the balance of this Report, including the Important Information set out in Section 3;
- ▶ Consult their own professional advisers; and
- ▶ Consider their specific circumstances.

3.0 Important Information

3.1 Read this Report, and Other Documentation, in Full

This Report, including Part I, Part II and the appendices, should be read in full to obtain a comprehensive understanding of the purpose, scope, basis of evaluation, limitations, information relied upon, analysis, and assumptions underpinning our work and our findings.

Other information provided to the Shareholders in conjunction with this Report should also be read in full, including the Scheme Implementation Deed ('SID') dated 18 October 2023 and the Scheme Booklet.

3.2 Shareholders' Individual Circumstances

Our analysis has been completed and our conclusions expressed at an aggregate level having regard to the Shareholders as a whole. BDOCF has not considered the impact of the Proposed Transaction on the particular circumstances of individual Shareholders. Individual Shareholders may place a different emphasis on certain elements of the Proposed Transaction relative to the emphasis placed in this Report. Accordingly, individual Shareholders may reach different conclusions as to whether or not the Proposed Transaction is fair and reasonable in their individual circumstances.

The decision of an individual Shareholder to vote in favour of or against the Proposed Transaction is likely to be influenced by their particular circumstances and accordingly, the Shareholders are advised to consider their own circumstances and seek their own independent advice.

Voting in favour of or against the Proposed Transaction is a matter for individual Shareholders based on their expectations as to the expected value, future prospects and market conditions together with their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. The Shareholders should carefully consider the SID and Scheme Booklet. Shareholders who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their professional adviser.

With respect to the taxation implications of the Proposed Transaction, it is strongly recommended that the Shareholders obtain their own taxation advice, tailored to their own particular circumstances.

3.3 Scope

In this Report we provide our opinion on whether the Proposed Transaction is fair and reasonable to, and in the best interests of, the Shareholders.

This Report has been prepared at the request of the Directors for the sole benefit of the Shareholders entitled to vote, to assist them in their decision to vote in favour of or against the Proposed Transaction. This Report is to accompany the Scheme Booklet to be sent to the Shareholders to consider the Proposed Transaction and was not prepared for any other purpose. Accordingly, this Report and the information contained herein may not be relied upon by anyone other than the Directors and the Shareholders without our written consent. We accept no responsibility to any person other than the Directors and the Shareholders in relation to this Report.

This Report should not be used for any other purpose and we do not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of this Report, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

We have consented to the inclusion of this Report with the Scheme Booklet. Apart from this Report, we are not responsible for the contents of the Scheme Booklet or any other document associated with the Proposed Transaction. We acknowledge that this Report may be lodged with regulatory authorities to obtain the relevant approvals prior to it being made available to the Shareholders.

The scope of procedures we have undertaken has been limited to those procedures required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards. In preparing this Report we considered a range of matters, including the necessary legal requirements and guidance of the Corporations Act 2001 (Cth) ('the Corporations Act'), the Corporation Regulations 2001 ('the Regulations'), the regulatory guides ('RGs') published by the Australian Securities and Investments Commission ('ASIC'), the listing requirements of the relevant exchanges (where relevant) and commercial practice.

In forming our opinion, we have made certain assumptions and outline these in this Report including:

- ▶ We have performed our analysis on the basis that the conditions precedent to the Proposed Transaction are satisfied;
- ▶ That matters such as title to all relevant assets, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed;
- ▶ All information which is material to the Shareholders' decision on the Proposed Transaction has been provided and is complete, accurate and fairly presented in all material respects;
- ▶ ASX announcements and other publicly available information relied on by us are accurate, complete and not misleading;

- ▶ If the Proposed Transaction is approved, that it will be implemented in accordance with the stated terms;
- ▶ The legal mechanism to implement the Proposed Transaction is correct and effective;
- ▶ There are no undue changes to the terms and conditions of the Proposed Transaction or complex issues unknown to us; and
- ▶ Other assumptions, as outlined in this Report.

In this Report we have not provided any taxation, legal or other advice of a similar nature in relation to the Proposed Transaction. LPI has engaged other advisors in relation to those matters.

LPI has acknowledged that the Company's engagement of BDOCF is as an independent contractor and not in any other capacity, including a fiduciary capacity.

The statements and opinions contained in this Report are given in good faith and are based upon our consideration and assessment of the information provided by the Board, executives and management of all the entities.

3.4 Purpose of this Report

An independent expert, in certain circumstances, must be appointed to meet the requirements set out in the Corporations Act, the Regulations, RGs and in some cases the listing requirements of the relevant exchanges. These requirements have been set out in Sections 3.4.1 and 3.4.2 below.

3.4.1 Requirements of the Corporations Act

The Proposed Transaction will be implemented by scheme of arrangement. Section 411 of the Corporations Act relates to schemes of arrangement. Under section 411 of the Corporations Act, in order for a scheme of arrangement to be approved, certain steps, including the following, must occur:

- ▶ Unless the Court orders otherwise, there must be a majority in number (i.e. more than 50%) of the shareholders present and voting (either in person or by proxy); and
- ▶ No less than 75% of the votes cast on the resolution must vote in favour of the scheme.

Part 3 of Schedule 8 of the Corporations Regulations details the prescribed information relating to schemes of arrangement. Specifically, Clause 8303 of Schedule 8 states that an independent expert's report prepared to determine whether, in the opinion of the expert, the proposed scheme is in the best interests of the company's shareholders must accompany a scheme document if:

- ▶ A party to the proposed scheme has a prescribed shareholding in the company subject to the scheme; or
- ▶ The directors of the company are also directors of the company subject to the scheme.

We have been requested to prepare this independent expert's report to provide additional information to the Shareholders to assist them to form a view on whether to vote in favour of or against the Proposed Transaction.

3.4.2 Listing Requirements

We have been instructed that LPI will not be using this Report or our assessment of the Proposed Transaction for the purpose of complying with the listing requirements of the ASX or any other stock exchange.

3.5 Current Market Conditions

Our opinion and the analysis set out in this Report is based on economic, commodity, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time and may have a material impact on the results presented in this Report and result in any valuation or other opinion becoming quickly outdated and in need of revision.

In circumstances where we become aware of and believe that a change in these conditions, prior to the scheme meeting to be held on or about 23 January 2024 ('the Scheme Meeting), results in a material statement in this Report becoming misleading, deceptive or resulting in a material change in valuation, we will provide supplementary disclosure to LPI. BDOCF is not responsible for updating this Report following the Scheme Meeting or in the event that a change in prevailing circumstance does not meet the above conditions.

3.6 Reliance on Information

LPI recognises and confirms that, in preparing this Report, except to the extent to which it is unreasonable to do so, BDOCF, BDO Services Pty Ltd or any of the partners, directors, agents or associates (together 'BDO Persons'), will be using and relying on publicly available information and on data, material and other information furnished to BDO Persons by LPI, Management, and other parties, and may assume and rely upon the accuracy and completeness of, and is not assuming any responsibility for independent verification of, such publicly available information and the other information so furnished.

Unless the information we are provided suggests the contrary, we have assumed that the information provided was reliable, complete and not misleading, and material facts were not withheld. The information provided was evaluated through analysis and inquiry for the purpose of forming an opinion as to whether or not the Proposed Transaction is fair and reasonable to, and in the best interests of, the Shareholders.

We do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or due diligence investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood that the accounting information provided to us was prepared in accordance with generally accepted accounting principles.

Where we relied on the views and judgement of Management, the information was evaluated through analysis and inquiry to the extent practical. Where we have relied on publicly available information, we have considered the source of the information and completed our own analysis to assist us to determine the accuracy of the information we have relied on. However, in many cases the information we have relied on is often not capable of external verification or validation and on that basis we provide no opinion or assurance on the information.

The Directors represent and warrant to us for the purpose of this Report, that all information and documents furnished by LPI (either by Management directly or through its advisors) in connection or for use in the preparation of this Report do not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein. We have received representations from the Directors in relation to the completeness and accuracy of the information provided to us for the purpose of this Report.

Under the terms of our engagement, LPI has agreed to indemnify BDO Persons against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

3.7 Glossary

Capitalised terms used in this Report have the meanings set out in the glossary. A glossary of terms used throughout this Report is set out immediately following the Table of Contents at the start of this Report.

All dollar ('\$') references in this Report are in Australian dollars unless otherwise stated.

3.8 Sources of Information

This Report has been prepared using information obtained from sources including the following:

- ▶ LPI annual reports for the years ended 30 June 2021, 30 June 2022, and 30 June 2023;
- ▶ LPI management accounts as at 30 September 2023;
- ▶ MSB management accounts as at 30 September 2023;
- ▶ LPI ASX announcements;
- ▶ The Financial Model provided by LPI and reviewed by BDA ('the Financial Model');
- ▶ The Scheme Implementation Deed dated 18 October 2023;
- ▶ Capital IQ;
- ▶ IBISWorld;
- ▶ Consensus Economics;
- ▶ Wood Mackenzie;
- ▶ MergerMarket;
- ▶ Other research publications and publicly available data as sourced throughout this Report;
- ▶ Various transaction documents provided by the Management of LPI and their advisors;
- ▶ Discussions and other correspondence with LPI, Management and their advisers.

3.9 APES 225 Valuation Services

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 *Valuation Services* ('APES 225'). A Valuation Engagement is defined by APES 225 as 'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

3.10 Forecast Information

Any forecast financial information referred to in this Report has originated from Management and is adopted by the Directors in order to provide us with a guide to the potential financial performance of LPI. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the forecast financial information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation between actual results and those forecast may be material.

The directors' best-estimate assumptions on which the forecast is based relate to future event(s) and/or transaction(s) that Management expect to occur and actions that Management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of LPI. Evidence may be available to support the directors' best-estimate assumptions on which the forecast is based however, such evidence is generally future-oriented and therefore speculative in nature. In certain circumstances, we may adjust the forecast assumptions provided by Management to complete our valuation work. In this instance, the forecasts we have adopted for our valuation work will not be the same as the forecasts provided by Management.

BDOCF cannot and does not provide any assurance that any forecast is representative of results or outcomes that will actually be achieved. While we have considered the forecast information to the extent we considered necessary to complete the analysis set out in this Report, we have not been engaged to provide any form of assurance conclusion on any forecast information set out in this Report. We disclaim any assumption of responsibility for any reliance on this Report, or on any forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of Management, that all material information concerning the prospects and proposed operations of LPI has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

3.11 Qualifications

BDOCF has extensive experience in the provision of corporate finance advice, including takeovers, valuations and acquisitions. BDOCF holds an Australian Financial Services Licence issued by ASIC for preparing expert reports pursuant to the Listing Rules of the ASX and the Corporations Act.

BDOCF and its related parties in Australia have a wide range of experience in transactions involving the advising, auditing or expert reporting on companies that have operations domestically and in foreign jurisdictions. BDO in Queensland and in Australia is a national association of separate partnerships and entities and is a member of the international BDO network of individual firms.

Mark Whittaker and Scott Birkett have prepared this Report with the assistance of staff members. Mr Whittaker, BCom (Hons), CA, CFA, and Mr Birkett, BBusMan/BCom, CFA are directors of BDOCF. Both Mr Whittaker and Mr Birkett have extensive experience in corporate advice and the provision of valuation and professional services to a diverse range of clients, including large private, public and listed companies, financial institutions and professional organisations. Mr Whittaker and Mr Birkett are considered to have the appropriate experience and professional qualifications to provide the advice offered within this Report.

BDO Corporate Finance Ltd



Mark Whittaker
Director



Scott Birkett
Director

PART II: INFORMATION SUPPORTING OUR OPINION ON THE PROPOSED TRANSACTION

4.0 Overview of the Proposed Transaction

This section sets out an overview of the Proposed Transaction and is structured as follows:

- ▶ Section 4.1 provides a brief description of the Proposed Transaction;
- ▶ Section 4.2 describes the key parties involved in the Proposed Transaction;
- ▶ Section 4.3 summarises the conditions precedent to the Proposed Transaction; and
- ▶ Section 4.4 details the rationale for the Proposed Transaction.

This section is a summary only and should not be treated as a complete description of the Proposed Transaction. For additional information relating to the Proposed Transaction and the key parties involved the Shareholders should refer to the Scheme Booklet, LPI's announcement on 18 October 2023 titled "LPI & Codelco enter into binding scheme implementation deed" and any subsequent disclosures.

4.1 Summary of the Proposed Transaction

On 18 October 2023, LPI announced it had entered into a binding scheme implementation deed with Codelco under which Codelco would acquire 100% of the shares of LPI by way of a scheme of arrangement ('the Proposed Transaction') ('the Scheme').

If the Proposed Transaction is approved and implemented, Shareholders will be entitled to receive cash consideration of AU\$0.57 per LPI share ('the Consideration'). This offer represents a premium of 119% to the undisturbed closing share price of AU\$0.26 per LPI share on 26 September 2023, being the 'Undisturbed Date' (i.e. the trading day prior to LPI's response to media speculation regarding discussions with Codelco), and a premium of 136% to the undisturbed 30-day VWAP of AU\$0.242 per LPI share up to and including the Undisturbed Date.

Shareholders should refer to the Scheme Booklet and subsequent disclosures for more detailed information in relation to the Proposed Transaction.

4.2 Description of Key Parties Involved in the Proposed Transaction

On 20 April 2023, Chilean President Gabriel Boric announced a new National Lithium Strategy ('NLS'). The NLS outlines plans for the future implementation of lithium exploration and exploitation policies. In connection with this announcement, President Boric announced that Codelco would be tasked with finding the best way forward.

Codelco is a Chilean state-owned company founded in 1976 and headquartered in Santiago, Chile. Codelco, together with its subsidiaries, engages in the exploration, production, and sale of copper to markets primarily in Asia, South America, North America and European markets. The company is the world's largest copper producer (controlling approximately 5.4% of the world's proven and probable copper reserves) and is comprised of seven different mining divisions.

Codelco also has a lithium division that comprises mining tenements and key strategic permits to develop lithium projects in the Maricunga and Pedernales salt flats. In 2017, Codelco incorporated a wholly owned subsidiary for the development of lithium projects, named Salar de Maricunga SpA, which was awarded in 2018 a Special Contract for the Operation of Lithium. In connection with their role in the NLS, Codelco have recently (in May 2023) incorporated two subsidiary companies being Salares de Chile and Minera Tarar. Salares de Chile will consolidate the lithium-related activities of Codelco.

Shareholders should refer to section 6 of the Scheme Booklet for a more detailed overview of Codelco.

4.3 Key Conditions of the Proposed Transaction

The Proposed Transaction is subject to certain conditions that are set out in full in the Scheme Implementation Deed. In summary, these include:

- ▶ Approval from the Australian Foreign Investment Review Board;
- ▶ Target shareholder scheme approval in accordance with the orders made under section 411(1) of the Corporations Act is obtained before 8.00am on the Second Court Date;
- ▶ Court approval of Scheme under section 411(4)(b) of the Corporations Act;
- ▶ No regulatory action or investigation by any Government Agency outside of Chile or any injunction or decree insured by a court or other Government agency;
- ▶ No material authorisation for the Maricunga Project, other than the authorisation granted by the Chilean Nuclear Energy Commission, is to be forfeited, terminated, cancelled, suspended or materially varied as at 8.00am on the Second Court Date; and

- ▶ The independent expert concluding, and continuing to conclude up to the Second Court Date, that the Scheme is in the best interests of the Shareholders and the independent expert does not withdraw or qualify its conclusion in any written updates or withdraw the Independent Expert Report prior to 8.00am on the Second Court Date.

The Scheme is not subject to any financing or due diligence conditions.

We recommend that Shareholders consider all conditions of the Proposed Transaction set out in the Scheme Implementation Deed.

We note that, as at the date of this Report, the conditions precedent have not been satisfied, and by definition, cannot be until the Second Court Date (at the earliest).

4.4 Strategic Rationale for the Proposed Transaction

The Directors have announced that they unanimously recommend that the Shareholders vote in favour of the Proposed Transaction in the absence of a superior proposal and subject to an independent expert concluding, and continuing to conclude, that the Proposed Transaction is in the best interests of the Shareholders.

As set out in section 1 of the Scheme Booklet, the Directors of LPI are of the view that reasons for voting in favour of the Proposed Transaction include:

- ▶ The transaction reflects a significant premium of approximately 119% compared to the closing share price of AU\$0.26 per LPI share on 26 September 2023, being the trading day prior to LPI's response to media speculation regarding discussions with Codelco;
- ▶ The transaction will avoid any ongoing risks and uncertainties involved in LPI's operations and future developments, including any future developments, the dilutive impact of raising additional equity capital and uncertainties relating to any potential future lithium price fall;
- ▶ The development of the Maricunga Project would require significant capital which LPI currently does not have; and
- ▶ The transaction provides certainty for LPI shareholders when compared to a stand-alone development scenario of the Company's Maricunga Lithium Project and in the context of an uncertain economic outlook more broadly.

5.0 Background of LPI

This section is set out as follows:

- ▶ Section 5.1 provides an overview and background information on LPI;
- ▶ Section 5.2 outlines LPI's Maricunga lithium brine project;
- ▶ Section 5.3 summarises the equity structure of LPI;
- ▶ Section 5.4 summarises the share market trading in LPI shares; and
- ▶ Section 5.5 summarises the historical financial information of LPI.

5.1 Background

LPI is a 'pure play' lithium company headquartered in Sydney, New South Wales. The Company listed on the ASX in June 2016 under the ticker LPI (ASX:LPI). Since listing, the Company has actively pursued the exploration, development and acquisition of lithium tenements.

As at the date of this Report, the Company's primary focus is on the development of the Maricunga lithium brine project ('Maricunga' 'the Maricunga Project' or 'the Project') which the Company owns through their wholly owned subsidiary Minera Salar Blanco S.A ('MSB'). The Maricunga Project is located in an area known as the Lithium Triangle and expected to be Chile's next high-grade lithium mine. We have set out the location of the Maricunga Project in Figure 5.1.

The Maricunga Project is discussed further in Section 5.2 below.

Historically, the Company has held an interest in tenements based in Western Australia's spodumene hard rock regions which provided shareholders with diversification in both geography and geology. However, LPI announced on 3 July 2023 that it had completed the sale of its wholly owned Australian subsidiary, Western Lithium Ltd, to Albemarle Lithium Pty Ltd for cash consideration of AU\$30 million.

5.2 The Maricunga Project

The Maricunga Project is located 170 km northeast of Copiapó in the Atacama Region of northern Chile at an altitude of 3,750 meters above sea level and covers 1,125 hectares of mineralized ground in Salar de Maricunga.

The Project was previously held as part of a joint venture between three parties being LPI, Minera Salar Blanco SpA ('MSB SpA') and Bearing Lithium Corp. In FY22 LPI began the process of consolidating 100% ownership of Maricunga so they could:

- ▶ Streamline decision making;
- ▶ Simplify and de-risk the funding pathway for the Project;
- ▶ Enhance the Company's ability to source capital from a wider range of providers; and
- ▶ Provide a clearer and more understandable investment vehicle.

On 20 January 2022, LPI released their updated definitive feasibility study ('DFS') for the initial stage of the Maricunga Project ('Stage One').

For further detail in relation to the Maricunga Project, refer to the BDA Report, attached in Appendix D.

Figure 5.1: Location of the Maricunga Project

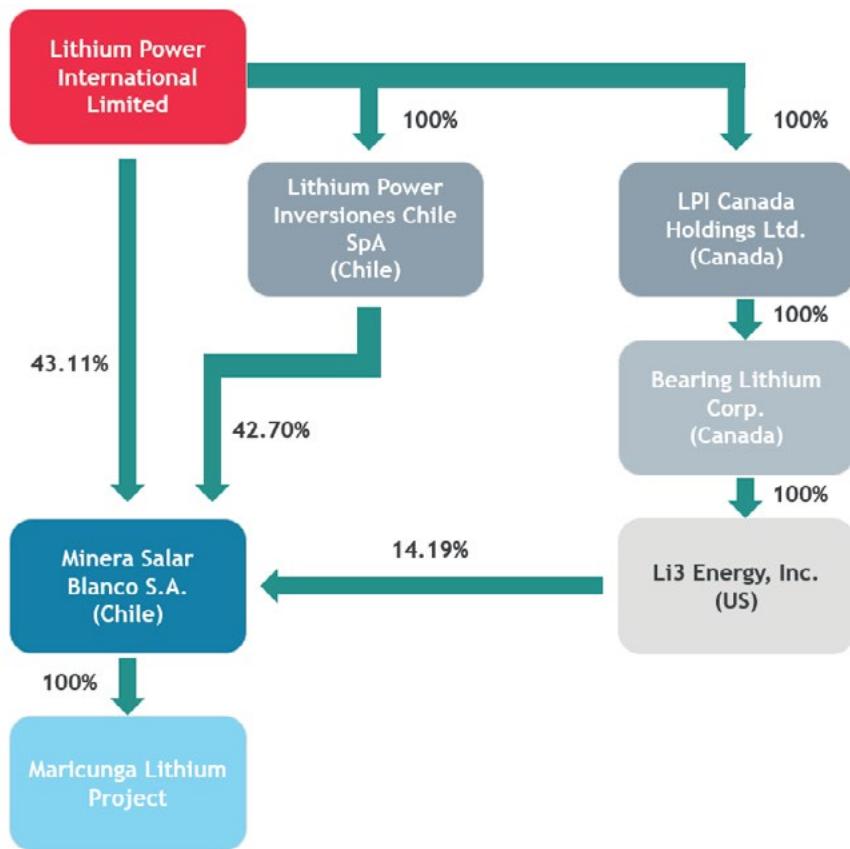


Source: BDOCF Analysis

5.3 Corporate Structure of LPI

Figure 5.2 below sets out the corporate structure of LPI.

Figure 5.2: Corporate Structure of LPI



Source: LPI Scheme Booklet

In reference to Figure 5.2, we note the following:

- ▶ LPI consolidated ownership of the Maricunga Project, by way of a three-party all-scrip merger with its joint venture partners MSB SpA (owner of 31.31% of Maricunga) and TSXV listed Bearing Lithium Corp (17.14%); and
- ▶ LPI previously held assets in Western Australia which included the ownership of Lithium Power Western Australia. LPI opted to demerge its Western Australian assets in order to focus on developing the Maricunga Project.

5.4 Equity Structure of LPI

5.4.1 Substantial Shareholders

As at 23 November 2023, LPI had 636,344,977 ordinary shares on issue. The substantial shareholders are set out in Table 5.1. Table 5.1 does not consider the impact of any changes in shareholding as a result of the Proposed Transaction.

Table 5.1: Substantial Shareholders as at 23 November 2023

Shareholders	Number of Shares	Percentage Holding
1 Minera Salar Blanco SpA ¹	177,783,334	27.94%
2 HSBC Custody Nominees (Australia) Limited	52,132,439	8.19%
3 Citicorp Nominees Pty Limited	45,142,135	7.09%
4 Other shareholders	361,287,069	56.78%
Total shares on issue	636,344,977	100.00%

Source: LPI ASX Announcements, Management

1 MSB SpA became the shareholder with the highest holding percentage due to being issued 161,556,061 shares in LPI in exchange for its 31.31% interest in MSB, the company that had a 31.31% interest in the Maricunga Project and was a part of the joint venture with LPI and Bearing Lithium Corp. MSB SpA is solely owned by Mr Martin Borda who is a non-executive director of LPI.

5.4.2 Unquoted Equity Securities on Issue

As at 23 November 2023, LPI had a number of unquoted equity securities on issue which are summarised in Table 5.2 below. Table 5.2 does not consider the impact of any changes as a result of the Proposed Transaction.

Table 5.2: LPI's Outstanding Unquoted Equity Securities on Issue

Securities	Number on Issue	Exercise Price
LPI director share appreciation rights	13,500,000	AU\$0.55
MSB director share appreciation rights	6,000,000	AU\$0.40
Options over ordinary shares	9,250,000	AU\$0.55
Bearing options over ordinary shares	7,950,000	CA\$0.11 to CA\$0.25
Bearing warrants over ordinary shares	7,053,403	CA\$0.17 to CA\$0.40
Total	43,753,403	-

Source: LPI ASX Announcements

With regards to Table 5.2 above, we note the following:

- ▶ The share appreciation rights (for both LPI and MSB) do not require the owner to pay the exercise price, instead the exercise price is deducted from the share price of LPI at the time of exercise to determine the net value of the right. The value of the right can then be settled in either shares or in some cases cash. For example, if the exercise price was AU\$0.40 and the share price was AU\$0.80, the net value of the right would be AU\$0.40 (in this case the owner could be issued with AU\$0.40 cash for each right held or one LPI share for every two rights held, the board determines the method of payment); and
- ▶ The exercise price for both the Bearing options and warrants are denominated in Canadian Dollars. We note, for every one option or warrant, it entitles the owner to 0.7 shares in LPI. For completeness, we note that both the Bearing options and warrants were issued in connection with LPI's consolidation of MSB and the acquisition of the interest previously held by Bearing Lithium Corp.

5.5 Share Trading Data of LPI

5.5.1 Share Trading Data

Figure 5.3 displays the daily volume weighted average price ('VWAP') and daily volume of LPI shares traded on the ASX over the period from 1 June 2022 to 17 November 2023.

Figure 5.3: Daily VWAP and Volume of LPI Shares Traded from 1 June 2022 to 17 November 2023



Source: Capital IQ as at 20 November 2023

Over the period graphed in Figure 5.3 above, LPI's daily VWAP displays a period low of AU\$0.2310 on 30 August 2023 and a period high of AU\$0.7185 on 13 September 2022.

In addition to the share price and volume data of LPI shown above, we have also provided additional information in Table 5.3 below to assist readers to understand the possible reasons for the movement in LPI's share price over the period analysed. The selected ASX announcement references in Table 5.3 below correspond to those displayed in Figure 5.3 above.

Table 5.3: Selected LPI ASX Announcements from 1 June 2022 to 17 November 2023

Date	Announcement
22/06/2022	LPI announced it had entered into definitive binding agreements to consolidate 100% ownership of the Maricunga Lithium Brine project in Chile via two all scrip mergers with its joint venture partners MSB SpA and Bearing Lithium Corp.
05/07/2022	LPI announced that it has purchased CMC Lithium and its Greenbushes project in Western Australia (making LPI the largest tenement holder in the Greenbushes region) and that it has acquired two tenements in the mineral rich Eastern Goldfields of Western Australia from private company Lysander Lithium.
09/09/2022	LPI announced that it has received binding commitments from institutional, sophisticated and professional investors to raise AU\$25 million (before costs) through a single tranche placement. The placement involved the issue of 41,666,667 new fully paid ordinary shares at an issue price of AU\$0.60 per share. The purpose of the funds raised was to progress the development of the Maricunga project.
14/09/2022	LPI released their FY22 annual report. The Company reported a loss for the period of approximately AU\$12.9 million (the loss for the previous year was approximately AU\$6.1 million).
31/10/2022	LPI provided an update on their plan to consolidate ownership of the Maricunga lithium brine project. The Company announced that LPI shareholders have approved the issue of consideration shares and that Bearing Lithium Corp shareholders have approved the sale of their interest in the Maricunga project to LPI.
04/11/2022	LPI provided an update on recent Chilean media reports relating to LPI's flagship Maricunga lithium brine project.
17/11/2022	LPI released the results from the latest optimisations introduced to the Maricunga lithium production process in January 2022 in the project's updated definitive feasibility study. The results found that the lithium carbonate produced from the original concentrated brine from LPI's test evaporation ponds has a purity of 99.92%. The industry standard specifications for battery grade lithium carbonate are 99.50%.
08/12/2022	LPI announced the acquisition of water rights covering its Maricunga lithium project in Chile.
20/12/2022	LPI provided an update on the consolidation of 100% ownership of its flagship Maricunga lithium brine project. The Company announced that its acquisition of the interest held by MSB SpA has completed and the company now holds a 82.86% interest in the Project.
23/12/2022	LPI announced that it has completed its consolidation of 100% ownership of its flagship Maricunga lithium brine project following the acquisition of the 17.14% interest in the Project held by Bearing Lithium Corp.
13/01/2023	LPI announced that it has commenced a drilling program at its East Kirup lithium prospect, part of the Company's Greenbushes Project in south-west of Western Australia.
25/01/2023	LPI announced that the Company has completed its reverse circulation drilling stage at its East Kirup lithium project.
24/04/2023	LPI provided comments on the recent announcement of the new National Lithium Policy in Chile and the potential impact it will have on the Company's Maricunga lithium brine project.
19/06/2023	LPI announced that it has entered into a binding agreement to sell its wholly-owned Australian subsidiary, Western Lithium Ltd ('WLI') to Albemarle Lithium Pty Ltd. The sale agreement is an all cash-for-shares transaction amounting to AU\$30 million. Whilst the intended demerger of WLI from LPI and subsequent listing of WLI on the ASX was well advanced. Due to subdued capital market conditions and the attractive cash offer, the board of LPI decided that this transaction provided better value and less risk to LPI's shareholders.
03/07/2023	LPI announced that it has completed the sale of its wholly owned subsidiary, WLI to Albemarle Lithium Pty Ltd.
17/07/2023	LPI announced that the Company has become aware of recent media speculation pertaining to the status of its Maricunga Project tenements and the Company's market disclosure. LPI announced that they refute the information in these news articles and confirm that the market has been fully informed.
28/09/2023	LPI released a response to media speculation. The Company referred to recent media speculation regarding discussions between Codelco and LPI about a potential transaction. LPI confirmed that it had been in discussions with Codelco about a potential transaction, however, the discussions are incomplete and no agreement on terms has been reached.
12/10/2023	LPI released a response to media speculation in line with their announcement on 28 September 2023. The response was in relation to a Bloomberg article which held that discussions between Codelco and LPI about a transaction had occurred. The Company re-confirmed that it had held discussions with Codelco about a potential transaction, however, the discussions are incomplete and no agreement on terms has been reached.
18/10/2023	LPI announced that they have entered into a binding scheme implementation deed with Codelco under which Codelco will acquire 100% of the share capital of LPI by way of a scheme of arrangement. Under the terms of the scheme, LPI shareholders will receive cash consideration of AU\$0.57 for each LPI share held.
27/10/2023	LPI released their quarterly activities report and cash flow report for the period ended 30 September 2023. The announcement highlighted the Proposed Transaction and the completion of the WA assets sale.

Source: LPI ASX Announcements

In Table 5.4 below we have set out LPI's VWAP for the 1 week, 1 month, 3 months, 6 months, 9 months and 12 months up to and including 26 September 2023, being the Undisturbed Date and 17 October 2023, being the last date LPI traded prior to announcing the Proposed Transaction (on 18 October 2023).

Table 5.4: LPI's VWAP for Specified Periods Up to and Including 26 September 2023 and 17 October 2023

Length of Relevant VWAP Period	VWAP up to and Including 26 September 2023	VWAP up to and Including 17 October 2023
1 Week	AU\$0.2388	AU\$0.4208
1 Month	AU\$0.2369	AU\$0.3545
3 Months	AU\$0.2895	AU\$0.3128
6 Months	AU\$0.3144	AU\$0.3251
9 Months	AU\$0.3375	AU\$0.3341
12 Months	AU\$0.4218	AU\$0.4063

Source: Capital IQ as at 23 October 2023

5.5.2 Liquidity of LPI Shares on the ASX

The rate at which equity instruments are traded is generally referred to as the ‘liquidity’ of the equity instruments. Changes in liquidity may impact the trading price of equity instruments. This is particularly dependent on the number of equity instruments required to be bought and/or sold and the time period over which the equity instrument holder needs to buy and/or sell those equity instruments. Depending on the circumstances, a movement in market price may or may not represent a shift in value of either the equity instruments or a shift in value of the company to which the equity instruments relate as a whole.

Table 5.5 summarises the monthly liquidity of LPI shares from 1 September 2023 to 17 November 2023. Liquidity has been summarised by considering the following:

- ▶ Volume of LPI share trades per month;
- ▶ Value of total trades in LPI shares per month;
- ▶ Number of LPI shares traded per month as a percentage of total LPI shares outstanding at the end of the month;
- ▶ Volume weighted average price per month; and
- ▶ The monthly low and high share price of LPI.

Table 5.5: Liquidity of LPI shares on the ASX

Month	Volume	Shares Outstanding	Volume / Shares Outstanding	Monthly Low Share Price (AUD)	Monthly VWAP (AUD)	Monthly High Share Price (AUD)
November 2023 (to 17 th)	30,026,160	634,363,390	4.73%	\$0.5250	\$0.5294	\$0.5400
October 2023 (from 18 th to 31 st)	114,519,120	629,237,560	18.20%	\$0.5300	\$0.5341	\$0.5500
Total Post-Transaction Announcement	114,519,120	629,237,560	18.20%	\$0.5250	\$0.5331	\$0.5400
October 2023 (to 17 th)	14,700,560	629,237,560	2.34%	\$0.3300	\$0.4059	\$0.4600
September 2023	21,167,460	629,237,560	3.36%	\$0.2250	\$0.2813	\$0.3850
August 2023	11,490,410	629,237,560	1.83%	\$0.2300	\$0.2625	\$0.3000
July 2023	20,544,340	629,237,560	3.26%	\$0.2850	\$0.3165	\$0.3700
June 2023	27,689,840	629,237,560	4.40%	\$0.2900	\$0.3155	\$0.3500
April 2023	25,676,360	629,109,730	4.08%	\$0.2950	\$0.3481	\$0.4100
March 2023	27,334,700	629,097,560	4.35%	\$0.2500	\$0.3623	\$0.3650
February 2023	36,456,810	629,097,560	5.80%	\$0.3250	\$0.3376	\$0.4550
January 2023	24,742,020	629,097,560	3.93%	\$0.4050	\$0.3968	\$0.5100
December 2022	22,390,130	629,097,560	3.56%	\$0.4050	\$0.4735	\$0.5450
November 2022	24,315,870	478,725,660	5.08%	\$0.4600	\$0.4445	\$0.6050
October 2022	71,215,090	391,201,130	18.20%	\$0.4950	\$0.5057	\$0.6400
September 2022	51,270,260	391,201,130	13.11%	\$0.5150	\$0.5242	\$0.7500
Total Pre-Transaction Announcement	378,993,850	157,755,305	65.48%	\$0.2250	\$0.4162	\$0.7500

Source: Capital IQ as at 20 November 2023

5.6 Historical Financial Information of LPI

This section sets out the historical financial information of LPI. As this Report contains only summarised historical financial information, we recommend that any user of this Report read and understand the additional notes and financial information contained in LPI's annual reports, including the full Statements of Profit or Loss and Other Comprehensive Income, Statements of Financial Position and Statements of Cash Flows.

LPI's financial statements have been audited by Ernst & Young. BDOCF has not performed any audit or review of any type on the historical financial information of LPI and we make no statement as to the accuracy of the information provided. However, we have no reason to believe that any of the information provided is false or misleading.

5.6.1 Statements of Profit or Loss and Other Comprehensive Income

Table 5.6 summarises the Consolidated Statement of Profit or Loss and Other Comprehensive Income of LPI for the 12 month periods ended 30 June 2021, 2022 and 2023.

Table 5.6: LPI Consolidated Statement of Profit or Loss and Other Comprehensive Income

AUD	12 Months Ended	12 Months Ended	12 Months Ended
	30-Jun-21	30-Jun-22	30-Jun-23
	Audited	Audited	Audited
Revenue			
Share of losses of joint ventures accounted for using the equity method	(1,967,291)	(2,731,859)	(537,467)
Other income	-	349	-
Interest revenue calculated using the effective interest method	11,224	207	90,785
Total revenue	(1,956,067)	(2,731,303)	(446,682)
Expenses			
Employee benefits expense	(1,605,513)	(1,191,010)	(5,086,985)
Occupancy costs	(113,482)	(167,560)	(229,140)
Depreciation and amortisation expense	(8,496)	(3,313)	(2,012)
Legal and professional fees	(227,192)	(431,593)	(1,290,577)
Travel expense	(30,785)	(71,582)	(683,138)
Administration expense	(611,870)	(900,396)	(2,905,650)
Net foreign exchange gains/(loss)	(1,573,149)	(6,894,921)	5,793,079
Other expenses	(147,009)	(250,025)	(336,915)
Finance costs	(3,068)	(3,215)	(3,177)
Loss before income tax expense from continuing operations	(6,276,631)	(12,644,918)	(5,191,197)
Income tax benefit/(expense)	-	-	6,832,350
Loss after income tax benefit/(expense) from continuing operations	(6,276,631)	(12,644,918)	1,641,153
Profit/(loss) after income tax expense from discontinued operations	105,227	108,636	(2,603,380)
Loss after income tax benefit/(expense) for the year	(6,171,404)	(12,536,282)	(962,227)
Other comprehensive income			
Foreign currency translation	371,217	3,273,443	(5,671,598)
Total comprehensive income for the year	(5,800,187)	(9,262,839)	(6,633,825)

Source: LPI FY2021, FY2022 and FY2023 Annual Reports

With reference to Table 5.6 above, we note the following:

- ▶ In FY23, LPI recorded a loss from discontinued operations of approximately AU\$2.6 million. This loss was primarily driven by legal and professional services fees (approximately AU\$252k), administration fees (approximately AU\$159k) and income tax expense (approximately AU\$2.1 million). For completeness, we note that the discontinued operations include Western Lithium Ltd ('WLI') and Lithium Power Holdings (Argentina) Pty Ltd. The sale of LPI's subsidiary WLI was completed after the end of the financial year on 3 July 2023, with total cash consideration of AU\$29.0 million paid on completion and AU\$1.0 million to be received if certain tenement applications are granted within 18 months of completion;
- ▶ The net foreign exchange gains/(loss) consists of the following:
 - Changes relating to an intercompany loan granted by Lithium Power International Limited, which has an Australian Dollar functional currency, to its wholly owned subsidiary Lithium Power Inversions Chile S.p.A, which has a US Dollar functional currency; and
 - Changes in the carrying value of LPI's investment in the Maricunga joint venture;
- ▶ Employee benefits expense consists of both short-term employee benefits including wages and salaries, and other long-term employee benefits that include liabilities not expected to be settled within 12 months, which are reported as the present value of expected future payments; and
- ▶ The increase in employee benefit expense of AU\$3.9 million between FY22 and FY23 was largely attributable to a share-based payments expense of AU\$3.6 million paid as a part of aggregate compensation made to directors and other members of key management personnel of LPI. This compensation is awarded to executives at the discretion of the LPI Committee and based on long-term incentive measures.

5.6.2 Statements of Financial Position

Table 5.7 summarises LPI statements of financial position as at 30 June 2021, 2022 and 2023.

Table 5.7: LPI's Summarised Consolidated Statements of Financial Position

AUD	As at 30-Jun-21 Audited	As at 30-Jun-22 Audited	As at 30-Jun-23 Audited
Assets			
Current assets			
Cash and cash equivalents	6,280,656	6,428,908	11,501,120
Receivables	16,250	138,663	117,221
Other	188,424	1,125,729	384,915
Assets of disposal groups classified as held for sale	1,067,140	4,585,737	6,534,226
Total current assets	7,552,470	12,279,037	18,537,482
Non-current assets			
GST receivable	-	-	3,194,047
Investments accounted for using the equity method	28,594,937	30,378,797	-
Property, plant and equipment	24,180	6,164	4,152
Exploration and evaluation	3,326,785	-	157,911,110
Deferred tax	-	-	6,832,350
Total non-current assets	31,945,902	30,384,961	167,941,659
Total assets	39,498,372	42,663,998	186,479,141
Current Liabilities			
Trade and other payables	322,160	666,426	6,442,625
Income tax	-	-	2,130,968
Employee benefits	82,065	94,584	187,270
Liabilities directly associated with assets classified as held for sale	45,119	36,582	17,077
Total current liabilities	449,344	797,592	8,777,940
Total liabilities	449,344	797,592	8,777,940
Net assets	39,049,028	41,866,406	177,701,201
Equity			
Issued capital	77,402,542	89,392,042	215,324,539
Reserves	8,977,351	11,225,887	22,090,412
Accumulated losses	(47,147,839)	(58,751,523)	(59,713,750)
Total equity attributable to owners of LPI	39,232,054	41,866,406	177,701,201
Non-controlling interest	(183,026)	-	-
Total equity	39,049,028	41,866,406	177,701,201

Source: LPI FY2021, FY2022 and FY2023 Annual Reports

With reference to Table 5.7 above, we note the following:

- ▶ Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The increase of AU\$5.1 million between FY22 and FY23 was driven by capital raising net of costs;
- ▶ Assets of disposal groups classified as held for sale represents the following:
 - The assets of Western Lithium Ltd ('WLI') in FY22 and FY23. During FY22, LPI announced its intention to divest its interest in WLI, and during FY23, LPI announced it had entered into a binding sale agreement to sell WLI; and
 - The assets of Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A. (Argentina) in FY21 and FY22. In FY21, LPI announced its intention to dispose of its 70% interest in Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A. (Argentina) and was executed in FY22;
- ▶ The AU\$157.9 million increase in exploration and evaluation in FY23 was due to the acquisition of the remaining minority shareholdings of the Minera Salar Blanco S.A ('MSB') joint venture by LPI in December 2022;
- ▶ The deferred tax asset of AU\$6.8 million comprises the temporary differences attributable to investments in WLI. Additionally, for completeness it is noted that given the acquisition of MSB in December 2022, management is still assessing the unused tax losses of MSB as at the date of the FY23 annual report;
- ▶ An increase in trade and other payables between FY22 and FY23 of \$5.8 million was a result of a significant increase in accrued expenses of AU\$5.7 million;
- ▶ Liabilities directly associated with assets as held for sale refers to the liabilities of WLI;

- ▶ The number of issued shares increasing from 349 million to 629 million between FY22 and FY23 resulted in the increase of issued capital of AU\$125.9 million in this period;
- ▶ Investments accounted for using the equity method relates to investment in the Maricunga Joint Venture, the share of loss after tax, additional investment, foreign exchange differences, and the AU\$38.4 million derecognition of investment in joint venture in FY23; and
- ▶ It is important to note that LPI's sale of its subsidiary WLI was completed after the end of the financial year on 3 July 2023, with total cash consideration of AU\$30.0 million, and therefore this transaction is not included in the FY23 financial statements above.

5.6.3 Statements of Cash Flows

Table 5.8 summarises LPI's Statement of Cash Flows for the 12 month periods ended 30 June 2021, 2022 and 2023.

Table 5.8: LPI's Summarised Consolidated Statements of Cash Flows

AUD	12 Months Ended	12 Months Ended	12 Months Ended
	30-Jun-21 Audited	30-Jun-22 Audited	30-Jun-23 Audited
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)	(2,362,166)	(3,612,082)	(6,653,481)
Interest received	40,553	17,332	90,785
Other revenue	-	18,574	3,008
Interest and other finance costs paid	(20,768)	(10,383)	(3,177)
Income tax refunded	11	21	-
Net cash used in operating activities	(2,342,370)	(3,586,538)	(6,562,865)
Cash flows from investing activities			
Payment for acquisition of Control of Maricunga Joint Venture, net of cash acquired	-	-	(3,274,022)
Payment for purchase of subsidiary, net of cash acquired	-	(230,801)	-
Payments for joint venture capital invested	(6,524,704)	(8,361,029)	(5,878,789)
Payments for property, plant and equipment	(6,236)	(121,356)	-
Payments for exploration and evaluation	(205,777)	(738,089)	(1,034,508)
Proceeds from sale of subsidiary, net of cash disposed	-	1,235,064	-
Payments relating to assets held for sale	-	-	(1,782,808)
Proceeds from disposal of investments	458,828	-	-
Net cash used in investing activities	(6,277,889)	(8,216,211)	(11,970,127)
Cash flows from financing activities			
Proceeds from issue of shares	8,340,000	12,625,000	25,024,531
Share issue transaction costs	(550,423)	(635,500)	(1,537,500)
Net cash from financing activities	7,789,577	11,989,500	23,487,031
Net increase/(decrease) in cash and cash equivalents	(830,682)	186,751	4,954,039
Cash and cash equivalents at the beginning of the financial year	7,141,558	6,310,876	6,547,081
Effects of exchange rate changes on cash and cash equivalents	-	49,454	-
Net cash at end of year	6,310,876	6,547,081	11,501,120

Source: LPI FY2021, FY2022 and FY2023 Annual Reports

With reference to Table 5.8 above, we note the following:

- ▶ LPI issued shares in FY21, FY22, and FY23, including:
 - In FY21, LPI issued 35 million shares at AU\$0.22 on 16 December 2020 and 1.4 million shares at AU\$0.22 on 29 April 2021, for a total of AU\$8 million. LPI also issued 1.7 million shares on the exercise of options across December 2020 and February 2021 at AU\$0.20 for a total of AU\$0.34 million;
 - In FY22, LPI issued 47.7 million shares at AU\$0.26 on 26 August 2021 for a total of AU\$12.4 million, with these shares offered to institutional and sophisticated investors. LPI also issued 0.38 million shares on the exercise of options on 24 March 2022 at AU\$0.60 for a total of AU\$0.23 million; and
 - In FY23, LPI issued 41.67 million shares at AU\$0.60 on 16 September 2022 for a total of AU\$25 million. On 30 May 2023, LPI also issued 0.14 million shares at AU\$0.18 for a total of AU\$24,531 for the conversion of options and warrants relating to LPI's acquisition of Bearing Lithium Corp in December 2022;

- ▶ Payment for the acquisition of Control of Maricunga Joint Venture refers to the net cash used in LPI's acquisition of the remaining 48.45% of the Maricunga Lithium Brine Project through an all-scrip merger. This was calculated by subtracting cash and cash equivalents, value of shares issued by LPI as part of consideration, options and warrants issued by LPI as part of the consideration, and investment accounted for using the equity method from the acquisition-date relative fair value of the total consideration transferred. This represents the transaction cost net of the cash and cash equivalents acquired as part of the transaction; and
- ▶ Payments relating to assets held for sale in FY23 refers to the interest payments and other expenses attributable to the liabilities of Western Lithium Pty Ltd.

6.0 Industry Overview

LPI is a pure-play lithium company with a focus on South America.

The information presented in this section has been compiled from a range of publicly available sources, together with information taken from various databases to which we subscribe. BDOCF has not independently verified any of the information and we recommend that users of this Report refer to the original source of any information listed in this section. This section should be referred to as a guide only.

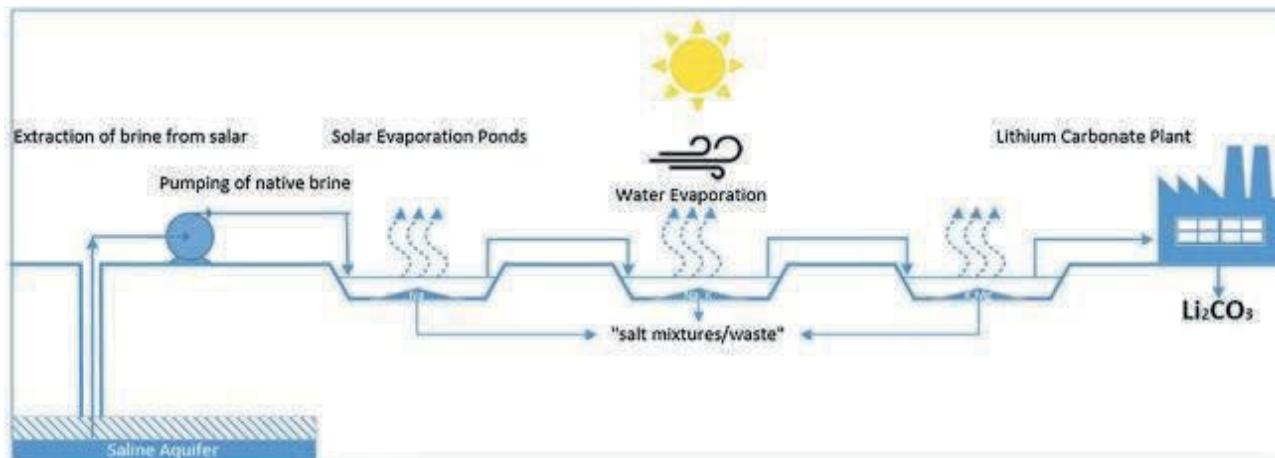
6.1 Lithium Overview

6.1.1 Overview

Lithium is soft, malleable, silvery-white and the lightest of all metals. Under standard conditions, it is the least dense metal and solid element, with a density approximately half that of water. It is most commonly sourced from brine lake deposits and pegmatites (hard rock), although other potential sources include clay and seawater¹. Brines with the highest concentrations of lithium are located in salars of Chile, Bolivia and Argentina, whereas the largest production mines of hard rock deposits are located in Western Australia's Greenbushes tenements¹. Lithium brine lake deposits refer to accumulations of saline groundwater that are enriched in dissolved lithium, whereas hard rock refer to coarse-grained intrusive igneous rock formed from crystallized magma below the earth's crust².

Lithium does not occur as a metal in nature. If extracted from brines, it is obtained as lithium carbonate which can be used directly or processed further into lithium hydroxide. Extraction from brine is typically done through the lime soda evaporation process, which consists of pumping the brine from the lake to large open-air tanks and then evaporating the salty water over 12-18 month periods¹. As this process uses solar energy in the evaporation process, it is the most affordable and competitive of all methods. This process is detailed in Figure 6.1 below.

Figure 6.1: Lithium Brine Extraction Process



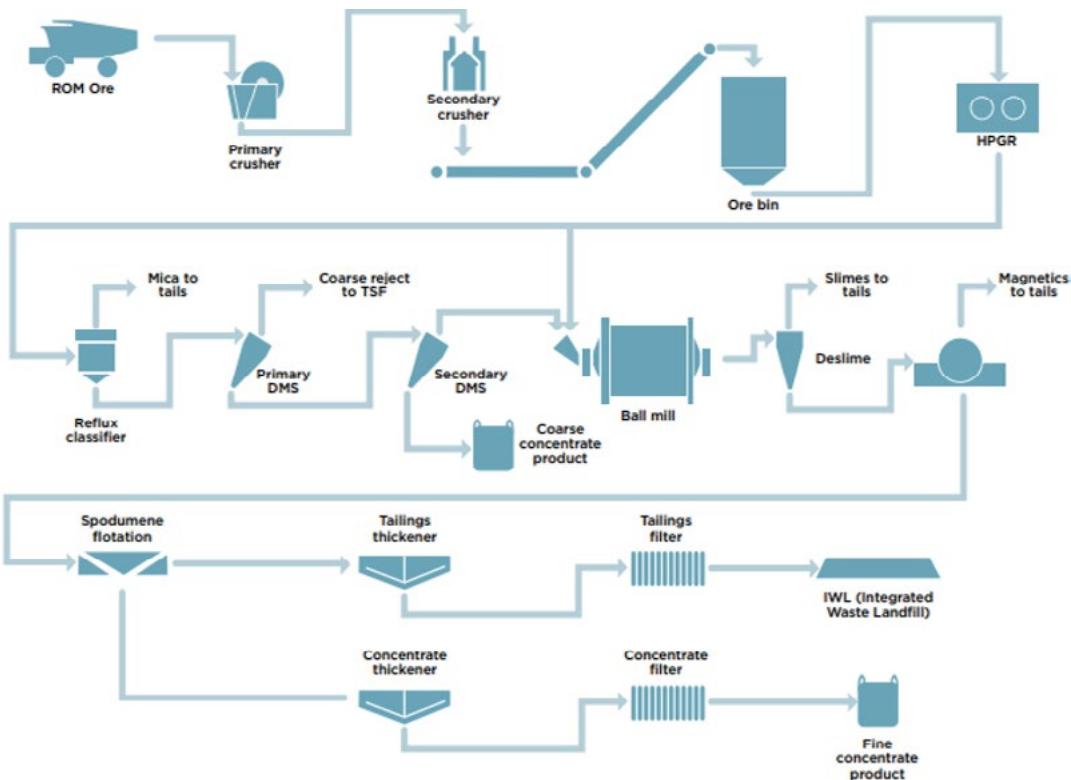
Source: Mineral Engineering, 2019

If lithium is extracted from hard rock, it will usually be obtained as lithium spodumene which can also be processed to lithium carbonate and then to lithium metal. Conversion from spodumene to lithium concentrate is relatively complex, with multiple stages included in the process. This process is detailed in Figure 6.2 below.

¹ Journal of Minerals, Metals & Materials Society report titled "Lithium: Sources, Production, Uses and Recovery Outlook", 11 July 2013

² Science Direct report titled "Advancing Lithium Metal Batteries", 16 May 2018

Figure 6.2: Lithium Hard Rock Conversion Process



Source: Kidman Resources, 2019

When comparing the two methods, hard rock extraction tends to be favourable due to the following factors:

- ▶ Flexibility - lithium from spodumene can be processed into either lithium hydroxide or lithium carbonate. Lithium from brines can initially only be processed into carbonate, and then can be further processed into hydroxide at an additional cost³;
- ▶ Time - brines take between 12 to 18 months due to the evaporation process, which is longer compared to spodumene which takes between 3 to 6 months³; and
- ▶ Quality - spodumene tends to produce higher lithium content in comparison to most brine operations³.

Despite the low supply risk of lithium and the number of possible substitutes for it, lithium is still considered a critical metal due to its economic importance¹. Lithium is primarily used in rechargeable batteries and therefore a key component of portable electronic devices². It also has a growing demand within the automotive space, as rechargeable lithium-ion batteries are a necessity for Electric Vehicles ('EVs')².

6.1.2 Global Supply of Lithium

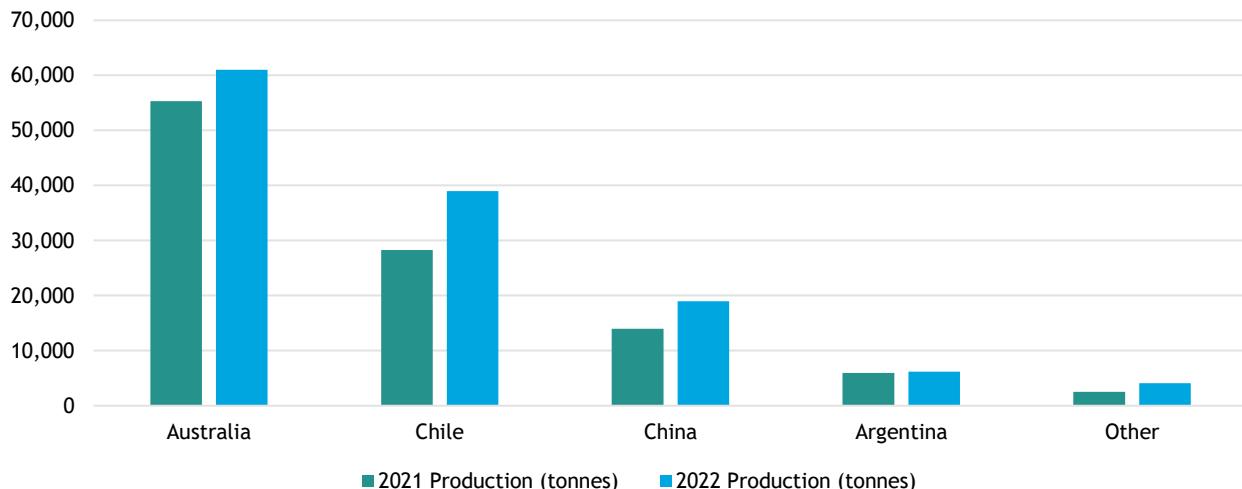
The most common sources of lithium include both brine lake deposits and mineral pegmatites. Australia has the majority of hard rock (spodumene) mines, while brine mines are concentrated in South America, predominantly in Chile and Argentina. Lithium hydroxide, favoured for battery production, can be produced from either spodumene or brine.

In response to increasing demand for lithium, a number of producers and developers are exploring new production paths to increase supply including direct lithium extraction ('DLE') technologies and extraction for lepidolite⁴. These two processes, particularly DLE are complex production processes but present significant opportunities to the global supply of lithium.

³ New Age Metals article titled "Lithium Supply - Hard Rock vs. Brine", 3 October 2023

⁴ McKinsey & Company article titled "Lithium mining: How new production technologies could fuel the global EV revolution", 12 April 2022

Figure 6.3: Lithium Production by Country

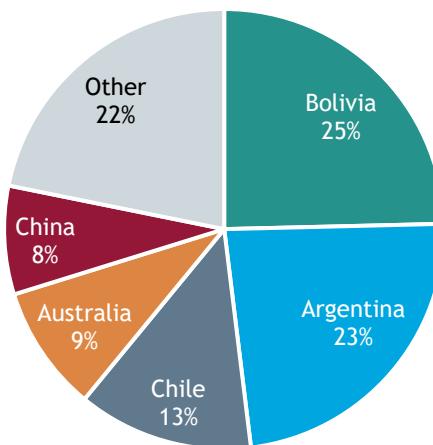


Source: United States Geological Survey report, 2023

Note that this source does not include US production as it was undisclosed.

It is forecasted that lithium supply will continue to see substantial growth, with S&P Global Market Intelligence forecasting global lithium production will remain about 1.5 million megatons on a lithium carbonate equivalent ('LCE') basis⁵. Australia is set to remain as the largest lithium producing nation, with production steadily increasing to reach over 400,000 megatons LCE of new supply by 2025⁵. Additionally, South America is projected to see growth of ~199% by 2025, with new brine lakes beginning production and most existing salars expected to increase output. Europe, however, is expected to add only one new lithium source by 2025, with this addition marginally increasing its share of global supply. The estimated lithium reserves by country are shown in Figure 6.4 below.

Figure 6.4: Lithium Reserves by Country



Source: United States Geological Survey report, 2023

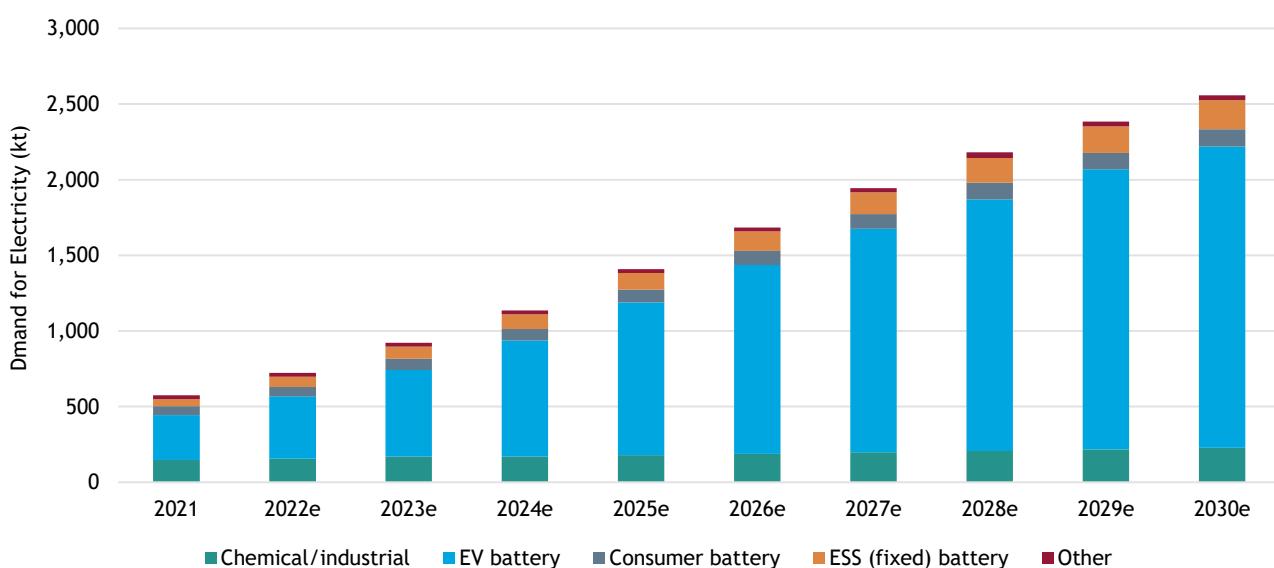
Note that this source does not include US production as it was undisclosed.

⁵ S&P Global Market Intelligence report titled "Lithium supply is set to triple by 2025. Will it be enough?", 24 October 2019

6.1.3 Global Demand for Lithium

Global demand for lithium is set for a significant increase in the coming decade, with its importance in producing lithium-ion batteries used to power EVs and store energy from renewable sources driving this increase in demand⁶. As of 2022, batteries accounted for 80% of the demand for lithium, with this figure expected to rise to 90% by 2028 as the price of EVs fall and the demand for these vehicles increases⁶. The projected increase in demand for lithium due to EVs can be seen in Figure 6.5 below.

Figure 6.5: Forecasted Lithium Demand by End Product



Source: Macquarie Lithium and Rare Earths Market Outlook, 2022

There have been a number of government regulations introduced that are set to further increase the demand for EVs, including¹³:

- ▶ EU: only sales of zero-emission vehicles allowed from 2035;
- ▶ China: 40% of automaker's sales will need to be "new energy vehicles" by 2030; and
- ▶ US: 56% reduction in fleet wide GHG emissions by 2032.

Additionally, a number of car manufacturers have made long-term commitments to supply chain changes that are unable to be rolled back, including¹³:

- ▶ Volkswagen: 80% electric car sales in Europe by 2030;
- ▶ Stellantis: 100% battery-electric car sales in Europe by 2030;
- ▶ General Motors: 100% electric care sales by 2035; and
- ▶ Toyota: produce 3.5 million electric cars by 2030.

Historically, battery technology has been reliant on lithium carbonate, however, more recently there has been an increase in nickel manganese cobalt batteries which rely on lithium hydroxide. As a result, demand for lithium hydroxide is rising as EV producers shift to the nickel manganese cobalt batteries. Analysis from McKinsey shows that demand for lithium hydroxide is expected to be higher than that of lithium carbonate by 2030⁷.

6.1.4 Latin America Lithium Outlook

Latin America holds more lithium reserves than any other region in the world, with the arid regions of Bolivia, Argentina, and Chile collectively holding over 60% of the world's known deposits of lithium⁸. These three countries are often referred to as the "Lithium Triangle", with lithium reserves across several flats along the Atacama Desert and its surrounding area, including the Salar de Uyuni (Bolivia), Salar de Atacama (Chile), and Salar del Hombre Muerto (Argentina).

⁶ AFR article titled "Lithium prices to keep rising as demand outpaces supply", 16 May 2023

⁷ McKinsey & Company report titled "Australia's potential in the lithium market", 9 June 2023

⁸ AFR article title "Lithium triangle enjoys its moment in the sun", 23 July 2023

Figure 6.6: Proven deposits of lithium in the “Lithium Triangle”



Source: Inter-American Development Bank, U.S. Geological Survey (USGS)

There has been a growing presence of foreign companies looking to invest in the Chilean lithium industry over the past decade.

Recently, the Chilean Government has issued a new policy named “National Lithium Strategy”, which includes⁹:

- ▶ Establishment of the National Lithium Company, with the State to participate throughout the entire lithium production cycle. The initial stages of this endeavour will see the country’s existing State-owned copper companies, Codelco and ENAMI, play significant roles;
- ▶ Promotion of public-private partnerships across the entire industrial cycle of lithium;
- ▶ The State will retain a majority stake in projects deemed strategic for the country;
- ▶ Emphasis on the adoption of new lithium extraction technologies that minimise environmental impacts; and
- ▶ The establishment of the Public Institute of Lithium and New Technologies.

This change seeks to diversify the South American nation from mining into batteries and other areas¹⁰.

6.1.5 *Lithium Prices*

After a significant period of growth over the past five years, between January and March in 2023, lithium prices fell by 20%, with industry experts citing reasons such as short-term factors including slowing sales growth in Europe and China, as well as new mines and processing plants boosting the supply of lithium in the market¹¹. From its high in November 2022 to October 2023, lithium prices fell by 68.62%.

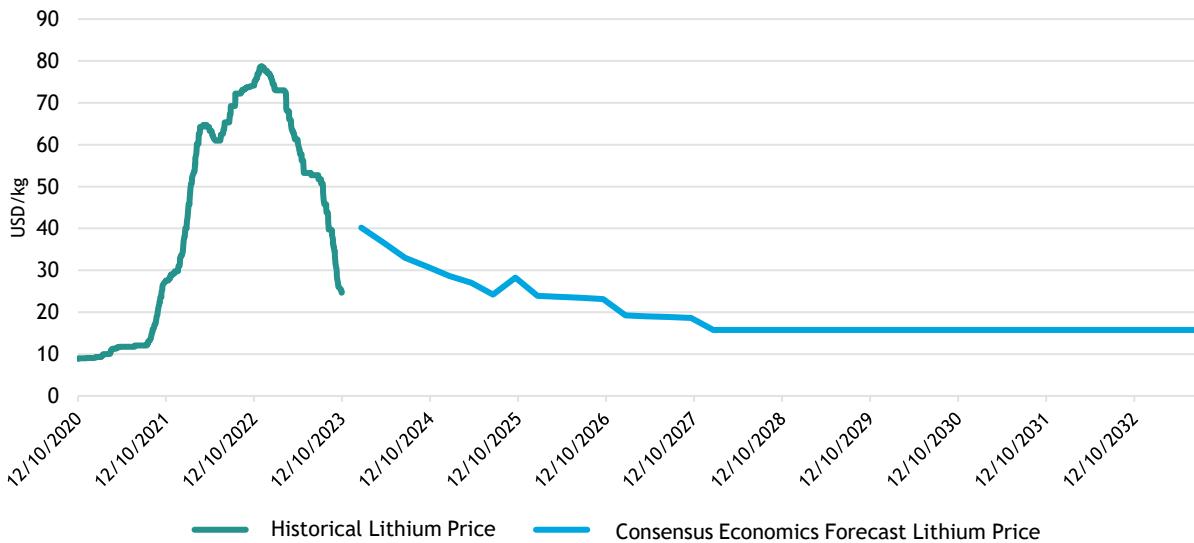
It is expected that supply continues to grow relative to demand, with it expected that production will outpace global demand in 2027⁶. This increase of supply relative to demand is expected to drive lithium prices down. A consensus of a number of financial institutions’ forecasts for lithium prices is shown in Figure 6.7 below.

⁹ United Nations Conference on Trade and Development article titled “Chile - Launches a new National Strategy for Lithium”, 20 April 2023

¹⁰ AFR article titled “Chile’s plans to nationalise lithium industry spook investors”, 23 April 2023

¹¹ New York Times article titled “Falling Lithium Prices Are Making Electric Cars More Affordable”, 20 March 2023

Figure 6.7: Historical Lithium Prices and Consensus Economics Forecasted Lithium Prices



Source: Consensus Economics report, 2023 using forecasts from UBS, Liberum Capital, Morgan Stanley, Bank of America Securities, and Australian Department of Industry

Note that the observed rise in the price of lithium between the historical period ending and the consensus period beginning is not a reflection of anticipated short-term increase in lithium prices, rather, this is due to the fact that the projections made for lithium prices were made towards the beginning of 2023 when there was less information known about the sharp decline of lithium prices the market experienced.

The falling price of lithium forecasted over the coming years is a reflection of the expectation of supply and demand balancing out in FY24, with the market entering a period of surplus between 2025 to 2027¹². The strong demand for battery-grade lithium and the challenges in producing these products is expected to “cushion” the market and prevent drastic price drops¹³.

6.1.6 Lithium Outlook

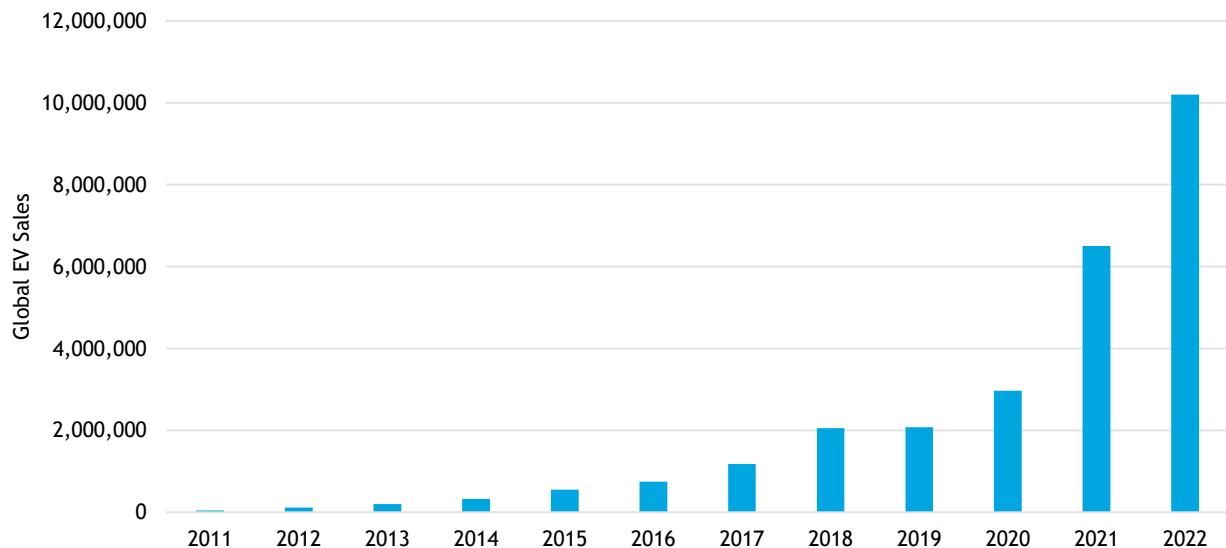
Due to a vast majority of lithium's demand being forecast to come from the EV market, the outlook on lithium is closely aligned with the outlook on EVs. An increase in demand for EVs is driving demand for batteries and related critical minerals, with automotive lithium-ion battery demand increasing by 65% to 550 gigawatt hours ('GWh') in 2022¹⁴. The International Energy Agency reported that in 2022, 60% of lithium demand was for EV batteries, with this figure being 15% in 2017¹⁴. Demand for EVs has seen significant growth, with more than 10 million EVs sold worldwide in 2022 and over 14 million expected to be sold in 2023. This growth has seen EVs' share of the overall car market rising from 4% in 2020 to 14% in 2022, with projections from the International Energy Agency estimating this figure to rise to 18% by the end of 2023¹⁴. Figure 6.8 below illustrates the significant rise in global EV sales over the past decade.

¹² AFR article titled “Lithium prices to fall further as new mines open, broker E&P says”, 7 August 2023

¹³ Wood Mackenzie report titled “Global lithium market investment horizon outlook Q3 2023”, 2 October 2023

¹⁴ International Energy Agency report titled “Global EV Outlook 2023”, March 2023

Figure 6.8: Global EV Sales by Calendar Year



Source: International Energy Agency, 2023

Driving growth in the EV market is the growth in EV sales outside the major markets and policy efforts to support EV sales. Outside of the major markets such as the US and China, countries such as India, Thailand, and Indonesia have seen significant growth in EV sales, with the sales in the three aforementioned countries tripling in 2022 compared to 2021, reaching 80,000¹⁴. This is being driven by government policy with the Indian Government introducing a USD 3.2 billion incentive program in the EV space which has attracted investments totalling USD 8.3 billion.

By way of example for other initiatives, government support has been introduced in Australia, with the Queensland Government announcing a AU\$6,000 rebate when purchasing new EVs¹⁵. Additionally, from 1 July 2022, the Australian Government announced that employers were not required to pay fringe benefits tax ('FBT') on eligible EVs and associated car expenses (given the EV meets criteria including that the vehicle was first held and used on or after 1 July 2022 and is below the luxury car tax threshold for fuel efficient cars which is \$84,916 for 2022-23)¹⁶. In the original announcement, battery EVs, hydrogen fuel cell EVs, and plug-in hybrid EVs were all included in the exemption, however, it was announced that as of 1 April 2025, plug-in hybrid EVs would no longer be considered a zero or low emissions vehicle under the FBT law.

Global spending on EVs exceeded US\$425 billion in 2022, up 50% relative to 2021, with only 10% of this spending attributable to government support¹⁴. Additionally, investors have maintained confidence in EVs, with the stocks of EV-related entities consistently outperforming traditional carmakers since 2019¹⁴.

The ending of China's subsidies, Europe's ongoing energy crisis and consequent inflation, and recession fears in the US are all factors that have the potential to halt the demand for lithium presented by the EV market¹⁶. It is expected that a culmination of these factors will lead to a deceleration in the growth of EV sales, however long-term growth is forecasted to remain strong¹⁶.

¹⁵ ABC News article titled "Queensland announces \$6,000 rebate for buyers of new electric vehicles", 21 April 2023

¹⁶ Australian Taxation Office article titled "Electric cars exemption", 28 February 2023

7.0 Common Valuation Methodologies

A ‘fair market value’ is often defined as the price that reflects a sales price negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, with both parties at arm’s length. The valuation work set out in this Report assumes this relationship.

RG 111 outlines a number of methodologies that a valuer should consider when valuing securities or assets for the purposes of, among other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. The valuation methodologies we have considered in this Report include the discounted cash flow ('DCF'), capitalisation of maintainable earnings ('CME'), asset-based valuation ('ABV') and market-based valuation ('MBV') methodologies.

RG 111 does not prescribe which methodology should be used by the expert, but rather notes that the decision lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the securities or assets being valued.

7.1 Discounted Cash Flows ('DCF')

The DCF approach calculates the value of an entity by adding all of its future net cash flows discounted to their present value at an appropriate discount rate. The discount rate is usually calculated to represent the rate of return that investors might expect from their capital contribution, given the riskiness of the future cash flows and the cost of financing using debt instruments.

In addition to the periodic cash flows, a terminal value is included in the cash flow to represent the value of the entity at the end of the cash flow period. This amount is also discounted to its present value. The DCF approach is usually appropriate when:

- ▶ An entity does not have consistent historical earnings but is identified as being of value because of its capacity to generate future earnings; and
- ▶ Future cash flow forecasts can be made with a reasonable degree of certainty over a sufficiently long period of time.

Any surplus assets, along with other necessary valuation adjustments, are added to the DCF calculation to calculate the total entity value.

7.2 Capitalisation of Maintainable Earnings ('CME')

The CME approach involves identifying a maintainable earnings stream for an entity and multiplying this earnings stream by an appropriate capitalisation multiple. Any surplus assets, along with other necessary valuation adjustments, are added to the CME calculation to calculate the total entity value.

The maintainable earnings estimate may require normalisation adjustments for non-commercial, abnormal or extraordinary events.

The capitalisation multiple typically reflects issues such as business outlook, investor expectations, prevailing interest rates, quality of management, business risk and any forecast growth not already included in the maintainable earnings calculation. While this approach also relies to some degree on the availability of market data, the multiple is an alternative way of stating the expected return on an asset.

The CME approach is generally most appropriate where an entity has historical earnings and/or a defined forecast or budget. Further, a CME is usually considered appropriate when relevant comparable information is available.

7.3 Asset Based Valuation ('ABV')

An ABV is used to estimate the fair market value of an entity based on the book value of its identifiable net assets. The ABV approach using a statement of financial position alone may ignore the possibility that an entity’s value could exceed the book value of its net assets. However, when used in conjunction with other methods which determine the value of an entity to be greater than the book value of its net assets, it is also possible to arrive at a reliable estimate of the value of intangible assets including goodwill.

Alternatively, adjustments can be made to the book value recorded in the statement of financial position in circumstances where a valuation methodology exists to readily value the identifiable net assets separately and book value is not reflective of the true underlying value. Examples of circumstances where this type of adjustment may be appropriate include when valuing certain types of identifiable intangible assets and/or property, plant and equipment.

The ABV approach is most appropriate where the assets of an entity can be identified and it is possible, with a reasonable degree of accuracy, to determine the fair value of those identifiable assets.

7.4 Market Based Valuation ('MBV')

An MBV methodology determines a value for an entity by having regard to the value at which securities in the entity have recently been purchased. This approach is particularly relevant to:

- ▶ Entities whose shares are traded on an exchange. The range of share prices observed may constitute the market value of the shares where a sufficient volume of shares is traded and the shares are traded over a sufficiently long period of time; and/or
- ▶ Entities for which it is possible to observe recent transactions relating to the transfer of relatively large parcels of shares (e.g. recent capital raisings).

For listed entities, the range of share prices observed may constitute the market value of the shares in circumstances where sufficient volumes of shares are traded and the shares are traded over a sufficiently long period of time. Share market prices usually reflect the prices paid for parcels of shares not offering control to the purchaser.

7.5 Industry Based Metrics (Comparable Analysis)

It is often appropriate to have regard to industry specific valuation metrics in addition to the traditional valuation approaches outlined above. These metrics are particularly relevant in circumstances where it is reasonably common for market participants to have regard to alternative measures of value.

For resource companies, it is common for market analysts to have regard to multiples related to resources and tenement size.

8.0 Valuation of LPI Prior to the Proposed Transaction

This section sets out our valuation of the shares in LPI and is structured as follows:

- ▶ Section 8.1 sets out our view of the most appropriate methodology to value LPI;
- ▶ Section 8.2 sets out an overview of the BDA Independent Technical Specialist Report;
- ▶ Section 8.3 sets out our valuation of LPI having regard to the sum-of-parts approach;
- ▶ Section 8.4 sets out our valuation of LPI having regard to a MBV approach; and
- ▶ Section 8.5 sets out our conclusion on the value of LPI for the purposes of this Report.

8.1 Our Valuation Approach for LPI

We have considered each of the valuation methodologies outlined in Section 7 above and determined, in our view, the most appropriate methodologies for calculating the value of LPI. Having regard to the assessment of the nature of LPI's assets, we have chosen to adopt a sum-of-parts ('SOP') approach. The SOP approach involves separately valuing each asset and liability of a company. Table 8.1 below sets out how we have applied the SOP approach to our valuation of LPI.

Table 8.1: Summary of Valuation Methodologies Utilised in Sum-of-Parts Valuation

Category	Description
MSB/ Maricunga Project	<p>Management have provided us with a detailed forecast life of mine model ('LOM model' or 'the Financial Model') for the Maricunga Project, which we have used in undertaking our valuation.</p> <p>To assist in our DCF analysis and be consistent with the requirements of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets, the VALMIN Code 2015 ('the VALMIN Code'), the technical, production and cost assumptions adopted in the LOM model have been reviewed by BDA (refer Section 8.2 below).</p> <p>We note, Management have also provided us with a lithium price forecast from Wood Mackenzie ('WoodMac') which we considered in comparison with other commodity forecasts sourced by BDOCF. Other inputs including foreign exchange rates and discount rates were sourced by BDOCF.</p>
Resources outside the LOM	BDA considers that there is good potential for the mine life to be defined beyond what is included in the LOM model. BDA considers the most appropriate way to value the additional resources outside of the LOM model is through an extension of the DCF analysis for a further 20 years.
Other assets / liabilities	We have adopted an ABV valuation methodology for the other identifiable assets and liabilities of LPI and MSB.

Source: BDOCF Analysis

We have also considered an MBV approach for LPI (refer to Section 8.4). In relation to the MBV approach, we note:

- ▶ It is generally possible to complete an MBV of a company when there is a readily observable market for the trading of the company's shares. The shares of LPI are traded on the ASX. It is possible to consider the valuation of LPI using the MBV methodology as there is a readily observable market for the trading of shares in LPI; and
- ▶ The use of the MBV for the purposes of the analysis set out in this Report requires consideration of the volatility that has occurred in LPI share trading data in the period leading up to the announcement of the Proposed Transaction. Specifically, this volatility has coincided with 'response to media speculation' announcements about various articles which referred to discussions being held between LPI and Codelco prior to the announcement of the Proposed Transaction.

8.2 Overview of BDA's Technical Expert Report

In completing our work, we have had regard to the BDA's Independent Technical Specialist Report ('the BDA Report') dated 27 November 2023 which, broadly, sets out BDA's view on technical inputs adopted in the Financial Model.

BDA General Manager, Mr Mark Faul, has supervised BDA's technical review of the Maricunga Project. Mr Faul was assisted in completing the BDA Report by various BDA team members. Based on our enquiries and the information provided to us, we regard BDA and the authors of the BDA Report to be Specialists as referred to in Regulatory Guide 112: *Independence of Experts* ('RG 112'). In our opinion, it is appropriate for us to consider the work of BDA in completing our valuation work. BDA understands the purpose of the valuation work set out in this Report.

We note the BDA Report was prepared in accordance with:

- ▶ Australian industry standards;
- ▶ The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code');
- ▶ Guidelines of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* specific to brine resources;
- ▶ The VALMIN Code; and
- ▶ ASIC guidelines (including RG 111 *Content of expert reports*, and ASIC RG 112 *Independence of experts*).

BDA and the authors of the BDA Report are independent with respect to LPI and confirm that there is no conflict of interest with any party involved in the Proposed Transaction and neither BDA nor any of its personnel involved in the preparation of the BDA Report have (or have had) any material interest in LPI or any associated assets.

BDA confirm the statements and opinions contained in the BDA Report are given in good faith and in the belief that they are not false or misleading.

We confirm that we have been provided with express written consent by BDA to refer to and rely on the BDA Report for the purposes of our valuation work in this Report. We have made reasonable enquiries of BDA and are satisfied that the work and valuations in the BDA Report are suitable for use in this Report. Notwithstanding this, we do not take responsibility for the work of BDA.

Any references to BDA's work set out in this Report are in a summary form only and do not substitute for a complete reading of the BDA Report. Our summary does not include all of the information that may be of interest to Shareholders. The BDA Report is attached to this Report as Appendix D. We recommend that Shareholders read the BDA Report in full, in conjunction with this Report, and related documents.

8.3 Sum-of-Parts Valuation of LPI

8.3.1 Sum-of-Parts Valuation Summary

Our SOP valuation of LPI prior to the Proposed Transaction is set out in Table 8.2 below.

Table 8.2: Sum-of-Parts Valuation of an LPI Share

AU\$ (millions)	Section Reference	Low	High
MSB	Section 9.0	161.3	411.3
Surplus assets and liabilities of LPI	Section 8.3.2	33.5	39.1
Equity value of LPI attributable to Shareholders		194.8	450.4
Number of LPI shares on issue prior to the estimated exercise of unquoted equity securities ¹	Section 5.4.1	636,344,977	636,344,977
Estimated shares issued from the exercise of unquoted equity securities	Section 8.3.2	9,721,182	24,830,307
Estimated LPI shares on issue as at the Valuation Date		646,066,159	661,175,284
Value per LPI ordinary share (AU\$/share) - controlling interest		0.3016	0.6812

Source: *BDOCF Analysis*

1 Total shares outstanding as at 23 November 2023. The total of 636,344,977 includes the shares issued following the exercise of Bearing warrants and options in November 2023 (up to and including 23 November 2023). We note, from 1 November 2023 to 23 November 2023, 4,771,952 warrants exercised at an exercise price of CA\$0.1725, 4,981,500 warrants exercised at an exercise price of CA\$0.24, 200,000 options were exercised at a price of CA\$0.16 and 200,000 options were exercised at a price of CA\$0.13.

8.3.2 Valuation of LPI's Other Assets and Liabilities

Our valuation date for the Company is 1 January 2024 ('the Valuation Date'), being the beginning of the month it is expected the Scheme Meeting will be held¹⁷. The net value we have adopted for the other assets and liabilities held by LPI is summarised in Table 8.3. In order to determine an appropriate value for LPI's other assets and liabilities, we have relied upon the values set out in the Company's unaudited management accounts as at 30 September 2023 and have made enquiries of Management in relation to any material adjustments required to be made to reflect the fair market value of these assets and liabilities as at the Valuation Date.

Table 8.3: LPI's Other Assets and Liabilities

AU\$ (millions)	Low	High
Cash and cash equivalents	33.6	39.2
Other	(0.1)	(0.1)
Total	33.5	39.1

Source: *Management Accounts, LPI ASX Announcements*

With regards to Table 8.3 above, we note the following:

- ▶ Cash and cash equivalents: We have estimated the balance of LPI's cash and cash equivalents as at the Valuation Date, as set out in Table 8.4 below; and
- ▶ Other: We have included LPI's superannuation payable, income tax receivable, provision for employee entitlements and credit card payments outstanding. For completeness, we note that we have not adjusted these balances (i.e. they are as at 30 September 2023).

All the other assets and liabilities on LPI's balance sheet excluded from Table 8.2, have either been accounted for in other components of the SOP valuation or are considered immaterial.

¹⁷ As per the indicative timetable in Schedule 1 of the Scheme Implementation Deed dated 18 October 2023.

We have also been informed by Management that there are no other material assets, liabilities, contingent liabilities, off-balance sheet assets and liabilities, or unrecognised liabilities as at the date of this Report that have not been included in the above calculations.

As mentioned above, we have estimated the balance of LPI's cash and cash equivalents as at the Valuation Date. We have calculated this having regard to the outstanding equity securities, the expected costs involved with the Proposed Transaction and the monthly cash 'burn' estimated for LPI.

Table 8.4: Estimated Cash Movements to the Valuation Date

AU\$ (millions)	Low	High
Cash and cash equivalents as at 30 September 2023	34.8	34.8
Transaction costs	(0.9)	(0.9)
LPI cash 'burn'	(5.6)	(5.6)
Cash received from Bearing warrants exercised in November 2023	2.4	2.4
Cash received from the estimated exercise of unquoted equity securities	3.0	8.6
Total (estimated cash as at the Valuation Date)	33.6	39.2

Source: Management, Management Accounts, BDOCF Analysis

With regards to Table 8.4 above, we note the following:

- ▶ **Transaction costs:** Management have advised that estimated costs associated with the Proposed Transaction are approximately AU\$1.2 million. As at 30 September 2023 (i.e. from July 2023 to September 2023), LPI have incurred approximately AU\$263k worth of transaction related expenses. Accordingly, we have adjusted the cash and cash equivalents balance by an additional AU\$942k (being the difference between the estimated total transaction costs and the transaction costs incurred as at 30 September 2023). For completeness, we note that if the Proposed Transaction is approved, LPI will have an additional transaction related expense of approximately AU\$6.0 million (i.e. 1.5% of the total deal consideration) for corporate advisory services. We have not allowed for this expense on the basis that it will only be due in circumstances that the Proposed Transaction completes;
- ▶ **LPI cash burn:** Management have provided us with their estimated expenses of LPI and MSB until March 2024, we have extrapolated from this to estimate the cash 'burn' from 30 September 2023 to 1 January 2024. For LPI, we have estimated a cash 'burn' of approximately AU\$5.6 million which includes salaries (approximately AU\$255k), corporate operating expenses (approximately AU\$191k), costs associated with the exercise of the unlisted securities (approximately AU\$5k), the estimated tax payable on the sale of the WA assets (approximately AU\$1.87 million), a one-off insurance payment (approximately AU\$1.15 million), bonuses (approximately AU\$2 million) and contingency costs for any ancillaries not already accounted for (approximately AU\$130k);
- ▶ **Bearing warrants exercised:** There were a number of Bearing warrants and options that were exercised during November 2023. We have included all Bearing options and warrants exercised up to and including 23 November 2023. We note, from 1 November 2023 to 23 November 2023, 4,771,952 warrants were exercised at an exercise price of CA\$0.1725, 4,981,500 warrants were exercised at an exercise price of CA\$0.24, 200,000 options were exercised at an exercise price of CA\$0.16 and 200,000 options were exercised at an exercise price of CA\$0.13. We have converted the cash received from CAD to AUD using the average exchange rate over the period from 1 October 2023 to 31 October 2023 of 0.8701; and
- ▶ **Unquoted equity securities:** As set out in Section 5.4.2, LPI have outstanding share appreciation rights, ordinary options, Bearing options and Bearing warrants. For the purposes of our valuation, we have assumed that all outstanding equity securities (that are 'in the money' under our share price valuation range) are exercised prior to the Valuation Date.

Table 8.5 below sets out the cash that would be received and shares issued as a result of the outstanding equity securities being exercised under both our low and high share price valuation range.

Table 8.5: Exercise of Outstanding Equity Securities

Unlisted security	Low		High	
	Cash received (AU\$ millions)	No. Shares to be issued on exercise	Cash received (AU\$ millions)	No. Shares to be issued on exercise
LPI directors share appreciation rights	-	-	-	2,600,874
MSB directors share appreciation rights	-	-	-	2,477,050
Ordinary options	-	-	5,087,500	9,250,000
Bearing options	1,471,698	5,565,000	1,471,698	5,565,000
Bearing warrants	1,512,659	4,156,182	2,002,727	4,937,382
Total	2,984,358	9,721,182	8,561,926	24,830,307

Source: BDOCF Analysis

With regards to Table 8.5 above, we note the following:

- ▶ LPI and MSB director share appreciation rights: There are 13,500,000 outstanding LPI director share appreciation rights with an exercise price of AU\$0.55 per right and 6,000,000 outstanding MSB director share appreciation rights with an exercise price of AU\$0.40 per right (see Section 5.4.2). As mentioned previously, the value of each right is equal to the difference between the exercise price and LPI's share price (at the time the right is exercised). In calculating the value of these rights, we adopted the share price under the low and high scenarios of our valuation (calculated using the iterative process) and have assumed that the holders are paid out in shares rather than cash. For completeness, we note that the share appreciation rights are only exercised under the high end of our valuation range (i.e. no additional shares are issued under our low scenario);
- ▶ Ordinary options: There are 9,250,000 outstanding ordinary options with an exercise price of AU\$0.55 (see Section 5.4.2). As mentioned previously, we have assumed that all 'in the money' options are exercised. In calculating whether the options are in the money, we adopted the share price under the low and high scenarios of our valuation (calculated using the iterative process). For completeness, we note that the ordinary options are only exercised under the high end of our valuation range (i.e. no cash is received and no additional shares are issued under our low scenario); and
- ▶ Bearing options and warrants: There are 7,950,000 outstanding Bearing options with exercise prices ranging from CA\$0.11 to CA\$0.25 per option and 7,053,403 outstanding Bearing warrants with exercise prices ranging from CA\$0.17 to CA\$0.40 per warrant (see Section 5.4.2). As mentioned previously, each security entitles the holder to 0.7 LPI shares. Similar to the above, in calculating whether the options and warrants are 'in the money', we adopted the share price under the low and high scenarios of our valuation (calculated using the iterative process). For completeness, we note that we converted the cash received from CAD to AUD using the average exchange rate over the period from 1 October 2023 to 31 October 2023 of 0.8701.

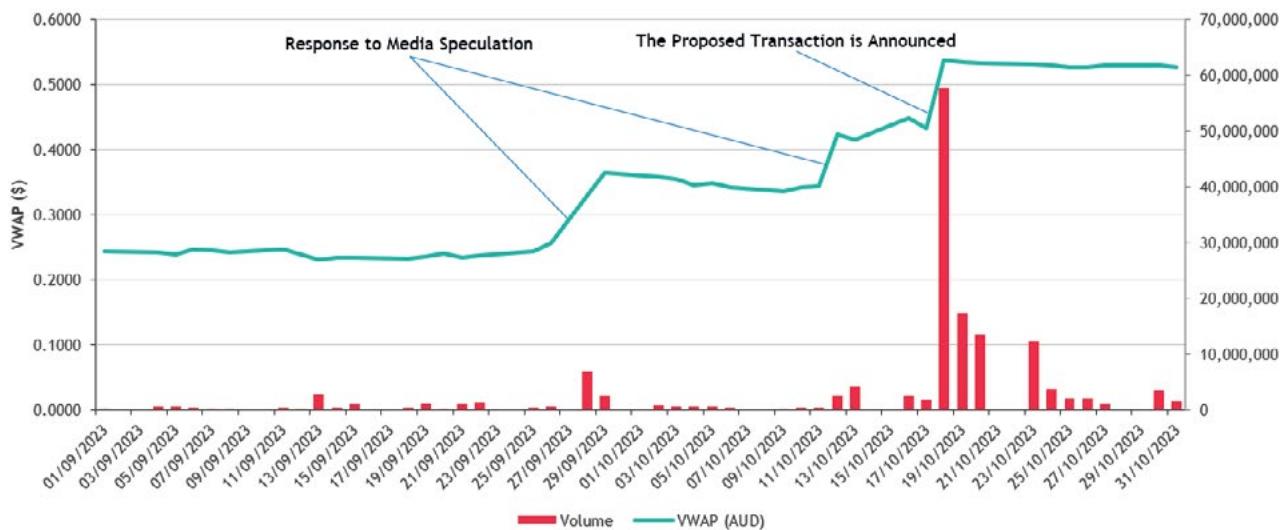
8.4 Market Based Valuation of LPI

8.4.1 Analysis of LPI's Share Trading Data

LPI's ordinary shares are listed on the ASX and trade under the ticker 'LPI'. Information relating to the recent share trading data of LPI's ordinary shares along with an analysis of recent announcements made by LPI to the ASX are set out in Section 5.4 of this Report. We consider that LPI has sufficient liquidity to adopt an MBV approach in this Report.

As mentioned previously, there were movements in LPI's share price in the lead up to the announcement of the Proposed Transaction due to media speculation. To assist in understanding share price movements over this period, we have set out in Figure 8.1 below the share price from 1 September 2023 (being the month prior to the announcement of the Proposed Transaction) to 31 October 2023.

Figure 8.1: Graph of LPI Share Price from 1 September 2023 to 31 October 2023



Source: Capital IQ as at 1 November 2023

For the purposes of our MBV, we have assessed the low, VWAP and high of LPI shares over 1 week, 1 month, 3 months, 6 months, 9 months and 12 months up to and including 26 September 2023, being the Undisturbed Date. For completeness, we have also set out the VWAP up to and including 17 October 2023, being the last date LPI traded prior to announcing the Proposed Transaction. Notwithstanding this, we note that due to the volatility in share prices following the Undisturbed Date, they may not be the best proxy for LPI's share price prior to the Proposed Transaction. We have set this information out in Table 8.6 below.

Table 8.6: LPI's VWAP's for Specified Periods up to and Including 26 September 2023 and 17 October

Period	VWAP (AU\$) up to and Including 26-Sep-23	Low VWAP (AU\$) up to and Including 26-Sep-23	High VWAP (AU\$) up to and Including 26-Sep-23	VWAP (AU\$) up to and including 17-Oct-23
1 Week	\$0.2388	\$0.2320	\$0.2552	\$0.4208
1 Month	\$0.2369	\$0.2310	\$0.2552	\$0.3545
3 Months	\$0.2895	\$0.2310	\$0.3544	\$0.3128
6 Months	\$0.3144	\$0.2310	\$0.3940	\$0.3251
9 Months	\$0.3375	\$0.2310	\$0.4943	\$0.3341
12 Months	\$0.4218	\$0.2310	\$0.6172	\$0.4063

Source: Capital IQ as at 23 October 2023

8.4.2 Conclusion on MBV

Having regard to the information set out above, in our view it is appropriate to adopt a value of \$0.23 to \$0.42 per LPI ordinary share on a minority interest basis for our market-based valuation. The low end of our range reflects the low VWAP (from 1 month to 12 months) up to and including 26 September 2023 while the high end of the range reflects the 12-month VWAP up to and including 26 September 2023. For completeness, we note that we did not consider the VWAP's up to and including 17 October 2023 due the volatility following LPI's 'Response to Media Speculation' announcements.

Having regard to our control premium discussion set out in Appendix A, the application of a control premium of 20% to 40% to this valuation range would result in a value (of an LPI share on a controlling interest basis) of \$0.28 to \$0.59.

8.5 Conclusion on the Value of LPI Shares

In our view, for the purpose of our assessment of the Proposed Transaction set out in this Report, it is appropriate to adopt a value in the range of AU\$0.30 to AU\$0.68 per LPI share on a controlling interest basis. This valuation range was determined having regard to our sum-of-parts methodology. We believe this value is appropriate having regard to the work of BDA and the other information available for us to utilise for our sum-of-parts valuation.

9.0 Valuation of MSB

Our valuation of MSB is set out as follows:

- ▶ Section 9.1 sets out the sum-of-parts valuation of MSB;
- ▶ Section 9.2 sets out the value of MSB's corporate costs;
- ▶ Section 9.3 sets out the value of MSB's other assets and liabilities;
- ▶ Section 9.4 sets out the basis of the Financial Model adopted for the DCF valuation of the Maricunga Project;
- ▶ Section 9.5 sets out the revenue assumptions of the Financial Model;
- ▶ Section 9.6 sets out the key operational and physical assumptions within the Financial Model;
- ▶ Section 9.7 sets out the other cash flow assumptions within the Financial Model;
- ▶ Section 9.8 sets out the summary of the cash flows to be discounted;
- ▶ Section 9.9 sets out the discount rate assumptions of the Financial Model;
- ▶ Section 9.10 sets out the DCF valuation of the Maricunga Project; and
- ▶ Section 9.11 sets out a cross-check to our adopted valuation range of the Maricunga Project.

9.1 Sum-of-Parts Valuation of MSB

Our SOP valuation of MSB is set out in Table 9.1 below.

Table 9.1: Sum-of-parts Valuation of MSB

Asset	Section Reference	Low (AU\$ millions)	High (AU\$ millions)
Maricunga Project	9.10	200.0	450.0
Corporate costs	9.2	(33.2)	(33.2)
Other assets and liabilities	9.3	(5.4)	(5.4)
Value of MSB (100% basis)		161.3	411.3

Source: BDOCF Analysis

As set out in Table 9.1 above, we have determined the value of MSB to be within the range of AU\$161.3 million to AU\$411.3 million.

9.2 Value of MSB's Corporate Costs

As detailed in Section 9.4, we have assessed the reasonableness of the Financial Model and the material assumptions that underpin it. The Financial Model does not include estimates of the corporate overheads to be incurred during the forecast period. We consider corporate overheads to be a project cost that is specific to the Maricunga Project and consists of administration costs directly attributable to the Project. For the purposes of the analysis set out in this Report, we have assessed the value of the corporate overheads separately.

Based on a detailed budget provided by Management and our experience with similar sized companies in the resource sector, corporate overheads for MSB have been estimated at a base rate of approximately AU\$4.0 million per annum. The net annual corporate overheads have been discounted at a real rate of 12.5% (being the mid-point discount rate adopted for cash flows of the Project). The discounted value for the corporate costs on this basis is approximately AU\$33.2 million.

9.3 Value of MSB's Other Assets and Liabilities

The net value of the other assets and liabilities held by MSB is summarised in Table 9.2. In order to determine an appropriate value for MSB's other assets and liabilities, we have relied upon the values set out in MSB's unaudited management accounts as at 30 September 2023 and have made enquiries of Management in relation to any material adjustments required to be made to reflect the fair market value of these assets and liabilities for the purposes of this Report.

We have also been informed by Management that there are no other material assets, liabilities, contingent liabilities, off-balance sheet assets and liabilities, or unrecognised liabilities for MSB as at the date of this Report that have not been included in Table 9.2.

For completeness, we note that the assets and liabilities of MSB are distinct and separate from those included for LPI (i.e. LPI's surplus assets and liabilities were not on a consolidated basis and didn't include MSB) in Section 8.3.2.

Table 9.2: MSB's Other Assets and Liabilities

MSB's Other Assets and Liabilities	(AU\$ millions) ¹
Cash and cash equivalents	(8.3)
Recoverable taxes	3.0
Provisions	(0.2)
Net other assets and liabilities	(5.4)

Source: *Management Accounts, BDOCF Analysis*

1 Converted at an AUD/CLP exchange rate of 0.0017, computed using the average AUD/USD and CLP/USD exchange rates from 1 October 2023 to 31 October 2023 sourced from Capital IQ.

With regards to Table 9.2 above, we note the following:

- ▶ Cash and cash equivalents: We have estimated the balance of MSB's cash and cash equivalents as at the Valuation Date. In doing so, we had regard to the following:
 - MSB's cash position as at 30 September 2023 of approximately AU\$1.34 million (converted at an AUD/CLP exchange rate of 0.0017); and
 - The estimated cash 'burn' from 30 September 2023 to the Valuation Date of approximately AU\$9.63 million (converted at an AUD/CLP exchange rate of 0.0017). We note that Management provided us with their estimated expenses of MSB until March 2024. Our estimated cash 'burn' incorporates salaries (approximately AU\$745k), corporate operational expenses (AU\$867k), project development expenses (approximately AU\$2.19 million), payment for the remaining balance of water rights due in December 2023 (approximately AU\$4.65 million) a payment to Mr Martin Borda (approximately \$156k) and executive bonuses (approximately AU\$1.02 million). Our estimated cash and cash equivalents balance results in a negative cash balance for MSB. On this basis, we have assumed that LPI will ultimately fund the losses, reducing the cash balance in LPI and subsequently increasing the cash balance in MSB by the same amount;
- ▶ Recoverable taxes: We have included the VAT tax credits as at 30 September 2023; and
- ▶ Provisions: Provisions include staff holiday provisions and expenses provisions. We have included provisions as at 30 September 2023.

9.4 Basis of the Financial Model Adopted for the DCF Valuation of the Maricunga Project

We have been provided with a Financial Model summarising the forecast LOM cash flows for the Maricunga Project. The Financial Model was prepared by the Management of LPI. The Financial Model estimates the future cash flows expected from production by the Maricunga Project. The Financial Model was prepared based on estimated production profiles, operating costs and capital expenditure. The Financial Model was prepared in real terms (rather than nominal) and does not include corporate costs, which have been allowed for separately (see Section 9.2). We have discounted all cash flows to the Valuation Date.

We have assessed the reasonableness of the Financial Model provided to us and the material assumptions that underpin it. We have made certain adjustments to the Financial Model where it was considered appropriate. In particular, we have adjusted the Financial Model to reflect any changes to technical assumptions as a result of BDA's review, in addition to any changes to the economic and other input assumptions that we consider appropriate as a result of our research. We have adjusted the Financial Model to remove the corporate costs incurred and have therefore presented the value of corporate costs separately in our sum-of-parts valuation.

We undertook the following analysis on the Financial Model:

- ▶ Analysed the Financial Model to confirm its integrity and mathematical accuracy (to a material level);
- ▶ Appointed BDA as technical expert to review, and where required, provide changes to the technical assumptions underpinning the Financial Model;
- ▶ Conducted independent research on certain economic and other inputs such as commodity prices, exchange rates, and the discount rate applicable to the future cash flows;
- ▶ Held discussions with LPI's Management and advisors regarding the preparation of the forecasts in the Financial Model and its assumptions; and
- ▶ Performed a sensitivity analysis on the value of the Maricunga Project as a result of varying selected key assumptions and inputs.

We have not undertaken a review of the cash flow forecasts in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information* and do not express an opinion on the achievability of the forecast. However, nothing has come to our attention as a result of our procedures to suggest that the assumptions on which the Financial Model has been based have not been prepared on a reasonable basis.

9.5 Revenue Assumptions

9.5.1 Production and Development Timing

BDA's Report sets out BDA's view of the LOM model for the Maricunga Project. Regarding the forecast production plan, we note BDA has recommended changes to the split between battery grade and technical grade lithium produced during the initial 'ramp up' in production. From their experience, BDA is of the view that the transition from technical grade to battery grade will take longer than the timeframe initially adopted in the LOM model.

9.5.2 Commodity Prices

For the purposes of the analysis set out in this Report, we consider it appropriate to form a view on a valuation range by having regard to a variety of price forecasts (under a range of sensitivities, refer to Section 9.10.2). We have considered the real commodity prices provided by Consensus Economics (including the low, high and average forecasts) and the WoodMac price source provided by the Company. Appendix B sets out a graphical representation of the different price forecasts. For short term prices stated in nominal terms, we have calculated the real values using the implied inflation rate from long-term real prices. As mentioned, in forming our view on an appropriate valuation range, we had regard to the following commodity price forecasts:

- ▶ The Company provided WoodMac price forecasts (dated Quarter 3 2023); and
- ▶ The Consensus Economics September 2023 forecast. For completeness, we note this forecast has five contributors for lithium (RBC Capital Markets, UBS, Liberum Capital, BoA Securities and Morgan Stanley). We have separately considered the low forecast (Morgan Stanley forecast), high forecast (RBC Capital Markets forecast) and the average forecast of all contributors.

We note that there has historically been considerable volatility in lithium prices and forecasts are more prone to becoming outdated with market developments. This has resulted in a wider range between pricing forecasts, particularly over long-term prices, than we would typically expect to see, compared to some other commodities. Notwithstanding this, we have formed our view on an appropriate valuation range having regard to several price sources under a range of sensitivities.

Table 9.3 below summarises the real commodity prices considered in our valuation for Li2CO3 Battery Grade lithium.

Table 9.3: Real Commodity Prices - Li2CO3 Battery Grade Lithium

(USD/t)	Spot ¹	CY23	CY24	CY25	CY26	CY27	CY28+
Consensus Economics Low	25,436	36,512	18,877	13,534	12,960	12,358	12,000
Consensus Economics Average	25,436	42,677	32,276	25,851	22,367	18,056	15,750
Consensus Economics High	25,436	54,760	42,910	34,072	29,178	23,216	18,000
WoodMac ²	25,436	37,813	23,315	17,814	17,000	16,500	

Source: Consensus Economics September 2023 (Survey date: 18 September 2023), WoodMac Q3 2023 price source

1 Spot price as at 18 September 2023 (sourced from Consensus Economics Survey).

2 We note, the WoodMac price source takes longer to reach a constant price than Consensus Economics (i.e. the price doesn't stop fluctuating until 2033). From 2028 to 2033, WoodMac's forecast prices are US\$20,000/t, US\$24,000/t, US\$26,000/t, US\$31,000/t, US\$35,000/t and US\$37,000/t respectively (the price remains stable at US\$37,000/t from 2033 to 2050 before dropping to US\$32,000/t in 2049 and 2050).

Technical grade prices within the Financial Model calculates a price for Li2CO3 Technical Grade lithium for Consensus Economics by taking the difference between battery and technical grades in the WoodMac pricing and applying this fraction to the battery grade prices from Table 9.3. We note that technical grade lithium prices adopted within the Financial Model were, on average, approximately 80.3% of Battery Grade (i.e. a discount of approximately 19.7%).

9.5.3 Foreign Exchange

Management have advised that approximately 81% of the total capital expenditure and 83% of the total operating expenditure on the Maricunga Project is denominated in US Dollars, with the remaining expenditure denominated in Chilean Pesos.

For the purposes of this Report, we have adopted the average exchange rate between the USD and the CLP, provided by Consensus Economics. Table 9.4 below summarises the forecasted exchange rate adopted throughout the Financial Model.

Table 9.4: Foreign Exchange Rate

	Spot ¹	CY23	CY24	CY25	CY26	CY27	CY28	CY29+
CLP/USD	893.06	826.49	829.76	818.40	802.44	802.19	809.60	813.63

Source: Consensus Economics September 2023, Capital IQ, BDOCF Analysis

1 Spot price as at 1 October 2023

9.6 Physical and Operational Assumptions

BDA's Report sets out BDA's view of the key operational and physical assumptions within the Financial Model, including the cash flows associated with restoration and rehabilitation. Users of this Report must read BDA's Report (refer to Appendix D) to understand the basis for the assumptions.

In consultation with BDA, certain adjustments were made to technical assumptions to arrive at the adopted LOM, including the split between battery grade and technical grade in the first five-year period and the extension of the LOM model to capture the value of the resources outside of Stage One. BDA considers that there is potential for additional reserves and mine life to be defined beyond the Stage One project which is based only on the 1,125ha Old Code Concessions ('OCC'). Specifically, BDA are of the view that the additional reserves and mine life arise from the Litio 1-6 concessions that comprise 1,438ha of New Code Concessions ('NCC'). These concessions require a special licence (Contrato Especial de Operacion del Litio ('CEOL')) to enable lithium exploitation.

BDA considers extending the operating life of the mine by 20 years as the most appropriate method to value resource and reserve potential in the Litio 1-6 concessions that are outside Stage One of the Maricunga Project.

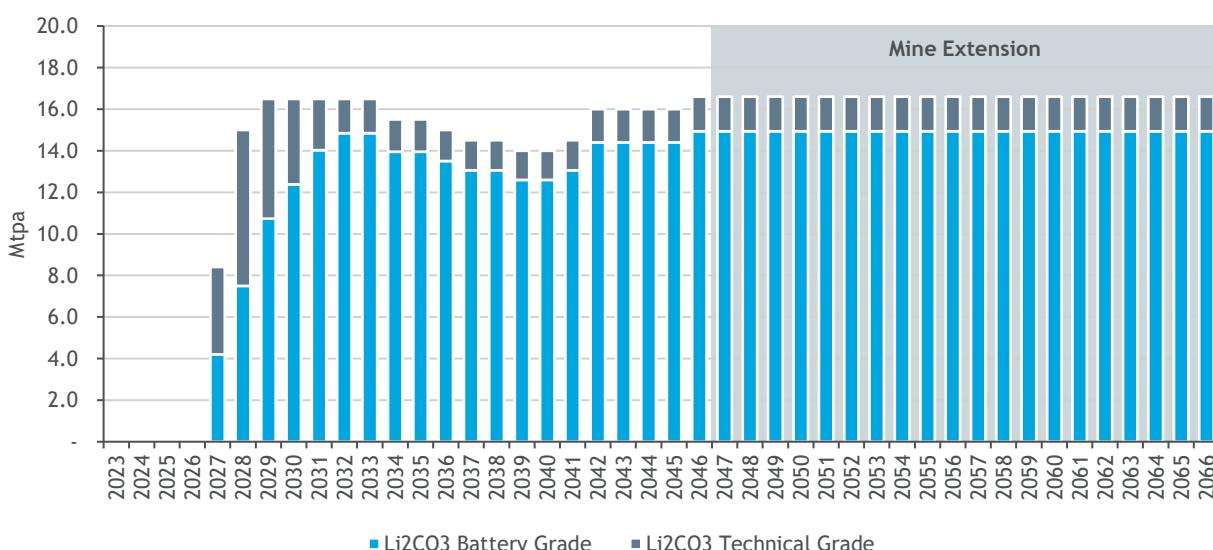
To extend the operational life of the mine, BDA estimates around US\$313 million would be incurred towards the end of the initial 20 years to duplicate the wellfield and significantly upgrade the processing facilities and infrastructure for a further 20 years of operations. Furthermore, BDA estimates sustaining capital and operating costs similar to the first 20 years will be incurred for the subsequent 20 years. For completeness, we note that having regard to BDA's recommendations, we have made adjustments to the sustaining capital and operating costs.

As set out in Section 8.1, we have incorporated the value of the Litio 1-6 concessions by extending the mine life by 20 years. We have adopted BDA's advice for technical assumptions of the mine extension. For further information on BDA's view of resources outside the original LOM model, refer to the BDA Report attached as Appendix D.

For completeness and as set out in the BDA Report, we note any development by MSB on the Litio 1-6 concessions will require CEOL, held by Codelco, for the production and sale of lithium products.¹⁸ We have separately set out the value of the Stage One project from the 20 year mine life extension to illustrate the relativity of value between the two.

Figure 9.1 below sets out the production assumptions adopted within the Financial Model including the mine extension for potential resources and reserves outside of Stage One of the Maricunga Project.

Figure 9.1: Production Assumptions



Source: BDA, BDOCF Analysis, the Financial Model

9.7 Other Cash Flow Assumptions

9.7.1 Working Capital

Table 9.5 sets out the working capital days adopted in the Financial Model, which we were provided by the Management of LPI.

¹⁸ Given that Codelco hold a CEOL over the Litio 1-6 concession area, some agreement is required between MSB and Codelco to combine the MSB concession ownership and the Codelco CEOL to enable lithium brine production from the NCC. BDA notes that a royalty is payable to the holder of the CEOL by the operating company, and under the lithium price forecasts assumed in the DFS, the royalty payable by MSB to Codelco on production from the Litio 1-6 concessions would be in the order of 10.2% of total revenue.

Table 9.5: Working Capital Days

Asset	Days receivable	Days payable
Maricunga Project	10	10

Source: Management of LPI

9.7.2 Royalties

Chile has a specific tax on mining activity known as the “Royalty Law”. It is a progressive tax with marginal tranches based on annual production. These royalties have been incorporated into the Financial Model using production forecasts and long-term commodity price forecasts. For completeness, we note that these royalties are paid over the life of Stage One and the mine extension.

Notwithstanding the above, we note that the CEOL incurs additional royalty payments (i.e. in the event of the mine extension, additional royalty payments will be required). Following discussions with Management, we understand that the royalty rate under the CEOL has both fixed and variable components. Specifically, we note the CEOL royalty includes the following:

- ▶ A fixed component of 5.5% based on total revenue; and
- ▶ A variable component based on operating margin. The effective rate of the variable component is tied to the operating margin percentage. We note, when the operating margin percentage is in the range of 0% to 20%, the effective rate is 0.00% and when the operating margin percentage is in the range of 21% to 100% the effective rate is in the range of 0.14% to 15.5%.

We have calculated the cost of the CEOL royalty payment in accordance with the above and incorporated into the cash flows of the mine extension.

9.7.3 Tax Depreciation

Depreciation has been recorded in the Financial Model for each capital expenditure type. Management of LPI have advised that all capital expenditure is capitalised until production begins. Once production begins, all capital expenditure is depreciated on a straight-line basis over 20 years, which is reflected in the Financial Model.

9.7.4 Tax Rate and Tax Losses

The tax rate adopted is consistent with the Chilean Income Tax rate for corporations of 27%.

We note that in LPI’s FY23 annual report, it is stated that ‘Management is still assessing the unused tax losses of MSB’. Following discussions with Management, we understand that MSB’s accumulated losses as at 30 September 2023 are CLP 43.4 billion (approximately AU\$73.8 million). We note that we have utilised both the opening losses (accumulated losses as at 30 September 2023) and the forecast tax losses to offset future tax expenses where applicable.

9.7.5 Value-Added Tax (‘VAT’) Rebates

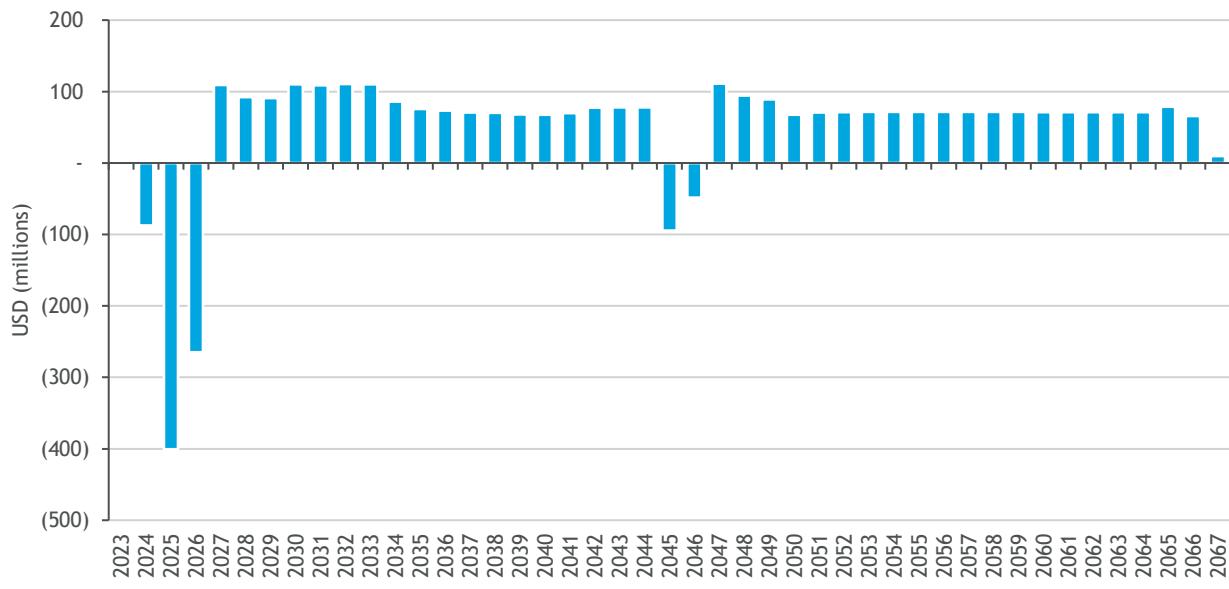
All operating expenditure and capital expenditure in Chile incurs VAT at a rate of 19%. As their expenditure relates to inputs of production, MSB are entitled to claim back the full amount of these taxes paid. We have assumed that there is a timing difference associated with VAT rebates of one year.

9.8 Summary of Cash Flows to be Discounted

The value of the Maricunga Project has been determined with reference to the cash flows attributable to the operations of the Project.

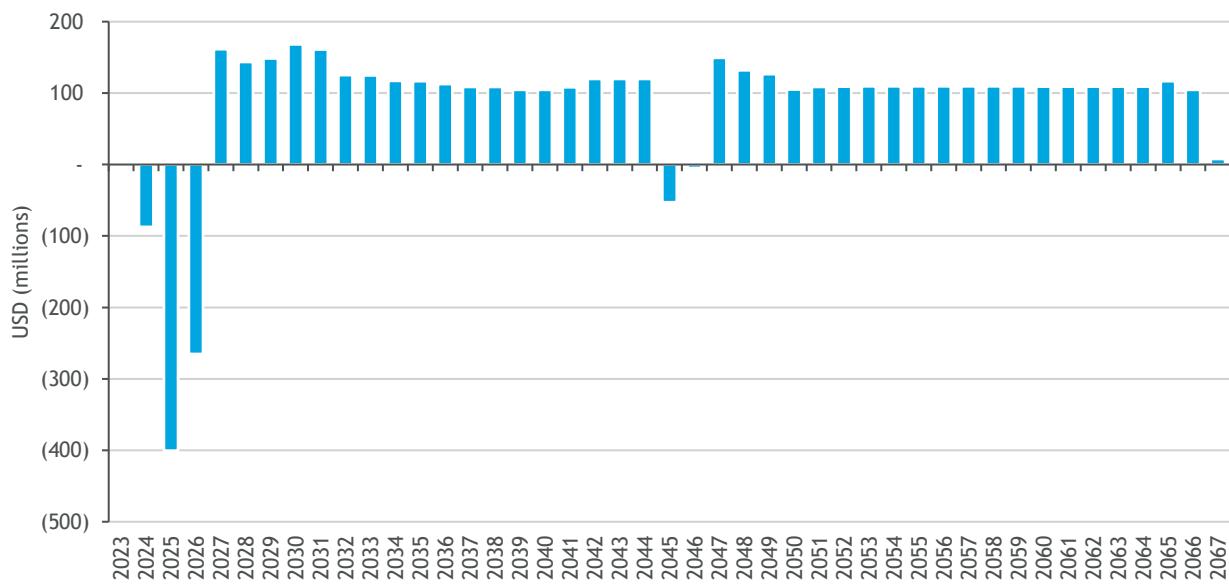
We note, we have formed a view on an appropriate valuation range for the Maricunga Project by having regard to a number of sensitivities (see Section 9.10). Notwithstanding this, for illustrative purposes, we have summarised the free cash flows attributable to the Maricunga Project under our base case assumptions and each of our four price sources, see Figures 9.2 to 9.5 below.

Figure 9.2: Free Cash Flows - Consensus Low Price (Base Case Assumptions)



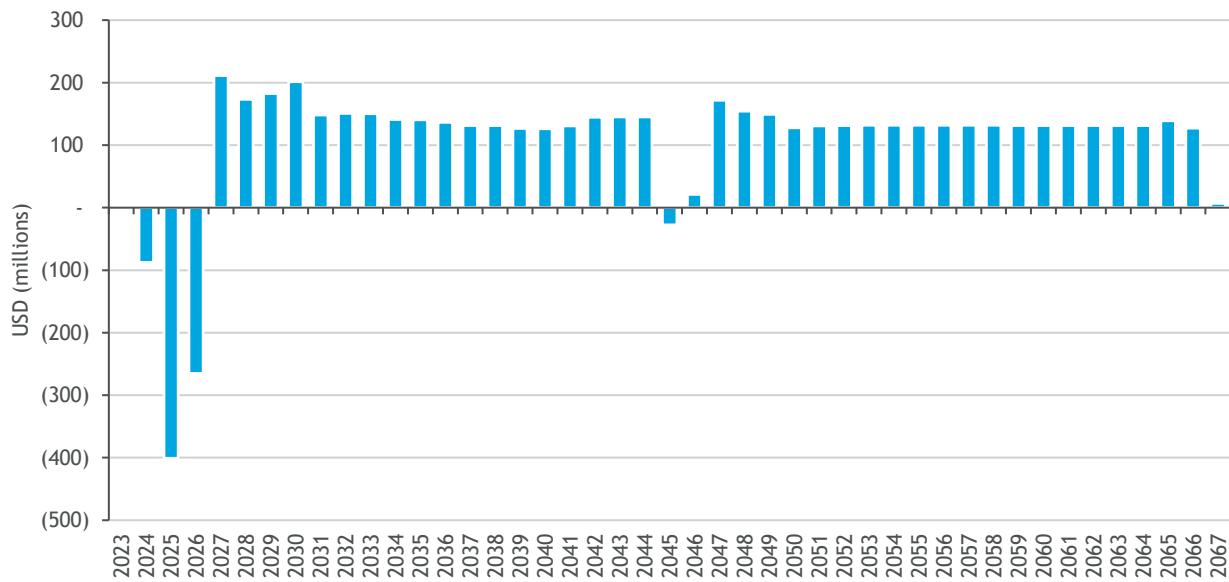
Source: The Financial Model

Figure 9.3: Free Cash Flows - Consensus Average Price (Base Case Assumptions)



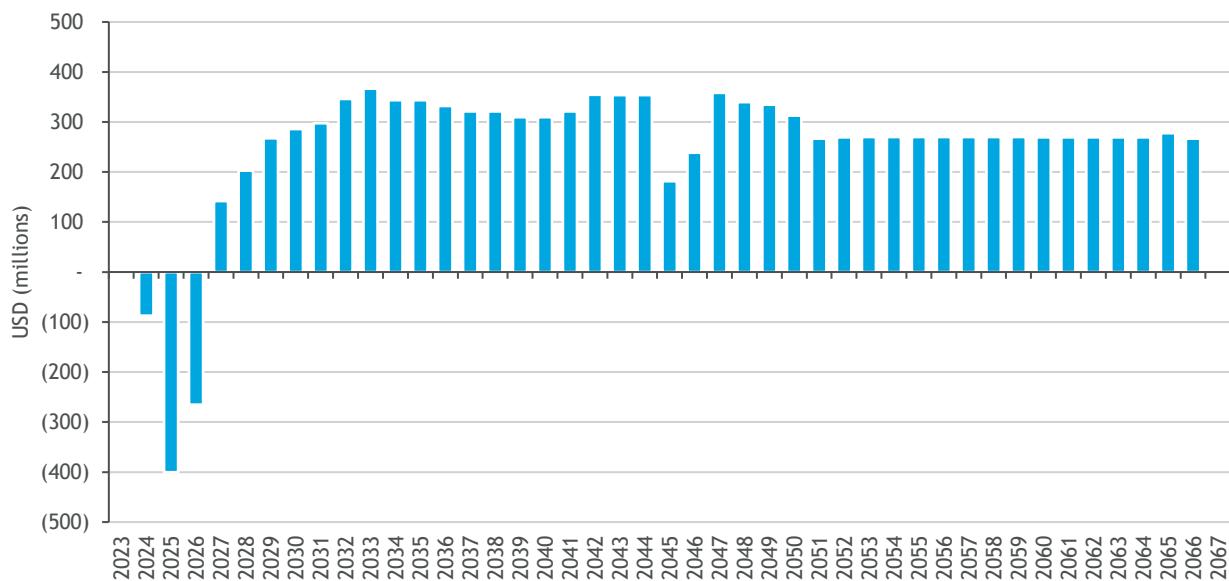
Source: The Financial Model

Figure 9.4: Free Cash Flows - Consensus High Price (Base Case Assumptions)



Source: *The Financial Model*

Figure 9.5: Free Cash Flows - Woodmac Price (Base Case Assumptions)



Source: *The Financial Model*

With regards to the above figures, we note the following:

- The cash flow gap in 2045 and 2046 is in line with the capital expenditure required to extend the life of the mine; and
- Despite the Project closing at the end of 2066, cash flows are still recorded in 2067. We note these relate to VAT rebates (as mentioned previously, we have assumed that there is a timing difference associated with VAT rebates of one year) and movements in working capital (i.e. adjusting for the movement in accounts receivable and accounts payable from the previous quarter).

9.9 Discount Rate

The discount rate represents the rate of return that capital providers expect from their capital contribution and is typically based on the weighted average cost of capital ('WACC') for the asset being valued. In broad terms, the WACC considers the rate of return required by capital providers given the riskiness of the future cash flows and the cost of financing using debt instruments for the relevant asset.

In selecting an appropriate discount rate, we have considered the following:

- The required rate of return of comparable companies in the mining sector, with lithium exposure;

- ▶ The capital structure of comparable mining companies;
- ▶ The cost of equity derived from applying the capital asset pricing model ('CAPM') methodology (a commonly used methodology for deriving the cost of equity). In relation to CAPM, we note the cost of equity capital is determined by multiplying the market risk premium by an appropriate beta and adding the risk-free rate. Our view on the appropriate inputs to the CAPM to apply in the circumstances are as follows:
 - a risk-free rate of 4.88% based on the zero coupon yield on the US 10 Year Treasury as at 31 October 2023;
 - an equity market risk premium of 6.0%. To assess an appropriate market risk premium, we have considered equity risk premiums of companies that operate in developed markets. We have had regard to numerous empirical studies that indicate that market risk premiums can be estimated within the range of 4.5% to 7.0% and that the average tends to vary between countries. For the purposes of this Report we considered it appropriate to adopt a market risk premium of 6.0%. Our adopted market risk premium is further supported by market evidence across brokers, valuers and regulators;
 - an asset beta in the range of 1.0 to 1.3. To determine an appropriate beta, we have considered the equity and asset betas of broadly comparable companies;
- ▶ The CAPM assumes investors are diversified and not concerned with the specific risk of a particular investment. In our view, it is appropriate to include a company specific risk premium to reflect certain risks associated with a development project that cannot be readily allowed for in the base case cash flows for a project. In our view, it is also appropriate to include a country risk premium to reflect certain risks associated with operations in Chile that cannot be readily allowed for in the base case cash flows for the Project. We have adopted a country risk premium of 1.28% which is in line with guidance published by New York University's Stern School of Business Professor Aswath Damodaran;
- ▶ The statutory Chilean corporate tax rate of 27%;
- ▶ A value for imputation credits (γ) of nil. This assumption has been made with reference to the fact that imputation credits for Australian companies are available to domestic investors only and that not all investors in LPI are Australian. We have assumed the marginal investor is likely to be an investor who is not entitled to claim imputation credits; and
- ▶ In order to calculate the discount rate on a real basis, we have adjusted the nominal discount for inflation by using a rate of 2%, we note this is in line with the long-term inflation target from the US Federal Reserve.

Taking the above factors into consideration as well as the nature of the Maricunga Project and its exposure to macroeconomic factors, we believe it is appropriate for the purposes of the analysis set out in this Report to adopt an after-tax real discount rate in the range of 11.0% to 14.0%, with a mid-point of 12.5%.

We have set out and considered our valuation range under a range of sensitivities (including multiple discount rates) in Section 9.10 below to assist users of this Report that may have an alternative view on an appropriate discount rate or who would like to understand the impact of applying an alternative discount rate.

9.10 DCF Valuation for the Maricunga Project

9.10.1 Summary of DCF Valuation

Table 9.6 below sets out our view of an appropriate valuation range to adopt for the Maricunga Project for the purposes of the analysis set out in this Report. In forming this view, we had regard to a DCF valuation methodology and the following:

- ▶ The assumptions set out in Section 9.5 of this Report; and
- ▶ The range of sensitivities set out in Section 9.10.2.

Table 9.6: DCF Valuation of the Maricunga Project

AU\$ (millions) ¹	Low	High
DCF Value for the Maricunga Project	200.0	450.0

Source: *The Financial Model*

- 1 Under our DCF valuation, the value of the Maricunga Project was calculated in USD. We have converted the DCF values from USD to AUD using the average exchange rate over the period from 1 October 2023 to 31 October 2023 of 0.6347 (sourced from Capital IQ).
- 2 Our valuation of the Project does not consider credits from any potassium chloride by-product. As mentioned in the BDA Report, there was no consideration for potassium in the Financial Model provided by LPI and while potassium production was considered in the 2019 DFS, MSB has deferred consideration of potassium production until conditions in this market improve. MSB have stated that they will review the decision to build a potash plant over the next few years and before harvestable salts become available from the evaporation ponds.

9.10.2 The Mine Extension

As mentioned in Section 9.6 above, our valuation of the Project incorporates the value of the mine extension through further developing the Litio 1-6 concessions. As previously stated, any development by MSB on the Litio 1-6 concessions will require a CEOL, held by Codelco, for the production and sale of lithium products.

In order to provide the Shareholders with more information and to assist them understand the relativity between the value of the Stage One project and the mine extension, we have separately set out the NPV of Stage One and the mine extension under our Consensus Economics average price source (and base case assumptions), see Table 9.7 below.

Table 9.7: Valuation of Stage One and the Mine Extension - Consensus Economics Average Price Source (Base Case Assumptions)

AU\$ (millions) ¹	Stage One NPV	Stage One percentage of total NPV value	Mine Extension NPV	Mine extension percentage of total NPV value	Total
11.0% discount rate	306.46	77.4%	89.73	22.6%	396.19
12.5% discount rate	182.35	76.1%	57.14	23.9%	239.49
14.0% discount rate	80.25	68.7%	36.54	31.3%	116.79

Source: *The Financial Model*

1 Under our DCF valuation, the value of the Maricunga Project was calculated in USD. We have converted the DCF values from USD to AUD using the average exchange rate over the period from 1 October 2023 to 31 October 2023 of 0.6347 (sourced from Capital IQ).

With regards to Table 9.7 above, we note:

- ▶ The mine extension is assumed to occur at the end of the initial 20 year mine life. As a result, the cash flows associated with the mine extension occur further in the future and are more heavily impacted by the discount rate. This results in a lower value relative to Stage One. In circumstances where the mine extension is able to be completed in parallel with Stage One or commenced prior to our assumed 20 years, the discount arising from the future time value would be less;
- ▶ The mine extension requires a royalty to be paid by the operating company to the holder of the CEOL (and ultimately passed on to the Chilean Government) at the time the mine extension is assumed to be developed. Under the lithium price forecasts assumed in the DFS, the BDA Report notes that the royalty payable by MSB to Codelco on production from the Litio 1-6 concessions would be in the order of 10.2% of total revenue. The mine extension value will be lower relative to Stage One as a result of the royalty structure contained within the CEOL;
- ▶ As previously stated, the mine extension scenario requires development by MSB on the Litio 1-6 concessions and requires a CEOL, held by Codelco, for the production and sale of lithium products. An agreement between MSB and Codelco is required to combine the concession ownership with the CEOL before any production of lithium brine is possible from these concessions. For example, a special purpose vehicle may be set up with LPI contributing the concessions and Codelco contributing the CEOL. The ownership interest of the respective parties would be required to be negotiated at the time based on the agreed values for each of the assets. For the purposes of the analysis set out in this Report we have not applied any additional discount to the value of the mine extension that may arise from MSB being required to share a percentage of the future special purpose vehicle with Codelco to access the CEOL. We note however that any additional discount may be offset to some degree in circumstances that the mine extension is able to be completed in parallel with Stage One or commenced in a timeframe sooner than what we have assumed; and
- ▶ Whilst we have not set out the split in value under our other price sources, we note the split in value (in percentage terms) under our base case assumptions and midpoint discount rate of 12.5% are as follows:
 - Consensus Low: Not applicable as the NPV is negative;
 - Consensus High: 85% for Stage 1 and 15% for the mine extension; and
 - Woodmac: 88% for Stage 1 and 12% for the mine extension.

9.10.3 Sensitivities Considered in Forming our View of an Appropriate Valuation

In forming our view of an appropriate valuation range for the Maricunga Project, we have calculated a DCF under a range of sensitivities at each of our low, high and midpoint discount rates of 11%, 14% and 12.5% respectively. The sensitivities considered adjust the following variables, with all other factors held constant:

- ▶ A +/- 5% change in forecasted commodity prices;
- ▶ A +/- 5% change in forecasted exchange rate (CLP/USD);
- ▶ A +/- 5% change in forecasted operating expenses;
- ▶ A +/- 5% change in forecasted production volume; and
- ▶ A +/- 5% change in forecasted capital expenditure.

For completeness, we note that our base case (which we have considered under each price source and discount rate) reflects the underlying model inputs which we have adopted in line with our own analysis and the BDA Report.

The DCF values (i.e. different sensitivities) we considered in forming our valuation range is set out in Table 9.8 below. We have shaded (in grey) all sensitivities that fall within our selected valuation range of AU\$200.0 million to AU\$450.0 million.

We have also bolded all valuation sensitivities that result in the value of LPI per share being greater than the cash consideration under the Proposed Transaction of AU\$0.57 per share. We note that in calculating a share price of \$0.57, we assumed the following:

- ▶ MSB corporate costs of AU\$33.2 million;
- ▶ MSB surplus assets and liabilities of negative AU\$5.4 million;

- ▶ LPI surplus assets and liabilities of AU\$39.1 million; and
- ▶ Total shares outstanding of 658,362,353 (i.e. 22,017,375 shares issued from the exercise of unlisted securities).

For completeness, we note that under the above assumptions, the value of a share in LPI is AU\$0.57 per share when the value of the Project is approximately AU\$374.9 million.

Table 9.8: Valuation Sensitivities

AU\$ Millions ¹	11.0%	12.5%	14.0%	11.0%	12.5%	14.0%
	Consensus Low			Consensus Mean		
Base case	(54.70)	(150.12)	(223.95)	396.19	239.49	116.79
Price source (+5%)	15.87	(89.29)	(170.91)	486.36	316.94	184.11
Price source (-5%)	(125.95)	(211.57)	(277.59)	305.57	161.63	49.06
Physicals (+5%)	(10.07)	(111.74)	(190.54)	461.41	295.43	165.35
Physicals (-5%)	(99.59)	(188.76)	(257.61)	330.89	183.44	68.09
FX (+5%)	(50.76)	(146.73)	(220.99)	399.99	242.76	119.63
FX (-5%)	(58.99)	(153.84)	(227.21)	392.07	235.94	113.69
Opex (+5%)	(81.23)	(173.07)	(244.03)	370.56	217.42	97.55
Opex (-5%)	(28.17)	(127.20)	(203.91)	421.78	261.54	136.01
Capex (+5%)	(102.79)	(196.66)	(269.15)	349.73	194.57	73.17
Capex (-5%)	(6.81)	(103.78)	(178.94)	442.50	284.27	160.25
	Consensus High			Woodmac		
Base case	676.89	482.92	330.46	2,081.28	1,637.58	1,289.87
Price source (+5%)	778.62	570.22	406.27	2,252.57	1,781.86	1,412.88
Price source (-5%)	573.48	394.17	253.34	1,909.37	1,492.75	1,166.38
Physicals (+5%)	754.27	549.26	388.03	2,227.97	1,760.80	1,394.62
Physicals (-5%)	598.30	415.55	271.98	1,934.34	1,514.11	1,184.89
FX (+5%)	680.28	485.91	333.11	2,084.96	1,640.73	1,292.61
FX (-5%)	672.61	479.29	327.32	2,077.21	1,634.09	1,286.85
Opex (+5%)	651.15	460.87	311.32	2,055.68	1,615.70	1,270.94
Opex (-5%)	702.03	504.56	349.30	2,106.55	1,659.22	1,308.63
Capex (+5%)	630.56	438.32	287.29	2,036.32	1,594.18	1,247.79
Capex (-5%)	721.67	526.32	372.65	2,126.07	1,680.82	1,331.79

Source: *The Financial Model*

1 We have converted the DCF values from USD to AUD using the average exchange rate over the period from 1 October 2023 to 31 October 2023 of 0.6347 (sourced from Capital IQ).

9.11 Valuation Cross-check

This section sets out a cross-check to our selected valuation range of the Maricunga Project and is structured as follows:

- ▶ Section 9.11.1 sets out an overview of our approach;
- ▶ Section 9.11.2 sets out our valuation cross-check having regard to comparable listed companies;
- ▶ Section 9.11.3 sets out our valuation cross-check having regard to comparable transactions; and
- ▶ Section 9.11.4 set out our conclusion on the valuation cross-check.

9.11.1 Overview of our Valuation Cross-Check

We have cross-checked our selected valuation range of the Maricunga Project having regard to relevant resource¹⁹ multiples. A resource multiple is only intended to provide a high-level cross check for our valuation of the Maricunga Project. We note the multiples may vary significantly due to varying costs structures, technical characteristics of the resources, stages of development, jurisdictions, mine lives and access to infrastructure and funding.

Table 9.9 below sets out the Maricunga Project's resource multiple implied by our selected valuation range.

¹⁹ Includes measured, indicated and inferred resources.

Table 9.9: Implied Resource Multiple of the Project

	Low	High
DCF value of the Maricunga Project (AU\$ millions)	200.0	450.0
Total resources ¹ (Mt)	2.884	2.884
Enterprise value/ total resources (AU\$/t of LCE)	69.35	156.03
Enterprise value/ total resources (US\$/t of LCE) ²	44.01	99.03

Source: Minera Salar Blanco - Lithium Project Definitive Feasibility Study Update (dated 7 January 2022), BDOCF Analysis

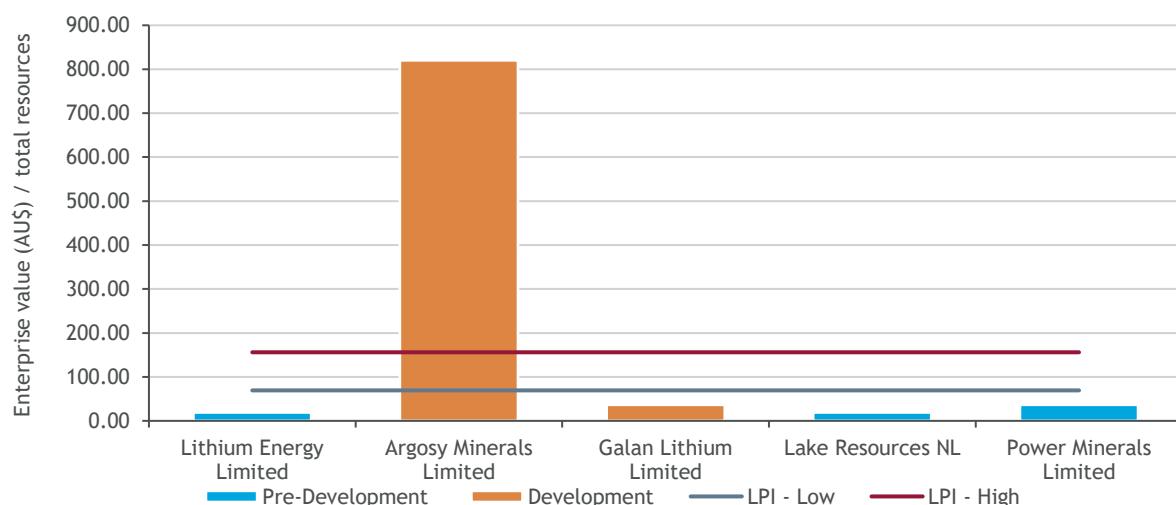
1 Includes 1.905 Mt LCE being the measured indicated and inferred resources estimate from Stage 1 of the Maricunga Project (i.e. under the Old Code Concessions) and 0.979 Mt LCE being the measured indicated and inferred resources estimate from the second stage of the Maricunga Project (i.e. under the New Code Concessions).

2 Converted from AUD to USD using the average exchange rate over the period from 1 October 2023 to 31 October 2023 of 0.6347 (sourced from Capital IQ).

9.11.2 Resource Multiples of Broadly Comparable Listed Companies

Figure 9.6 below sets out our implied resource multiples of the Maricunga Project in comparison with broadly comparable listed companies (refer to Appendix C for more information).

Figure 9.6: Implied Resource Multiple of the Maricunga Project and Broadly Comparable Listed Companies



Source: Lithium Energy Limited Presentation 'Scoping Study Presentation - Solaroz Lithium Project' (dated October 2023), Argosy Minerals Limited Investor Presentation 'Macquarie Critical Minerals Forum' (dated June 2023), Galan Lithium Limited Progress Report 'HMW Project Resource Increases to 6.6Mt LCE @ 880mg/l Li' (dated May 2023) and 'Excellent Preliminary Economic Assessment Results for Candelas Project in Catamarca, Argentina (dated November 2021), Lake Resources N.L Progress Report 'Lake Resources JORC Update Increases Measured and Indicated Resource by 250% for its Flagship Kachi Project' (dated November 2023), Power Minerals Limited Progress Report 'Major JORC Mineral Resource at Salta Lithium Project Update' (dated November 2022), Capital IQ (as at 22 November 2023), BDOCF Analysis

1 We have calculated enterprise value as market capitalisation (including a 30% control premium) + total debt + preferred stocks + minority interest - cash. We have applied a control premium of 30% to the market capitalisation input (refer Appendix A for additional discussion on control premium) of the comparable listed companies as the value of the Maricunga Project has been calculated on a controlling interest basis.

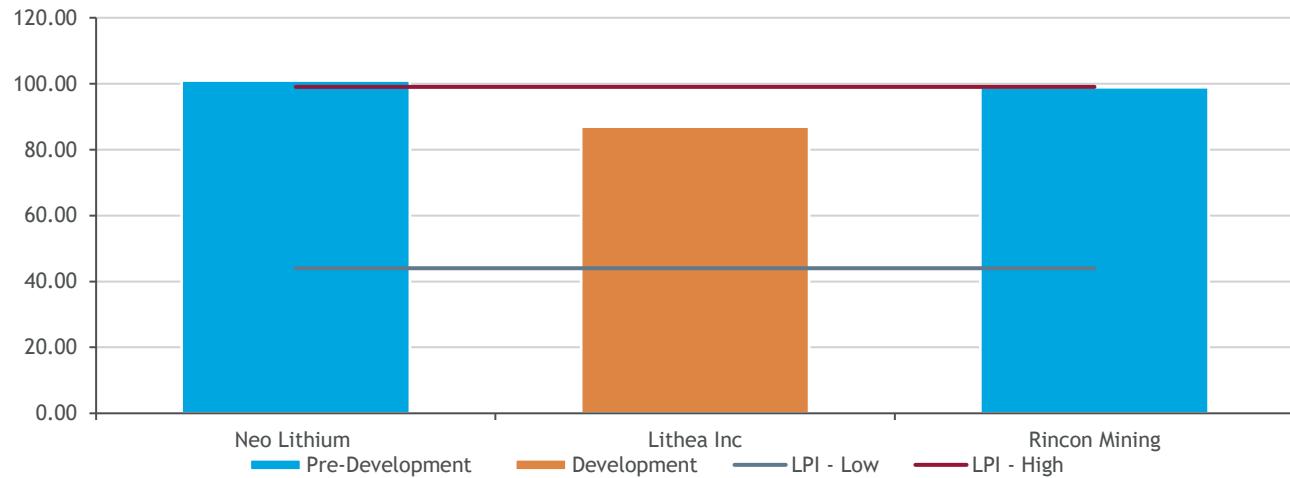
With regards to Figure 9.6 above, we note the following:

- ▶ MSB and the comparable listed companies are at different stages of development. We note that MSB and Galan Lithium Limited have completed definitive feasibility studies, the other companies are at or before the preliminary economic assessment stage;
- ▶ The concentration of lithium to brine (mg/L) for each of the comparable listed companies ranges from 190mg/L to 856 mg/L. The Maricunga Project sits above this range with an average across total resources of 947mg/L; and
- ▶ The operating costs per tonne of LCE for each of the comparable listed companies ranges from US\$3,510/t to US\$7,100/t. The Maricunga Project is at the lower end of the range (US\$3,683/t as per the 2022 Minera Salar Blanco - Lithium Project Definitive Feasibility Study Update).

9.11.3 Resource Multiples of Broadly Comparable Transactions

Figure 9.7 below sets out our implied resource multiples of the Maricunga Project in comparison with broadly comparable transactions (refer to Appendix C for more information).

Figure 9.7: Implied Resource Multiple of the Maricunga Project and Broadly Comparable Transactions



Source: Neo Lithium's Feasibility Study 3Q Project (dated November 2021), Lithea Inc's Preliminary Economics Assessment - Pozuelos and Pastos Grades Project (dated January 2019), Rincon Mining's Lithium Project Overview (dated May 2018), Capital IQ (as at 22 November 2023), BDOCF Analysis.

With regards to Figure 9.7 above, we note the following:

- ▶ The capital expenditure required for Neo Lithium (US\$370.6 million) and Lithea Inc (US\$337.6 million) is lower than that of the Maricunga Project (US\$626.4 million);
- ▶ The operating expenditure required for Neo Lithium (US\$2,955/t) and Lithea Inc (US\$2,857/t) is lower than that of the Maricunga Project (US\$3,683/t as per the 2022 Minera Salar Blanco - Lithium Project Definitive Feasibility Study Update); and
- ▶ For completeness, we note the price of lithium as at the date the transactions were announced vary. Specifically, we note the South American 99.95% Lithium Carbonate price at the announcement of the Neo Lithium, Lithea Inc, Rincon Mining and LPI transactions were US\$22.85/kg, US\$60.85/kg, US\$28.36/kg, US\$22.55/kg respectively.

9.11.4 Conclusion

Having regard to the information set out above, we are of the view that our selected valuation range for the Maricunga Project of AU\$200 million to AU\$450 million is not unreasonable.

APPENDIX A: CONTROL PREMIUM ANALYSIS

A controlling interest in a company is usually regarded as being more valuable than a minority interest as it provides the owner with control over the operating and financial decisions of the company, the right to set the strategic direction of the company, control over the buying, selling and use of the company's assets, and control over appointment of staff and setting financial policies.

The increase in value for a controlling interest is often observed where an acquirer launches a takeover bid, or some other mechanism for control, for another company. For the purposes of our research on control premiums, we have defined a controlling interest to be an interest where the acquirer has acquired a shareholding of greater than 50% in the target company.

Generally, control premiums may be impacted by a range of factors including the following:

- ▶ Specific acquirer premium and/or special value that may be applicable to the acquirer;
- ▶ Level of ownership in the target company already held by the acquirer;
- ▶ Market speculation about any impending transactions involving the target and/or the sector that the target belongs to;
- ▶ The presence of competing bids; and
- ▶ General market sentiment and economic factors.

To form our view of an appropriate range of control premium applicable to LPI for the purposes of this Report, we have considered information which includes:

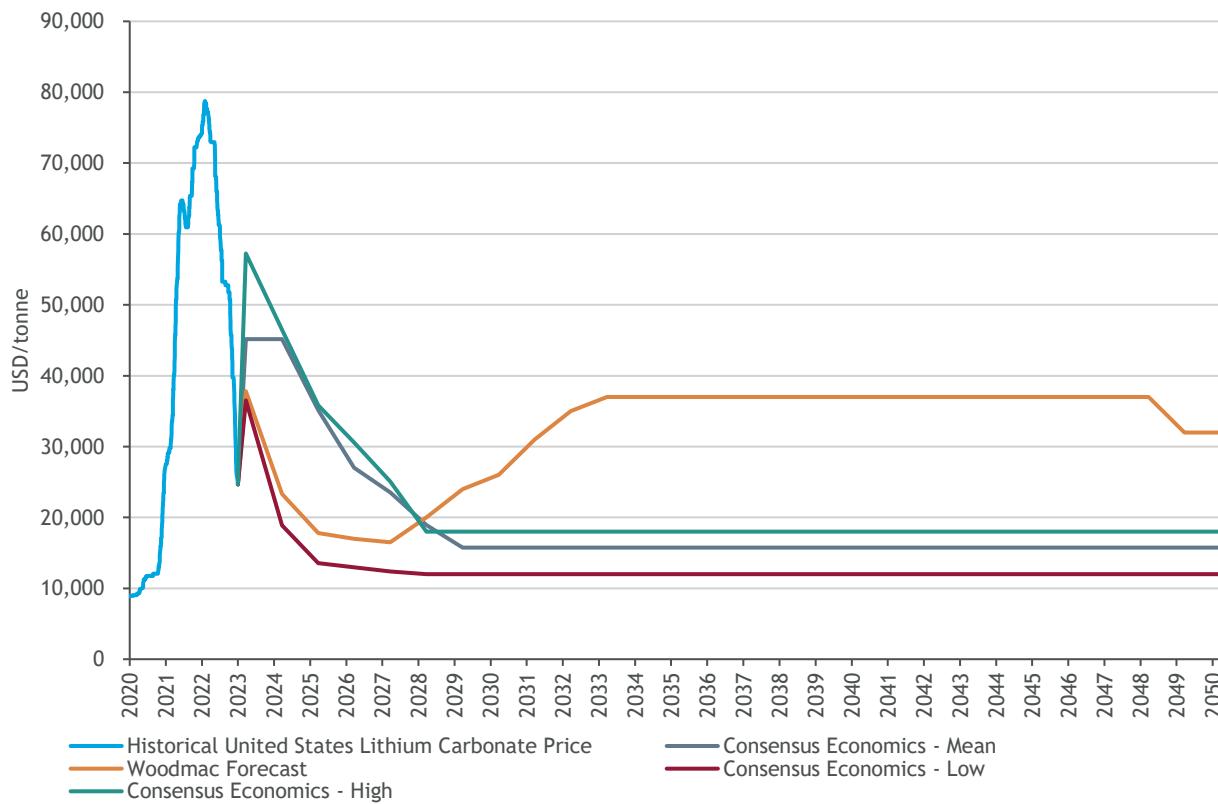
- ▶ Recent independent expert's reports (which apply control premiums in the range of 20% to 40%);
- ▶ Various industry and academic research, which suggests that control premiums are typically within the range of 20% to 40%;
- ▶ Our own research on control premiums implied by the trading data of ASX listed companies. The average and median control premium found in our research are approximately within the range of 20% and 40%, based on one-day, one-week, and one-month prior trading prices;
- ▶ Various valuation textbooks; and
- ▶ Industry practice.

Having regard to the information set out above, in our view, it is appropriate to consider control premiums within the range of 20% to 40% for the purposes of assessing the Proposed Transaction within the context of this Report.

APPENDIX B: COMMODITY PRICE FORECASTS

Lithium prices have been historically volatile and research findings indicate there is a high level of uncertainty regarding the future demand and supply of lithium, resulting in differing views on long term price forecasts. The graph below summarises the commodity prices that we have considered in our valuation work.

Figure A.1: Historical Battery Grade Lithium Prices and Forecast Prices (in Real Terms)¹



Source: Consensus Economics September (Survey date: 18 September 2023), WoodMac, BDOCF Analysis

1 The contributors to the Consensus Economics price forecasts are RBC Capital Markets, UBS, Liberum Capital, BoA Securities and Morgan Stanley

APPENDIX C: COMPARABLE LISTED COMPANIES AND PRECEDENT TRANSACTION ANALYSIS

This section sets out information in relation to the companies and transactions we consider broadly comparable to LPI/ the Maricunga Project. The information set out below includes a summary of information that we have considered and the assumptions that we have adopted. This section is set out as follows:

- ▶ Section C.1 summaries a variety of metrics for the listed companies we consider broadly comparable to LPI/ the Maricunga Project in addition to providing an overview of each company; and
- ▶ Section C.2 summaries a variety of metrics, multiples and descriptions of transactions we consider broadly comparable to LPI/ the Maricunga Project.

C.1 Broadly Comparable Listed Companies

Table C.1 and C.2 below sets out the metrics and descriptions of companies we consider broadly comparable to LPI (i.e. the Maricunga Project).

Table C.1: Broadly Comparable Listed Companies

Company name	Main Lithium Deposit Type	Stage	Enterprise Value ¹ (AU\$ millions)	Resources (Mt LCE)	Implied Resource Multiple
Lithium Energy Limited	Brine	Pre-Development	61.69	3.26	18.92
Argosy Minerals Limited	Brine	Development	287.15	0.35	820.03
Galan Lithium Limited	Brine	Pre-Development & Development	267.85	7.25	36.92
Lake Resources NL	Brine	Pre-Development	204.15	10.60	19.26
Power Minerals Limited	Brine	Pre-Development	25.81	0.71	36.25
Average			169.33	4.44	186.28
Median			204.15	3.26	36.25
Min			25.81	0.35	18.92
Max			287.15	10.60	820.03

Source: Lithium Energy Limited Presentation 'Scoping Study Presentation - Solaroz Lithium Project' (dated October 2023), Argosy Minerals Limited Investor Presentation 'Macquarie Critical Minerals Forum' (dated June 2023), Galan Lithium Limited Progress Report 'HMW Project Resource Increases to 6.6Mt LCE @ 880mg/L Li' (dated May 2023) and 'Excellent Preliminary Economic Assessment Results for Candelas Project in Catamarca, Argentina (dated November 2021), Lake Resources N.L Progress Report 'Lake Resources JORC Update Increases Measured and Indicated Resource by 250% for its Flagship Kachi Project' (dated November 2023), Power Minerals Limited Progress Report 'Major JORC Mineral Resource at Salta Lithium Project Update' (dated November 2022), Capital IQ (as at 22 November 2023), BDOCF Analysis

1 We have calculated enterprise value as market capitalisation (including a 30% control premium) + total debt + preferred stocks + minority interest - cash. We have applied a control premium of 30% to the market capitalisation input (refer Appendix A for additional discussion on control premium) of the comparable listed companies as the value of the Maricunga Project has been calculated on a controlling interest basis.

Table C.2: Descriptions of Broadly Comparable Listed Companies

Company Name	Country of Incorporation	Classification	Business Description
Lithium Energy Limited	Australia	Diversified Metals and Mining	Lithium Energy Limited, a battery minerals company, engages in the exploration, evaluation, and development of lithium and graphite mineral properties in Australia and Argentina. Its flagship projects are the Solaroz Lithium Brine project that consists of mineral concessions covering an area of approximately 12,000 hectares located in Argentina; and the Burke Graphite project, which consists of 2 exploration permits covering an area of approximately 26 square kilometres located in the Cloncurry region in North Central Queensland, Australia. Lithium Energy Limited was incorporated in 2021 and is headquartered in West Perth, Australia.
Argosy Minerals Limited	Australia	Diversified Metals and Mining	Argosy Minerals Limited engages in the exploration and development of lithium projects in Argentina and the United States. Its flagship project is the Rincon lithium project that covers an area of approximately 2,794 hectares of mining concessions located within the Salar del Rincon in Salta Province, Argentina. The company was incorporated in 2010 and is headquartered in Perth, Australia.
Galan Lithium Limited	Australia	Diversified Metals and Mining	Galan Lithium Limited acquires, explores for, evaluates, and develops mineral projects. The company primarily explores for lithium and other deposits. It holds 100% interests in the Hombre Muerto West project that comprises seven concessions covering an area of approximately 11,600 hectares located in the Catamarca province in Argentina; and the Candelas comprises fourteen exploration permits project covering an area of 24,072 hectares located in the Catamarca province, Argentina. The company also holds 80% interest in the Greenbushes South lithium project covering an area of approximately 315 square kilometres located to the south of the Greenbushes mine. The company was formerly known as Dempsey Minerals Limited and changed its name to Galan Lithium Limited in August 2018. Galan Lithium Limited was incorporated in 2011 and is based in West Perth, Australia.
Lake Resources NL	Australia	Diversified Metals and Mining	Lake Resources NL explores for and develops lithium brine projects in Argentina, Australia, and the United States. The company's flagship project is the Kachi lithium brine project located in Catamarca province, Argentina. It also explores for minerals. Lake Resources NL was incorporated in 1997 and is based in Sydney, Australia.

Company Name	Country of Incorporation	Classification	Business Description
Power Minerals Australia Limited		Diversified Metals and Mining	<p>Power Minerals Limited engages in the exploration and development of mineral projects in Australia and Argentina. It primarily explores for lithium, copper, nickel, cobalt, platinum group elements, gold, kaolin, halloysite, and rare earth deposits. The company holds 100% interest in the Salta Lithium Brine project that comprises seven granted mining leases covering an area of 145.29 square kilometres located in Salta Province, Argentina; and the Musgrave project that consists of two exploration licenses and eight exploration license applications covering an area of 14,003 square kilometres located in the Musgrave Province, South Australia. It also holds interests in the Eyre Peninsula Kaolin project that consists of three exploration licenses covering an area of 1,413 square kilometres located in South Australia; and the Santa Ines copper-gold project that consists of four mining leases covering 61.4 square kilometres located in Argentina. The company was formerly known as PepinNini Minerals Limited and changed its name to Power Minerals Limited in June 2022. Power Minerals Limited was incorporated in 2002 and is based in Kent Town, Australia.</p>

Source: Capital IQ

C.2 Broadly Comparable Transactions

Table C.3 and C.4 below sets out the metrics and descriptions of transactions we consider broadly comparable to LPI (i.e. the Maricunga Project).

Table C.3: Broadly Comparable Transactions

Company name	Main lithium deposit type	Stage	Enterprise value (AU\$ millions)	Resources (Mt LCE)	Implied Resource Multiple
Neo Lithium	Brine	Pre-Development	770.00	7.63	100.92
Litheia Inc	Brine	Development	962.00	11.06	86.98
Rincon Mining	Brine	Pre-Development	825.00	8.34	98.94
Average			852.33	9.01	95.61
Median			825.00	8.34	98.94
Min			770.00	7.63	86.98
Max			962.00	11.06	100.92

Source: Neo Lithium's Feasibility Study 3Q Project (dated November 2021), Lithea Inc's Preliminary Economics Assessment - Pozuelos and Pastos Grades Project (dated January 2019), Rincon Mining's Lithium Project Overview (dated May 2018), Capital IQ (as at 22 November 2023), BDOCF Analysis.

Table C.4: Business Descriptions of Broadly Comparable Transactions

Company Name	Country Of Incorporation	Classification	Business Description
Neo Lithium Corp	Canada	Diversified Metals and Mining	<p>Neo Lithium Corp., a lithium brine exploration company, engages in the exploration and development of resource properties. It explores for lithium deposits. It owns a 100% interest in the Tres Quebradas (3Q) project covering an area of approximately 35,000 hectares, including a salar complex of approximately 16,000 hectares located in Catamarca Province, Argentina. Neo Lithium Corp. was incorporated in 2016 and is headquartered in Toronto, Canada. As of 25 January 2022, Neo Lithium Corp. operates as a subsidiary of Zijin Mining Group Company Limited.</p>
Litheia Inc	Argentina	Diversified Metals and Mining	<p>Litheia Inc. is based in Salta, Argentina and is the owner of the Pozuelos and Pasto Grandes lithium development projects. The Pozuelos and Pasto Grandes projects cover a total area of 13,970ha, of which Pozuelos accounted for 10,787ha representing the entirety of the salar. The tenements on Pasto Grandes represented 2,683ha and accounted for approximately one-third of the total area of the salar, the balance being held by Lithium Americas. As per the transaction announced on July 11, 2022, Lithea Inc. operates as a subsidiary of GFL International Co., Ltd.</p>
Rincon Mining Pty Limited	Australia	Diversified Metals and Mining	<p>Rincon Mining Pty Limited engages in the mining of lithium. The company was incorporated in 1999 and is based in South Yarra, Australia. Rincon Mining is the owner of the salar del Rincon lithium project in Argentina. Salar del Rincon is a large salar, in excess of 400 square kilometres, with a halite zone covering an area of approximately 253 square kilometres. Rincon Mining owns tenements covering essentially the full extent of the halite zone, plus surrounding tenements extending across the alluvial fan areas. Rincon Mining Pty Limited operates as a subsidiary of Rio Tinto Group (ASX:RIO).</p>

Source: Capital IQ

APPENDIX D: INDEPENDENT TECHNICAL EXPERT'S REPORT - BDA REPORT

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ABN 62 065 713 724

27 November 2023

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Mr Andrew Phillips
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Dear Sirs

INDEPENDENT TECHNICAL SPECIALIST REPORT FOR BDO CORPORATE FINANCE
MARICUNGA LITHIUM BRINE PROJECT, CHILE
LITHIUM POWER INTERNATIONAL LTD
BEHRE DOLBEAR AUSTRALIA PTY LIMITED

1.0 INTRODUCTION

BDO Corporate Finance Limited (“BDO”) has been appointed by Lithium Power International Limited (“LPI” or “the Company”) to prepare an Independent Expert’s Report (“IER”) in relation to LPI preparing to enter into a scheme implementation agreement to transfer all the outstanding shares in the Company to Corporación Nacional del Cobre de Chile (“Codelco”) (‘the Proposed Transaction’). The IER will provide an opinion to LPI shareholders of whether the Proposed Transaction is, or is not, fair and reasonable to, and in the best interest of, LPI shareholders.

LPI owns 100% of the shares in Minera Salar Blanco S.A. (“MSB”), the 100% owner of the Maricunga Lithium Brine Project (“Maricunga” or “the project”) located in northern Chile (Figure 1). LPI holds no other project assets.

BDO has commissioned Behre Dolbear Australia Pty Limited (“BDA”) to prepare an Independent Technical Specialist Report (“ITSR”) to accompany the IER, to provide technical background on the Maricunga project and to provide technical input to BDO in its assessment of the transaction. As part of this assessment, BDO will determine the value of the mining rights held by LPI and MSB in relation to the Maricunga project and BDA will assist with a review of the technical inputs to BDO’s valuation model.

Maricunga Project, Chile

The Maricunga project lies adjacent to the Chile-Argentina Highway 31 in northern Chile, 170 kilometres (“km”) northeast of Copiapo and 250km from the port of Caldera (Figure 2). The project consists of a brine resource with relatively high brine grades, high flow rate characteristics and high drainable porosity and permeability.

The project is comprised of 10 mining concessions in the northern part of Salar de Maricunga (Atacama region) in Chile. The project’s mining tenements consist of the four ‘Old Code’ Concessions (“OCC”) totalling 1,125 hectares (“ha”), which were constituted under the 1932 Chilean Mining Law and do not require a special operating licence (*Contrato Especial de Operación de Litio* - “CEOL”) to produce lithium, and the Litio 1-6 concessions (totalling 1,438ha), which were constituted under the 1979 Chilean Mining Code (“NCCs”) and which require a CEOL for future exploitation (Figure 3). In addition, 19 Blanco NCCs (totalling 5,190ha) lie some 3-8km north of the salar and are to be used for the project infrastructure, evaporation ponds and processing facilities.

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Lithium Power International

Figure 1

BDA - 232 (01) - October 2023

LPI PROJECT LOCATION MAPS

Behre Dolbear Australia Pty Ltd

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Lithium Power International

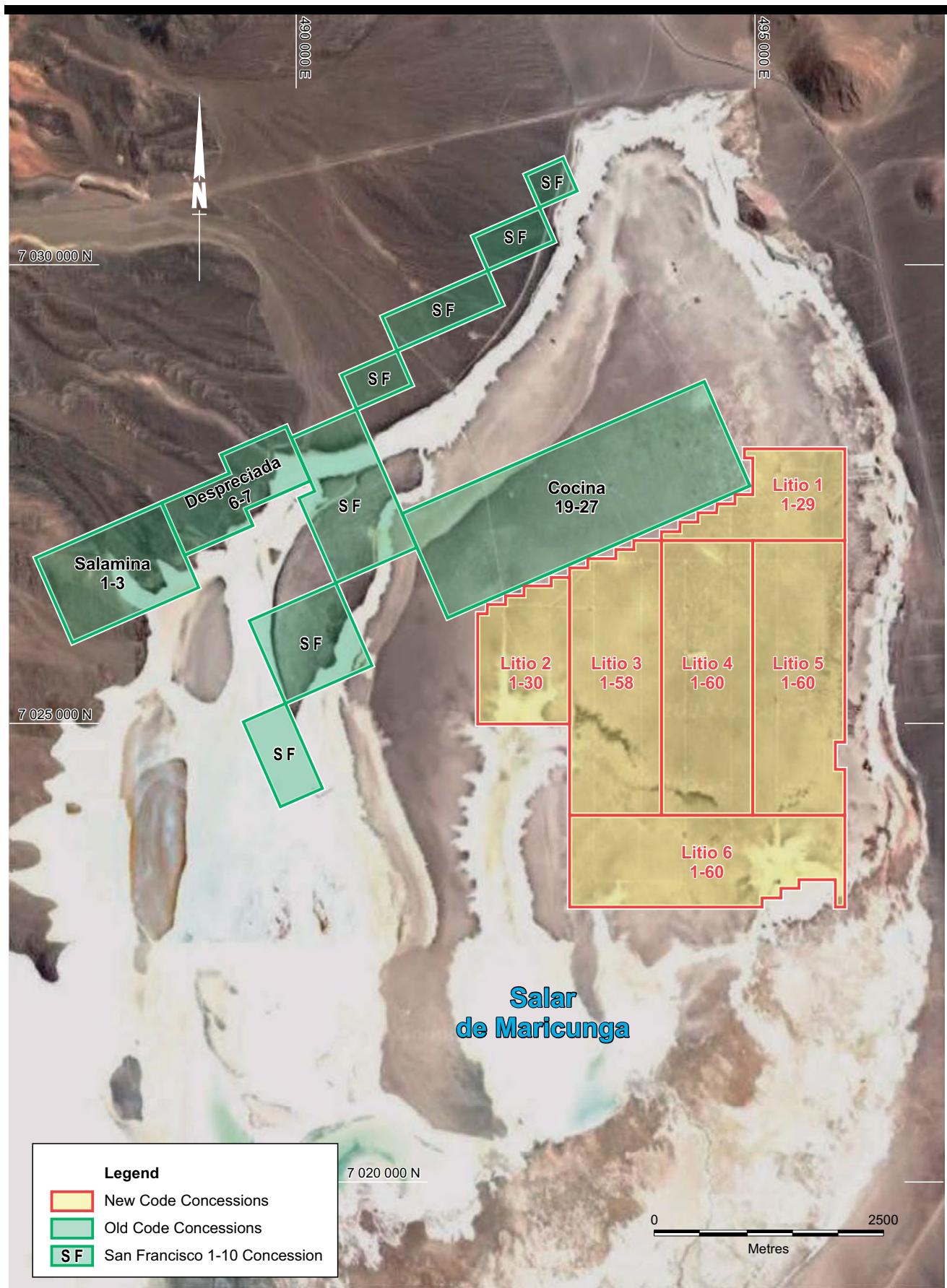
Figure 2

BDA - 232 (01) - October 2023

MARICUNGA PROJECT LOCATION MAP

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Lithium Power International

Maricunga Lithium Brine Project

Figure 3

BDA - 232 (01) - October 2023

MARICUNGA TENEMENT LAYOUT PLAN

Behre Dolbear Australia Pty Ltd

The current Mineral Resource estimate for the deposit totals 2.88 million tonnes (“Mt”) of contained lithium carbonate equivalent (“LCE”) from surface to 400 metres (“m”) depth across the OCC tenements and from surface to 200m across the NCC tenements (Figure 3). The brines remain lithium-enriched at depth and there is potential for resource expansion down to an estimated basement depth of around 550m.

In a 2017/18 test programme, Maricunga brine was concentrated in pilot solar evaporation ponds at the Maricunga site for almost 12 months, and subsequently treated at the GEA laboratory (part of the GEA Group) in Duisburg, Germany in February 2018, to precipitate and purify lithium carbonate suitable for a battery grade product. The process route used was based on conventional technology following similar process routes to the lithium carbonate produced in Chile by Albemarle Corporation (“Albemarle”) and Sociedad Química y Minera Chile (“SQM”) at the nearby Salar de Atacama projects. The purity of the product was above 99.4%.

In January 2019, LPI published a Technical Report NI 43-101 DFS on the Maricunga project. It followed the release of a preliminary economic assessment (“PEA”) in early 2017 and was based on the 2018 compliant Mineral Resource estimate. The 2019 DFS was supported by the project’s combined lithium resources from all mining concessions (OCC and NCC Litio 1–6). It envisaged production of 20,000 tonnes per annum (“tpa”) of lithium carbonate (“Li₂CO₃”) over 20 years.

The project’s Environmental Impact Assessment (“EIA”) was approved in February 2020.

The company released an updated DFS for its “Stage One” project in January 2022. LPI published an updated Technical Report NI 43-101 DFS for the Stage One project based only on the resources underpinned by the OCC tenements, supporting a production of 15,200tpa of lithium carbonate over 20 years.

While the reduced footprint (1,125ha for OCC vs 2,563ha for all tenements) results in a smaller scale project, it significantly lowers licensing and execution risks. The remaining concessions Litio 1-6, represent a significant expansion potential subject to obtaining the required permits.

Behre Dolbear Australia (BDA)

Behre Dolbear Australia (BDA) is a mineral industry consulting group, specialising in independent due diligence reviews, valuations and technical reviews of resources and reserves, mining and processing operations, environmental and social aspects, project feasibility studies, and Independent Engineer work on project development, construction, and certification. BDA specialises in review and due diligence work for companies and financial institutions.

BDA is typically engaged to undertake independent expert reviews and valuations, to provide advisory services and to monitor a company’s or financial institution’s interests through the design, construction, commissioning, ramp-up and operational phases of a project and to undertake Completion Test certification on their behalf.

The parent company, Behre Dolbear and Company Inc. has operated continuously as a mineral industry consultancy since 1911, and has offices or agencies in Denver, New York, Toronto, Vancouver, London, Hong Kong and Santiago, as well as Sydney. Behre Dolbear has over 60 Associates and Consultants covering a wide range of technical expertise and with experience in most parts of the world. BDA is the Australian affiliate and was founded in 1994. BDA operates independently, using primarily Australian-based consultants, but using overseas specialists and engineers from other Behre Dolbear offices where appropriate.

BDA’s expertise covers geology, resources, reserves, mining, processing, infrastructure, environmental and community, operating and capital costs and financial studies. BDA has undertaken numerous mining-related studies, valuations, and Independent Engineer assignments in recent years.

In preparing this ITSR, BDA has used a senior experienced team of specialists, as detailed in Section 7 of this report. The BDA Associates listed have extensive experience in geology, resources, reserves, mining, processing, infrastructure and environmental aspects and have worked previously on both hard rock lithium and salar brine lithium projects. BDA has wide experience of similar reviews for corporate transactions and is well-qualified to undertake the work required and has no conflict of interest in undertaking the assignment.

With respect to the ITSR task, BDA visited the Maricunga project in June 2022 in accordance with ASIC guidelines (including RG 111 Content of Expert Reports and RG 112 Independence of Experts) and the VALMIN Code. BDA has reviewed detailed documentation and recent flyover and drone footage to ensure a full understanding of the current status of the Maricunga project. LPI has advised that nothing has changed on site since the BDA June 2022 visit so a follow-up visit was not considered necessary for this updated report. In BDA’s opinion, all possible efforts have been made to fully comply with VALMIN Code and guidelines.

BDO has requested that BDA provide:

- BDA's view of the appropriate physical assumptions, operating costs and capital costs to be used for a discounted cash flow valuation of the Stage 1 Maricunga project (OCC tenements)
- BDA's view of the value of the resources contained in the new tenements (NCC) and any other exploration potential that could be included in resources feeding an extended Life of Mine ("LOM") plan.

BDA's scope of work involved review of the following project components:

- geology – data collection, resource and reserve estimates, exploration results
- mining – LOM plans, production schedules, wellfield and hydrological factors
- metallurgy – testwork, process design and process performance, metallurgical recoveries
- infrastructure – power, water, transport, site access, product handling logistics
- environmental and social issues, tenement status and project approvals status
- capital and operating cost estimates and financial model inputs
- consideration of evidence from broadly comparable transactions.

BDA has prepared this Independent Technical Specialist Report for BDO, based on the information provided, site visit to the Maricunga project and detailed discussions with project manager.

Resources and reserves have been reviewed in accordance with Australian industry standards and for compliance with the Code and Guidelines for Reporting of Identified Mineral Resources and Ore Reserves – Joint Ore Reserve Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia – December 2012 (the JORC Code). The report has been prepared in keeping with the VALMIN Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005 and 2015.

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2.0 EXECUTIVE SUMMARY

2.1 Overview

This Independent Technical Specialist Report (ITSR) provides a description and overview of the production estimates and capital and operating cost projections and potential for LOM extensions for the Maricunga project based on the most recent feasibility study estimates. A brief description of the Maricunga project is provided below, together with a more detailed review of the project in Section 5.

The Stage 1 Maricunga project has production and costs that can be reasonably well estimated, enabling financial modelling of the project's expected cashflows; this project has been valued by BDO, and BDA has advised BDO regarding the technical inputs to the model. For any residual Maricunga resources not captured in the expected cash flows, BDO has requested that BDA provide an assessment of value considering alternative exploration valuation methodologies.

A summary of project valuations is given in Section 2.4 below, with a discussion of valuation methodologies used provided in Section 3.

2.2 Maricunga Assets

The Maricunga project is wholly owned by Minera Salar Blanco S.A (MSB), itself wholly owned by LPI, and is a lithium brine development project located on the north side of the Salar de Maricunga in the Atacama Region of northern Chile, part of the “lithium triangle” encompassing parts of Chile, Argentina and Bolivia (Figures 1 and 2).

Northern Chile is predominantly an area of interior drainage that contains lithium brine resources in deposits known as salares or salars, which are endorheic (closed) basins located in high altitude desert environments where groundwater containing dissolved minerals accumulates and concentrates by evaporation to form concentrated brine solutions, enriched in various metal ion species, especially lithium and potassium.

The project is located 170km northeast of Copiapo in the III Region of northern Chile at an altitude of 3,750 metres above sea level (“masl”). The project covers 1,125 hectares (“ha”) of mineralised ground in Salar de Maricunga, 100ha immediately northeast of the salar covering the exploration camp and evaporation test facilities, and an additional 1,800ha located eight kilometres north of the salar designated for the construction of evaporation ponds, and process plant facilities (Figure 4).

MSB completed an initial feasibility study for the original Maricunga Project, then named the Blanco Project, in 2019 (2019 DFS) based on brine production from all concessions (OCC and NCC (Litio 1-6)) (Figure 3) to 200m depth with 20,000tpa proposed LCE production capacity. A NI 43-101 Technical Report: Definitive Feasibility Study Update (“2022 DFS”) was issued in January 2022 for the Stage One project based on brine production only from the OCC (to a depth of 400m) to support an average of 15,200tpa of LCE mining and processing facilities over a 20-year mine-life. Environmental permit approval was received in February 2020 for this Stage One project development.

Capital costs to bring the Stage One Maricunga project into production are estimated at US\$621.4 million (“M”). Total life-of-mine capital costs including deferred and sustaining capital costs are estimated at US\$681.1M. Operating costs were estimated at US\$3,718/t LCE, not including credits from any potassium chloride by-product.

2.3 Valuation Summary

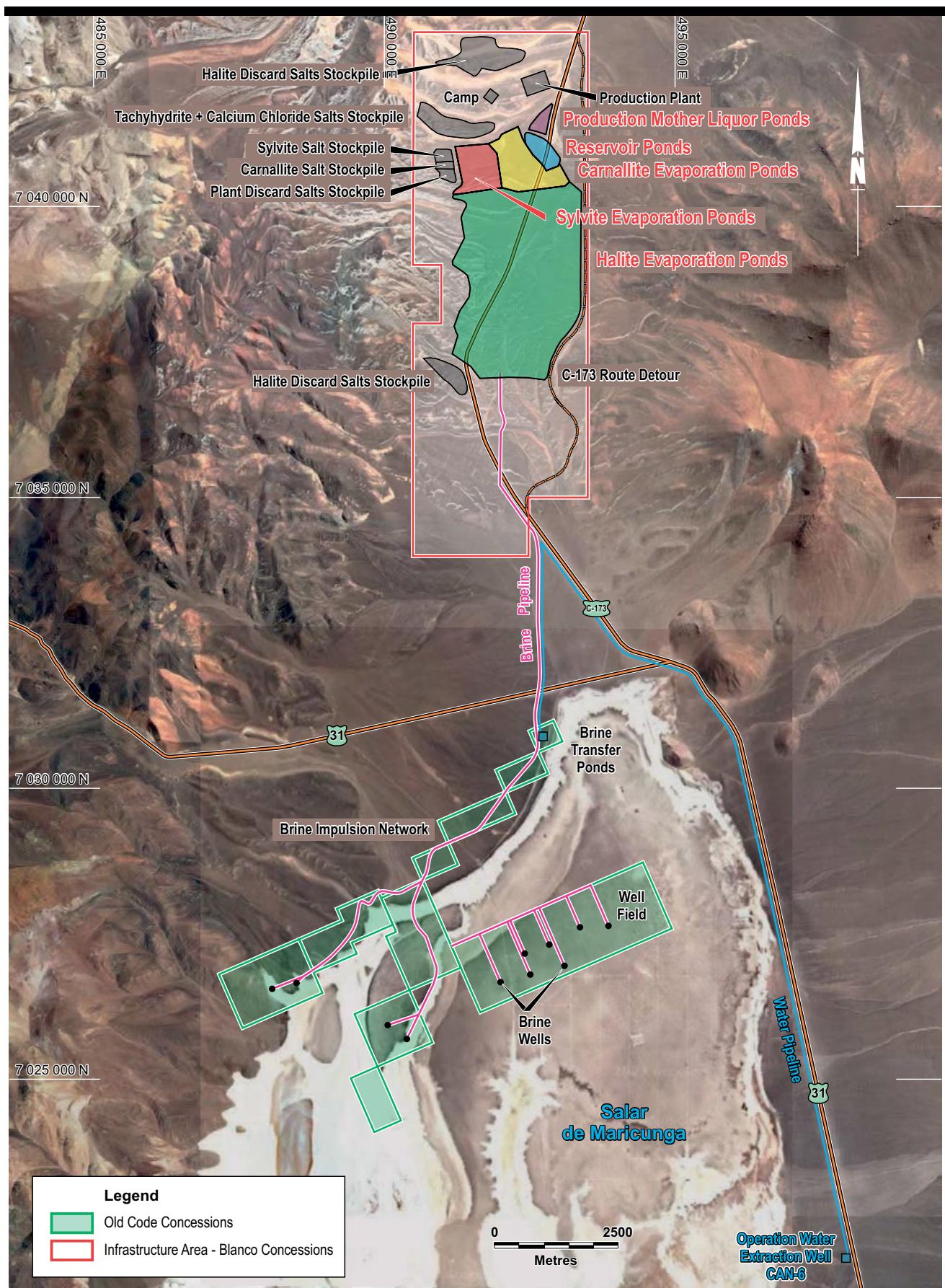
Details of the valuation methodologies considered are given in Section 3 of this report, Valuation Methodology. Details of the valuations adopted are provided in Section 7, Valuation Discussion.

BDO has determined a value for the Maricunga project, and this valuation is discussed in the BDO Independent Expert Report (IER). BDA has determined a valuation methodology for the additional mineral assets or exploration potential, as summarised in Table 2.1.

Maricunga is an advanced development project and value is best estimated by consideration of the net present value of the forecast discounted cash flows derived from the LOM plan. BDA has advised BDO on the technical inputs to the model including the LOM plan parameters and assumptions.

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Lithium Power International

Maricunga Lithium Brine Project

Figure 4

MARICUNGA (STAGE ONE) SITE LAYOUT PLAN

The BDO discounted cashflow valuation of the Maricunga project is based on the Stage One project. The Maricunga project has potential for significant extensions to the Stage One mine life, including development of the New Code Concessions (NCC) and extraction of deeper brines within the basin. BDA has considered the additional expansion and exploration potential of the project and has considered what value might be ascribed to this potential by a willing and knowledgeable buyer. BDA has discussed with BDO realistic extension scenarios as a guide to the valuation of the additional exploration potential.

Table 2.1
Valuation Summary of LPI Projects and Exploration Potential (100% Basis)

Property	Valuation (A\$M)			Comments
	Low	Most Likely	High	
Maricunga Lithium Brine Project				
Proposed operation based on existing Stage 1 reserves and LOM plan	See IER	See IER	See IER	Assessed by BDO with technical input from BDA
Potential for extension of mine life from Litio 1-6 tenements	See IER	See IER	See IER	Additional 20 years of mine life incorporated in BDO assessment based on technical advice from BDA
Maricunga additional exploration potential	-	-	-	Fully encapsulated in the additional mine life incorporated in BDO's assessment

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3.0 VALUATION METHODOLOGY

3.1 Effective Date

The effective date for the valuation is the date of this report. The project schedule tables in this report show annual forecasts from 30 September 2023.

3.2 Standards and Procedures

This report has been prepared in keeping with the VALMIN Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005 and 2015. Mineral Resource and Ore Reserve estimation procedures and categorisations have been reviewed in terms of the JORC Code, 2012.

3.3 Valuation Principles

As a general principle, the fair market value of a property as stated in the VALMIN Code is the amount a willing buyer would pay a willing seller in an arm's length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

3.4 Valuation Methods

There is no single method of valuation which is appropriate for all situations. Rather, there are various methods, all of which have some merit and are more or less applicable depending on the circumstances. The following are appropriate items to be considered:

- discounted cash flow
- amount an alternative acquirer might be willing to offer
- the amount which could be distributed in an orderly realisation of assets
- the most recent quoted price of listed securities
- the current market price of the asset, securities or company.

The *discounted cash flow* or net present value method is generally regarded as the most appropriate primary valuation tool for operating mines or mining projects close to development. Valuing properties at an earlier stage of exploration where Ore Reserves, mining and processing methods, and capital and operating costs, are yet to be fully defined, often involves the application of alternative methods. The methods generally applied to exploration properties or projects at an early stage of development are the *comparable transaction* method, the value indicated by *alternative offers* or by *joint venture terms*, the *past expenditure* method and the *Geoscientific or Kilburn* method. *Yardstick values* based on metal in resources or reserves can be derived and used for both mining and exploration properties. *Yardsticks* based on tenement areas can be used for earlier stage exploration prospects. Under appropriate circumstances values indicated by *stock market valuation* should be taken into account as should any *previous independent valuations* of the property.

The valuation methods considered are briefly described below.

Net Present Value (NPV)

If a project is in operation, under development, or at a final feasibility study stage, and Mineral Resources and/or Ore Reserves, mining and processing recoveries and capital and operating costs are well defined, it is generally accepted that the net present value of the project cash flows is a primary component of any valuation study. This does not imply that the fair market value of the project necessarily is the NPV, but rather that the value should bear some defined relationship to the NPV.

If a project is at the feasibility study stage, additional weight has to be given to the risks related to uncertainties in costs and operational performance, risks related to the ability to achieve the necessary finance for the project, risks related to granting of licences or permits, environmental and community aspects, political or sovereign risk and sometimes a lower degree of confidence in the reserves and recoveries. In an ongoing operation, many of these items are relatively well defined.

The NPV provides a technical value as defined by the VALMIN Code. The fair market value could be determined to be at a discount or a premium to the NPV due to other market or risk factors. BDO has requested assistance in relation to key operating assumptions set out in the discounted cashflow model in respect of the Stage 1 Maricunga project. The project is well advanced, pump testing and pilot scale process testing have been carried out, and capital and operating costs have been estimated. BDA considers that the project is sufficiently well defined to enable a discounted cashflow analysis to be carried out and has advised BDO on the reasonableness of the underlying assumptions.

There is potential for some extension to the mine life at Maricunga and BDA considers that a willing and knowledgeable buyer would take such factors into account. In appropriate circumstances, the NPV method can be applied to the valuation of such future potential, where prospects are adjacent to an existing mining operation or represent extensions to the current operation, and there is a reasonable likelihood that mineralisation delineated within these properties could provide a future source of feed to the existing plant. In purchasing such a property, a willing and knowledgeable buyer would be mindful of the opportunity of exploiting such mineralisation.

The Stage One Maricunga project already has a long potential mine life, nevertheless the potential for further extension is likely to have a material impact on the valuation of the project. In BDA's opinion, it is appropriate to consider the potential for further extensions of mine life beyond the currently defined Stage One LOM plan and consider what value this potential adds to the project, as this is the process which would be undertaken by a willing and knowledgeable buyer.

Alternative Valuation Methods

Comparable Transactions

Recent comparable transactions can be relevant to the valuation of projects and tenements. While it is acknowledged that it can be difficult to determine to what extent the properties and transactions are indeed comparable, unless the transactions involve the specific parties, projects or tenements under review, this method can provide a useful benchmark for valuation purposes. The timing of such transactions must also be considered as there can be substantial changes in value with time.

BDO and BDA have considered whether, in recent years, there have been any comparable relevant transactions that could be used as a basis for estimation of the LPI's mineral assets.

Rules of Thumb or Yardsticks

Certain industry ratios are commonly applied to mining projects to derive an approximate indication of value. The most commonly used ratios relate to gold projects and comprise dollars per ounce of gold in resources or dollars per ounce of gold in reserves, but similar ratios are also estimated and quoted for contained lithium in resources or reserves or per hectare of prospective ground. The ratios used commonly cover a substantial range which is generally attributed to the 'quality' of the potential resource or reserve. Contained metal which can be produced at low cost is clearly worth more than a high-cost source. Where a project has substantial future potential not yet reflected in the quoted resources or reserves, a ratio towards the high end of the yardstick range may be justified.

BDA has considered relevant lithium yardstick values and the application of these to provide a guide to the value of LPI's projects.

Alternative Offers and Joint Venture Terms

If discussions have been held with other parties and offers have been made on the projects or tenements under review, then these values are certainly relevant and worthy of consideration. Similarly, joint venture terms where one party pays to acquire an interest in a project or spends exploration funds in order to earn an interest, may also provide an indication of value. BDA has considered whether there are any relevant recent offers or joint ventures which might provide a guide to assessing a value for LPI's projects. BDA has also considered the extent to which such transactions are at arm's length, or whether some involve related parties, and therefore may not provide an appropriate guide to an arm's length transaction.

Past Expenditure

Past expenditure, or the amount spent on exploration of a tenement is commonly used as a guide in determining the value of exploration tenements, and 'deemed expenditure' is frequently the basis of joint venture agreements. The assumption is that well directed exploration has added value to the property. This is not always the case and exploration can also downgrade a property and therefore a 'prospective enhancement multiplier' (PEM), which commonly ranges from 0.5-3.0, is applied to the effective expenditure or to the original acquisition cost or deemed valuation. The selection of the appropriate multiplier is a matter of experience and judgement. To eliminate some of the subjectivity with respect to this method, BDA typically applies a scale of PEM ranges as follows to the exploration expenditure:

- PEM 0.5 - 0.9 Previous exploration indicates the area has limited potential
- PEM 1.0 - 1.4 The existing (historical and/or current) data consists of pre-drilling exploration and the results are sufficiently encouraging to warrant further exploration
- PEM 1.5 - 1.9 The prospect contains one or more defined significant targets warranting additional exploration
- PEM 2.0 - 2.4 The prospect has one or more targets with significant drill hole intersections

- PEM 2.5 - 2.9 Exploration is well advanced and infill drilling is required to define a resource
- PEM >3.0 A resource has been defined but a (recent) pre-feasibility study has not yet been completed.

BDA has considered whether exploration expenditure is relevant in determining a value for LPI's projects.

Geoscientific Method

In an attempt to introduce a more systematic way of valuing exploration properties, the Kilburn or Geoscientific method was developed, which commences with the base acquisition cost ("BAC") being the cost to acquire and maintain a unit area (square kilometre or hectare) for one year including statutory fees and minimum expenditure commitments. The base cost is then factored sequentially by four technical factors, Off-Property, On-Property, Anomaly and Geological, with factors for each ranging from 0.1 to 5.0. BDA has considered whether the Geoscientific method is relevant in assessing a value for LPI's projects.

Prospectivity

Over-riding any mechanical or technical valuation method for exploration ground must be recognition of prospectivity and potential, which is the fundamental value in relation to exploration properties, and this has been considered in BDA's valuation of the projects.

Market Valuation

On the fundamental definition of value, as being the amount a knowledgeable and willing buyer would pay a knowledgeable and willing seller in an arm's length transaction, it is clear that due consideration has to be given to market capitalisation. In the case of a one project company or a company with one major asset, the market capitalisation gives some guide to the value that the market places on that asset at that point in time, (with suitable adjustments for a control premium and other assets and liabilities), although certain sectors may trade at premiums or discounts to net assets, reflecting a view of future risk or earnings potential. Commonly however a company has several projects at various stages of development, together with a range of assets and liabilities, and in such cases, it is difficult to define the value of individual projects in terms of the share price and market capitalisation.

Other Expert Valuations

Where other independent experts or analysts have made recent valuations of the same or comparable properties these opinions clearly need to be reviewed and to be taken into consideration. BDA has inquired of LPI whether any other recent valuations of the Company or its assets have been undertaken.

Special Circumstances

Special circumstances of relevance to mining projects or properties can have a significant impact on value and modify valuations which might otherwise apply. Examples could be:

- *environmental risks* - which can result in a project being subject to extensive opposition, delays and possibly refusal of development approvals
- *local population or indigenous peoples/land rights issues* - projects in areas subject to claims from indigenous peoples or traditional landowners can experience prolonged delays, extended negotiations or veto
- *country issues* - the location of a project can significantly impact on the cost of development and operating costs and has a major impact on perceived risk and sovereign risk
- *technical* - issues peculiar to an area or orebody such as geotechnical or hydrological conditions, or metallurgical difficulties could affect a project's economics.

We have considered, and have inquired of LPI, whether any such factors apply to the projects and prospects under review.

4.0 SOURCES OF INFORMATION

BDA has undertaken a site visit to the Maricunga project in northern Chile in early June 2022. Meetings have been held with LPI and MSB management and technical staff and consultants. BDA's report is based on the site visit and reviews of the available documentation and reports provided by LPI. The principal reports and documents reviewed are listed below:

Public Information

- LPI Quarterly Reports 2022 and Q1 and Q2 2023
- Australian Stock Exchange and Press Announcements 2021, 2022 and 2023 for LPI
- LPI to Consolidate 100% Ownership of Maricunga Lithium Brine Project - ASX 22 June 2022, LPI
- LPI – The New Chile National Lithium Policy – ASX 24 April 2023
- LPI Presentation – Chile's Next Sustainable Lithium Producer – ASX 20 June 2023
- LPI - Maricunga Lithium Brine Project Status – ASX 17 July 2023
- LPI enters into binding scheme implementation deed with Codelco – ASX 18 October 2023

Maricunga Project Reports

- NI 43-101 Technical Report, Definitive Feasibility Study of MSB Blanco Lithium Carbonate Project - Worley Parsons. and Flo Solutions, January 2019
- Resolución de Calificación Ambiental (RCA) "Proyecto Blanco", Resolución Exenta N° 0094 - Chilean Environmental Agency, February 2020
- Imagining Tomorrow Chile's next Lithium Brine Project - LPI Presentation, November 2021
- NI 43-101 Technical Report, Definitive Feasibility Study Update, Minera Salar Blanco Lithium Project, Stage 1 - Worley Chile and Atacama Water Consultants, January 2022
- EV Materials, Lithium 1H 22 Higher for Longer - Canaccord Research Report, January 2022
- Minera Salar Blanco Financial Model "*Modelo Económico DFS v9.6 FINAL DFS VH.xlsx*" - Minera Salar Blanco, February 2022
- Minera Salar Blanco Capex Basis of Estimate - Worley Chile, April 2022
- Lithium Power International - Edison Research Report, May 2022
- Minera Salar Blanco Financial Statements - Minera Salar Blanco, June 2023
- Minera Salar Blanco Detailed Budget 2023 BDO - Minera Salar Blanco, October 2023
- Maricunga Financial Model "*Modelo Económico DFS v9.6 FINAL DFS VH.xlsx*" – LPI, October 2023.

General Data

- Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - Report of the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia - December 2012 Edition ("The JORC Code December 2012")
- Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets ("The VALMIN Code 2015 Edition")
- CIM Best Practice Guidelines for Reporting Lithium Brine Resources and Reserves
- Guidelines for Resource and Reserve Estimation for Brines, Association of Mining and Exploration Companies
- Ontario Securities Commission (OSC) Staff Notice 43-704; Mineral Brine Projects and National Instrument 43-101 Standards of Disclosure for Mineral Projects.

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5.0 MARICUNGA PROJECT ASSETS

5.1 Overview and General Description

The Maricunga project is a lithium brine development project located on the north side of Salar de Maricunga in the Atacama Region of northern Chile, part of the “lithium triangle” encompassing parts of Chile, Argentina and Bolivia (Figures 1 and 2). Northern Chile is predominantly an area of interior drainage that contains lithium brine resources in deposits known as salares or salars, which are endorheic (closed) basins located in high altitude desert environments where groundwater containing dissolved minerals accumulates and concentrates by evaporation to form concentrated brine solutions, enriched in various metal ion species, especially lithium and potassium.

The project is located 170km northeast of Copiapó in the III Region of northern Chile (Figure 2) at an altitude of 3,750masl. The project covers 1,125ha of mineralised ground in Salar de Maricunga together with 100ha immediately northeast of the salar comprising the exploration camp and evaporation test facilities, and an additional 1,800ha located eight kilometres north of the Salar for the construction of evaporation ponds and process plant facilities (Figure 4).

MSB completed an initial DFS for the original Blanco Project in 2019 based on brine production from all concessions (OCC and NCC (Litio 1-6)) to 200m depth with a proposed 20,000tpa LCE production capacity. A NI 43-101 Technical Report and Definitive Feasibility Study Update prepared by Worley Chile S.A. (“Worley Chile”) and Atacama Water Consultants (“Atacama”) was issued in January 2022 for the Stage One project based on brine production from the OCC only, with a planned average of 15,200tpa of LCE production over a 20-year mine-life. Approved environmental permits support the Stage One project development.

The Stage One project consists of extracting brine from the Maricunga salar to produce 15,200tpa of lithium carbonate. The Maricunga brines are saturated in sodium chloride, together with significant concentrations of lithium and potassium, and have an average density of 1.2g/cm³ with lithium concentration averaging around 950-1,100mg/L.

The proposed processing steps have been tested on the Maricunga brines and appear reasonable. The brine is low in sulphates and high in calcium that has to be removed before precipitating lithium carbonate. The proposed MSB process steps comprise:

- brine extraction from the well-field
- solar evaporation to concentrate and crystallise various salts
- crystallisation of calcium chloride and calcium magnesium chloride (“tachyhydrite”)
- solvent extraction to remove boron
- addition of lime and sodium carbonate to control magnesium and calcium
- ion exchange to remove remaining impurities before lithium carbonate precipitation.

BDA has reviewed the process flow sheets for Maricunga and found the processing plans and methods to be based on accepted industry standards and appropriate for the project. The estimated recoveries in the proposed process are within calculated ranges for this type of salar chemistry.

5.2 Location

The project is located 170km northeast of Copiapó in the III Region of northern Chile (Figure 2) at an elevation of 3,750masl. The property is centred at approximately 492,000mE, 7,025,000mN (WGS 84 datum UTM Zone 19).

The project is accessed from the city of Copiapó via National Highway 31. Highway 31 is paved for approximately two-thirds of the distance and is a well-maintained gravel surface road thereafter. A 23 kilovolt (“kV”) transmission line runs parallel to the highway. National Highway 31 extends through to Argentina via the Paso de San Francisco. Access to Maricunga from the copper mining city of El Salvador in northern Chile (Figure 2) is via a well-maintained gravel surface highway. Occasional high snowfalls in the mountains may close the highways for brief periods during the winter.

Copiapó is a mining city surrounded by copper and gold mines and industrial areas, including a smelting facility, with an airport serviced by regular internal flights and international flights to Argentina and Bolivia.

No inhabitants live in the vicinity of Salar de Maricunga and the closest communities affected by the project are located in Diego de Almagro where three main indigenous communities are recognised. Diego de Almagro is located to the north of Copiapó and is approximately 160km from the project. The relationship between MSB and

local communities is reported to be positive, and the strategy of the company is to maintain a direct contact and engagement.

The climate at Salar de Maricunga is that of a dry, cold, high-altitude desert, which receives irregular rainfall from storms between December and March and snowfall during the winter months of late May to September. The average annual temperature is 5-6°C, average annual precipitation is estimated at 150mm, and average annual potential evaporation is between 2,100mm and 2,400mm.

5.3 Tenements

MSB holds a portfolio of 10 Mining Concessions overlying resources contained in Salar de Maricunga, comprising both Old Legislation Exploitation Concessions (OCCs) and 1983 New Exploitation Concessions (NCCs or Litio 1-6). The OCC areas comprise *Cocina 19-27, Salamina 1-3, Despreciada 6-7, and San Francisco 1-10* (totalling 1,125ha), and NCCs *Litio 1-6* (1,438ha) Figure 3).

In addition, 19 Blanco NCCs (totalling 5,190ha) lie some 3-8km north of the salar and are to be used for the project infrastructure, evaporation ponds and processing facilities (Figure 4).

Table 5.1 provides a listing of the MSB concessions.

Table 5.1
Maricunga Lithium Project Tenements held by MSB at June 2022

No	Title File ID	Tenement Name	Grant Date*	Area (Ha)	Mining Code
1	03201-6516-4	Litio 1, 1- 29	2004	131	1983
2	0321-6517-2	Litio 2, 1 – 30	2004	143	1983
3	03201-6518-0	Litio 3, 1 – 58	2004	286	1983
4	03201-6519-9	Litio 4, 1 – 60	2004	300	1983
5	03201-6520-2	Litio 5, 1 – 60	2004	297	1983
6	03201-6521-0	Litio 6, 1 – 60	2004	282	1983
7	03201-2110-19	Cocina 19-27	1937	450	1932
8	03201-0006-2	San Francisco 1 – 10	1945	425	1932
9	03201-0007-0	Despreciada 6 – 7	1950	100	1932
10	03201-0005-4	Salamina 1 – 3	1954	150	1932
11	03102 -6027-4	Blanco 1, 1 – 60	2019	300	1983
12	03102 -6028-2	Blanco 2, 1 – 60	2019	300	1983
13	03102-6029-0	Blanco 3, 1 – 60	2019	300	1983
14	03201-C84-K	Blanco 4, 1 – 60	2019	250	1983
15	03202-C846-8	Blanco 5, 1 – 60	2019	300	1983
16	03201-C847-6	Blanco 6, 1 – 60	2019	300	1983
17	03201-D111-6	Blanco 15, 1 – 60	2019	300	1983
18	03201-D110-8	Blanco 16, 1 – 50	2019	250	1983
19	03201-D109-4	Blanco 17, 1 – 40	2019	200	1983
20	03201-D384-4	Blanco I 18, 1 – 60	2021	150	1983
21	03201-D385-2	Blanco I 20, 1 – 60	2021	240	1983
22	03102-6217-K	Blanco I 29, 1 – 40	2020	200	1983
23	03102-6218-8	Blanco I 30, 1 – 60	2020	300	1983
24	03102-6224-2	Blanco I 36, 1 – 60	2020	300	1983
25	03102-6226-9	Blanco I 37, 1 – 60	2020	300	1983
26	03102-6227-7	Blanco I 38, 1 – 60	2020	300	1983
27	03102-6228-5	Blanco I 39, 1 – 60	2020	300	1983
28	03102-6229-3	Blanco I 40, 1 – 60	2020	300	1983
29	03102-6229-3	Blanco I 41, 1 – 60	2020	300	1983

Notes: All the Mining Concessions have preferential rights over the relevant area and there are no mining concessions or mining rights held or filed by third parties challenging the rights and preference of the MSB Mining Concessions. MSB owns 100 percent of the Litio 1-6, Cocina 19-29, San Francisco 1-10, Despreciada 6-7, Salamina 1-3 and Blanco mining concessions.

**: Note that there are no expiry dates on Mining concessions in Chile.*

The Maricunga Stage 1 project is based on production of an average of 15,200tpa of battery grade lithium carbonate over a 20-year mine-life from the lithium brines contained in the Old Code mining concessions (OCC) covering 1,125ha of the Maricunga salar owned by MSB. The OCCs are constituted under the 1932 Chilean Mining Code and do not require a special licence from the Chilean Government (*Contrato Especial de Operación de Litio – “CEOL”*) for the production and sale of lithium products. They have “grandfathered” rights for the production and sale of lithium products, unlike the *Litio* New Code Concessions, which were constituted under the 1983 Chilean mining law and require an additional government licence for the production and sale of lithium.

The 1983 *Litio* 1-6 or New Code Concessions do not allow exploitation of lithium, unless a Special Operation Contract for Lithium (CEOL) is obtained but do permit the exploration and exploitation of any other mining

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substances, whether metallic or non-metallic (eg. potassium). The 1983 concessions do not entitle appropriation of the extracted lithium, without a CEOL, only other concessionable substances.

It's important to note that on 9 March 2018, a CEOL was granted to Salar de Maricunga SpA, a fully owned subsidiary of Codelco. The CEOL granted, covered all the area of the Maricunga salar, including the Litio 1-6 concessions, but excluding the area of the OCC concessions considered on the Stage One project. The CEOL establishes an exclusivity for the contractor (ie. Codelco) over the CEOL area and a scheme of royalties to be paid by the operating company once operational. It should also be noted that a CEOL does not grant any ownership over an area covered by existing mining concessions, nor does it give any access rights to the CEOL holder over an area. The royalty to be paid to the holder of the CEOL is structured around fixed and variable components depending on the operational margin of the operating company (basically related to lithium price). At the DFS lithium price estimates, a royalty of 10.2% of the total revenue is due on production from the Litio 1-6 concessions.

LPI advises that all titles of the Mining Concessions listed in Table 5.1 are in good standing, hold no encumbrances, are valid and in force.

5.4 Chile's Lithium Policy

In an ASX announcement dated 27 July 2023, LPI commented on the effect on its Maricunga lithium brine project of the new Chilean National Lithium Policy ("NLP" or the "Policy"), released on 20 April 2023 by the Chilean President, Gabriel Boric.

"It outlines plans for the implementation of lithium exploration and exploitation policies that are intended to bring Chile back to the forefront of global lithium production as demand is fuelled by the global megatrend towards electrification. LPI, and its subsidiary Minera Salar Blanco, have been in constant dialogue with the Chilean government and private institutions that have participated in the Policy's development."

The Policy does not constitute a nationalisation of the lithium industry in Chile. Its objective, as clarified by the Mining Minister, is to set the conditions and parameters for the country to have a more active involvement and provide higher financial returns in a strategic industry. This is particularly the case for lithium resources that are located on concessions already owned by the Chilean State on the Atacama Salar. The NLP also seeks to accelerate the development of new projects.

Even though the Policy focus is primarily concentrated on the huge lithium resource within the Atacama Salar, LPI has clarified some core elements as they relate to the Maricunga project:

- The Maricunga Stage One project is fully permitted for construction. Its Environmental Permit was approved in 2020 by the Servicio de Evaluación Ambiental ("SEA") and ratified in 2022 by the Committee of Ministers of the Chilean Government. All objections submitted by third parties were rejected. It also obtained in 2018 the necessary Chilean Nuclear Energy Commission ("CCHEN") permit, which allows LPI to export lithium products from Chile.
- LPI confirmed that its wholly owned subsidiary, MSB, is the sole owner of the property and concessions regarding both Stage One and Stage Two of the Maricunga Project. There are no current legal processes challenging that position. This is fundamentally different from operations in the Atacama Salar, where the state-owned company, CORFO, is the owner of the properties and concessions. CORFO then leases these concessions to the operators in Atacama for a set period.
- The Maricunga Stage One concessions, because of their pre-1979 Old Code status, do not require a CEOL for exploitation. The Stage One project is 'shovel ready' and is awaiting finalisation of its financing to begin construction.
- LPI embraces the possibilities for future public-private alliances, as declared by the NLP, for the development of Stage Two for the Maricunga project. That involves its post-1979 or New Code concessions. The Company will continue to work closely with the Chilean Government to transform the Maricunga Stage Two project into the first example of a public-private alliance under the parameters established by the new Policy.

5.5 Geology and Mineralisation

Salars

Lithium brine accumulation in salars is the result of the leaching of lithium-containing rocks, typically of volcanic origin, by infiltration of rainfall and snowmelt and the action of hydrothermal fluids. Drainage is to the terminal basin, where evaporation is the only outlet for the groundwater. As water evaporates, the dissolved minerals concentrate and the groundwater gradually becomes enriched in chlorides and sulphates of sodium, calcium, magnesium, potassium, lithium, boron and other elements. The brine is denser than the incoming groundwater

and progressively moves to lower levels in the salar. Salars typically form in high altitude deserts in fault-controlled closed basins such as those found in the Altiplano-Puna region of Chile, Argentina and Bolivia.

Salars are classified into two general categories: “immature” clastic sediment-dominated salars and “mature” halite-dominated salars. Clastic-dominated salars can reach significant depths to bedrock. Porosity and permeability in clastic sediments is controlled by the nature of the sediments, with coarse grained sands and gravels exhibiting high porosity and permeability and thus conducive to high brine pumping rates. Halite-dominated salars are typically shallower as the halite tends to form impermeable massive halite horizons starting at depths from approximately 50-65m. However, the upper reaches of such salars can be very productive for brine due to the presence of voids and channels within the halite. Salar de Maricunga is a mixed type where the northern part of the salar has a well-developed halite crust with a thickness of up to 34m while towards the south, clastic facies become dominant. These facies are also present underlying the halite unit in the north where lacustrine sediments have been identified.

Salar de Maricunga

The Salar de Maricunga is part of the Pre-andean depression, a morphotectonic unit located between the Pre-cordillera (or Cordillera de Domeyko) to the east and the Western Cordillera (Cordillera Claudio Gay). The Maricunga basin is a fault-controlled depression. The Pre-cordillera, the east margin basin, is composed of Mesozoic back-arc sediments intruded by Eocene sub-volcanic stocks and porphyries, deformed by the Domeyko Fault system. The western margin, Cordillera Claudio Gay, comprises an uplifted basement block covered by Eocene-Miocene sedimentary and volcanic sequences. During the Cenozoic era the basin received a large amount of sediment from uplift and denudation. Climatic conditions changed around 10 million years ago (“Ma”) to a hyper-arid climate and both sedimentation and erosion stopped.

Salar de Maricunga is a mixed style salar composed of unconsolidated clastic, volcanoclastic, and evaporitic sediments. The halite nucleus occupies the central northern part and this unit is underlain by a clay-dominated lacustrine unit. In the central part, a rugosa (wrinkled) crust is well developed, while towards the edges of the salar the crust thins and a saline efflorescence surface is generated from areas of re-solution and precipitation.

Eight major geological units have been defined in the resource model, and have been logged, sampled and assayed (Table 5.2). The Upper Halite Unit, limited to the northern portion of the salar, reaches a maximum thickness of around 30m, thinning towards the edge of the salar, and containing a high concentration of lithium brine.

It is underlain by an extensive Lacustrine Unit comprising mostly clay with silty-sandy interbeds. The Lacustrine Unit reaches a thickness in excess of 100m, and interfingers with alluvial/fluvial sandy fans towards the edges of the basin (the Alluvial Unit). The Alluvial Unit comprises silty sands and clays. Within the Lacustrine Unit a lower halite sequence occurs (Lower Halite Unit) reaching a thickness of up to 30m.

Beneath the Lacustrine Unit lies a sequence of volcanoclastics and breccias comprising unconsolidated tuffs and pumice breccia. The Upper Volcanoclastic Unit, up to 100m thick, is separated from a Lower Volcanoclastic Unit and Lower Volcanic Breccia Unit by a relatively continuous thin Lower Sand Unit averaging around 40m thick.

The lacustrine clayey sediments form a hydraulic barrier for flow between the Upper Halite aquifer and the deeper volcanoclastic aquifers. The lacustrine unit however contains local sands, silts and halite layers, including the well-developed Lower Halite lens.

All these units host lithium-enriched brines and all have been sampled, tested for permeability and drainable porosity and the contained brines analysed during the exploration drilling, sampling and testwork programmes. Brine movement in the salar is controlled by the permeability and porosity of the matrix sediments and density differences between less saline fluids and denser brine.

Basement rocks have only been intersected in one hole drilled near the northwestern margin of the salar at a depth of around 220m, but geophysical surveys suggest the basement lies generally at around 500-550m beneath the northern portion of the salar in the project area, potentially increasing to depths of up to 1,500m in the central area of the salar.

Table 5.2
Geological Sequence and Drainable Porosity Sampling by Geological Unit

Geological Unit	Drainable Porosity	No. of Samples
Upper Halite	0.06	6
Lacustrine Unit	0.02	323
Deep Halite	0.06	8
Alluvial Unit	0.14	31
Volcanoclastic Unit	0.12	72
Lower Sand	0.07	20
Lower Volcanoclastic	0.08	7
Volcanic Breccia	0.13	52
Basement	-	-

Source: Technical Report NI 43-101 Definitive Feasibility Study Stage One, Minera Salar Blanco, January 2022

Mineralisation

The lithium brine at Maricunga is characterised by an average concentration of total dissolved solids (“TDS”) of 311g/L and the average density is 1.20g/cm³. The solution is close to saturated in sodium chloride (NaCl) and contains potassium (K), lithium (Li), magnesium (Mg), calcium (Ca), sulphate (SO₄), carbonate (HCO₃) and boron (B) ions with elevated values of strontium (Sr). Compared with other producing salars, the Maricunga brines are particularly high in calcium and low in sulphate ions (Table 5.3). Lithium grades are not as high as in the main Chilean producing area, the Salar de Atacama, but are as high as, or higher than, the principal Argentinian producers.

Table 5.3
Comparative Chemical Composition of Brines from Various Salars (Weight Percent)

Element/Ion	Salar de Maricunga Chile	Salar de Atacama Chile	Salar Hombre Muerto Argentina	Salar de Cauchari Argentine
Li	0.09	0.15	0.06	0.05
K	0.69	1.85	0.62	0.47
Na	7.10	7.60	9.79	9.55
Mg	0.61	0.96	0.09	0.13
Ca	1.12	0.03	0.05	0.03
B	0.05	0.06	0.04	0.08
SO ₄	0.06	1.65	0.85	1.62
Cl	15.9	16.0	15.8	14.9
Density	1.20	1.22	1.21	1.22

Source: Technical Report NI 43-101 Definitive Feasibility Study Stage One, Minera Salar Blanco, January 2022

5.6 Exploration History and Geological Data

Geological data supporting the current resource estimate includes data obtained from various geophysical programmes, trenching, core drilling, core sampling, brine exploration drilling and sampling, pumping wells and long-term pumping tests extending from 2011 through 2022. The seismic, Audio Magnetotellurics (“AMT”), Transient Electromagnetics (“TEM”) and gravity surveys have assisted in defining the different geological and hydrological boundaries, lateral continuity and depths. The drill programmes have provided systematic sampling of the lithological units, samples for density, porosity and permeability testing and samples of the contained brine for analysis. The pumping tests have provided data for estimates of transmissivity, drawdown and recovery. Table 5.4 summarises the exploration works that support the current resource and reserve estimates.

Table 5.4
Summary of Historical Exploration Work

Activity	Campaign	Year	Summary Description
Geophysical Campaigns	Seismic refraction tomography	2011	23 line-km of measurement collected along six lines
	Audio Magnetotellurics (AMT)	2015	60.8km of measurement
	Transient Electromagnetics (TEM)	2015	15 TEM soundings
	Gravimetry	2017	>60km of measurement
Trenching Campaign	Trench pumping test	2011	A 24hr pumping test, six test trenches on the Litio 1-6 tenements to test hydraulic conductivity
Drilling Campaigns	Brine exploration wells	2011	6 sonic boreholes drilled to a depth of 150m (Litio 1-6 tenements)
	Pumping tests	2011	2 rotary drilled wells with drillhole depths of 150m, well development over 72hr period
	Brine exploration wells	2011	9 RC boreholes drilled to a depth ranging from 30m to 192m
	Brine exploration wells	2016	4 sonic boreholes drilled to a depth of up to 200m
	Brine exploration wells	2016	8 rotary tricone/HWT
	Brine exploration wells	2018	2 sonic boreholes drilled to a depth of 200m
	Brine exploration wells	2021	5 tricone/HQ/HWT wells with drillhole depths of 400m
Long-Term Pumping Tests	Pumping test	2015	14 days and 30 days constant rate test on 2 wells for transmissivity (Litio 1-6 concessions)
	Pumping test	2017	7 days constant rate tests on 1 well for transmissivity (Litio 1-6 concessions)
	Pumping test	2017	30 days constant rate tests on 1 well for transmissivity (OCC concessions)
	Pumping test	2020-2021	30 days pumping test on 1 well for transmissivity (OCC concessions)

Source: Technical Report NI 43-101 Definitive Feasibility Study Stage One, Minera Salar Blanco, January 2022

MSB has completed several drilling programmes (sonic, reverse circulation (“RC”), diamond and rotary) in the area of the salar (Figure 5) and has collected core samples and rotary drill samples of the salar.

In 2011, six sonic boreholes were completed to depths of 150m, producing 4-inch core at recoveries reported to be better than 90%. Brine samples were taken at 3m intervals. Further sonic drilling was carried out in 2016-2018 with holes drilled to 200m and brine sampled every 6m. Eight rotary 3 7/8 inch tricone holes were also completed with samples taken every 2m.

In 2021, five 400m holes were completed with the upper 200m drilled by tricone and the remainder 200-400m of the hole drilled HQ core. The brine was sampled at 12m intervals.

On completion, all these exploration holes were cased for future monitoring purposes.

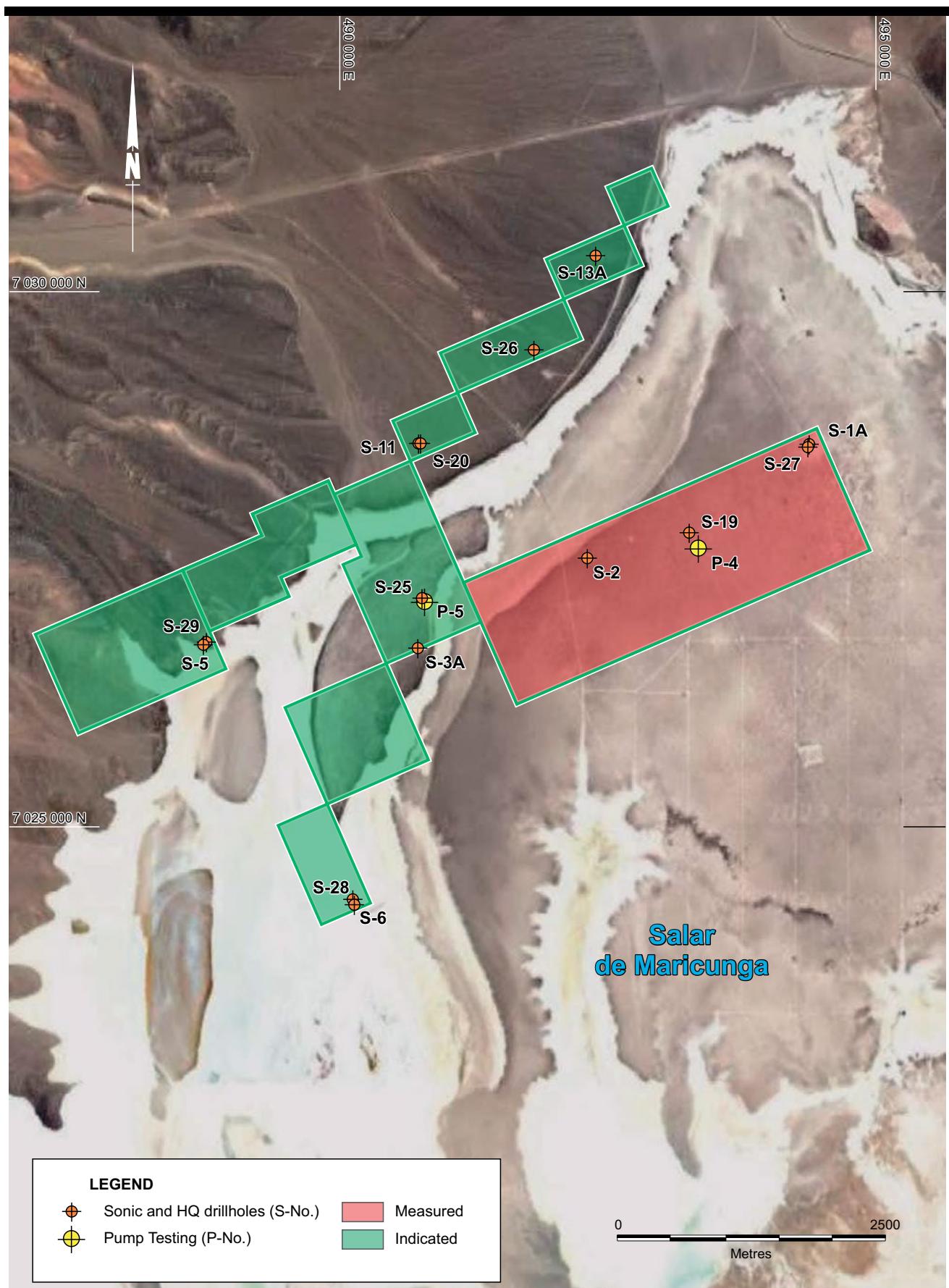
In addition, a number of production wells have been drilled for pump testing. The production wells were drilled at 11 inch or 17 inch diameter with 10 inch or 12 inch casing to depths of 150-180m. RC drill holes at distances of 10-35m from the production wells were drilled for monitoring purposes and were also logged and the brine sampled at 3m intervals. Pumping tests have been carried out over 7-30 day periods, at pumping rates generally around 25-45 litres per second (“L/s”). A number of piezometers have been installed in the monitoring holes.

The results of the pumping tests have been analysed by hydrology and hydrogeology specialists Atacama Water and incorporated in the reserve and production forecasts.

Drilling and sampling processes and procedures have been developed and supervised by recognised and well-regarded brine geology specialists. Core samples have been collected, photographed and logged and samples sent for testing for porosity and permeability. Core samples have been tested by Daniel B Stephens and Associates USA (“DBSA”), the British Geological Survey UK (“BGS”), Geosystems Analysis Laboratories USA (“GSA”) and CoreLabs USA. Brine samples have been sent for analysis by specialist laboratories, primarily the University of Antofagasta (“UOA”) in northern Chile with check assaying undertaken by Alex Stewart Argentina (“ASA”) in Mendoza and Jujuy.

The UOA laboratory is not ISO certified but is highly experienced in brine analysis and has been undertaking such work since the 1980s. The lab is used by a number of lithium brine producers including SQM, FMC, LAC and Orocobre (now Allkem). ASA is ISO 9001 certified. UOA analysed the brine samples using Atomic Adsorption Spectrometry (“AAS”) while ASA used Inductively Coupled Plasma (“ICP”) methods.

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Lithium Power International

Maricunga Lithium Brine Project

Figure 5

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MARICUNGA RESOURCE CLASSIFICATION AREAS

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For the 2021 programme, MSB used the Andes Analytical Assay (“AAA”) laboratory for the primary testing and UOA for check analyses.

The Quality Assurance/Quality Control (“QA/QC”) programmes for the sampling and assaying incorporate submission of duplicates (1 in 10 samples), blanks (1 in 30 samples) and standards (1 in 15 samples) along with the primary samples for analysis. All check samples are randomly inserted. In addition, approximately 1 in 10 samples were sent to the check laboratory for independent analysis. The Competent Person for the resource estimation work has reviewed all the QA/QC data and has concluded that the analytical data is accurate, not biased, and suitable for use in resource estimation. BDA has reviewed the data reported in the DFS and concurs that the data is reasonable and appropriate for resource estimation purposes.

Drainable porosity analyses were carried out on core samples by Daniel B Stephens Associates (DBSA), based on testing of 285 samples. DBSA also undertook particle size analysis, porosity and density determinations. Check analyses were carried out by the British Geological Survey, GSA Laboratories and CoreLabs. The different laboratories used different testing methodologies and produced variable results, with the DBSA results generally lower than the other laboratories. However, the main factor was the lithology of the sample, and all laboratories produced data generally in accordance with the range of data in the literature.

5.7 Mineral Resources

An in-situ brine resource evaluation should consist of three essential elements: the volume of the host aquifer, the drainable porosity or specific yield (Sy) of the host aquifer, and the concentration of the elements of interest in the brine. The product of the geometry and specific yield (Sy) determines the potentially recoverable volume of the brine resource. The contained lithium (or potassium) in the resource is determined by the product of the brine volume and the concentration of the lithium (or potassium) in the brine.

Brine samples were analysed by the University of Antofagasta, Alex Stewart Assayers and Andes Analytical Assays. Samples for drainable porosity were analysed by Daniel B Stephens and Associates (DBSA), British Geological Survey (BGS), GSA and Corelabs. The range of assay values within the major lithological units and the range of drainable porosity/specific yield values used for the resource estimation are shown in Tables 5.5 and 5.6.

Table 5.5

Geological Sequence and Drainable Porosity/Specific Yield Sampling by Geological Unit

Geological Unit	Drainable Porosity
Upper Halite	0.06
Lacustrine Unit	0.02
Deep Halite	0.06
Alluvial Unit	0.14
Volcanoclastic Unit	0.12
Lower Sand	0.06
Lower Volcanoclastic	0.08
Volcanic Breccia	0.13

Source: Technical Report NI 43-101 Definitive Feasibility Study Stage One, Minera Salar Blanco, January 2022

Table 5.6

Summary of Brine Chemistry Composition

Statistic	Li mg/L	K mg/L	Na mg/L	Mg mg/L	Ca mg/L	B mg/L	Cl mg/L	SO ₄ mg/L
Maximum	3,375	20,640	105,851	21,800	36,950	1,933	233,800	2,960
Average	1,122	8,142	87,106	7,327	12,847	572	192,723	711
Minimum	460	2,940	37,750	2,763	4,000	234	89,441	259

Source: Technical Report NI 43-101 Definitive Feasibility Study Stage One, Minera Salar Blanco, January 2022; statistics from 781 analyses

Mineral Resources have been estimated by Atacama Water, consulting hydrogeologists, based on logging and hydrogeological interpretation of core holes, drainable porosity analysis, pumping tests and 718 brine chemistry analyses (not including QA/QC analyses) corresponding to all mining concessions (OCC and Litio 1-6). The Stage One model resource estimate is limited to the OCC mining concessions that cover an area of 1,125ha.

A geological model was prepared based on the eight principal lithologies, and these boundaries were used for the grade estimation modelling. A block model was prepared based on 50 x 50 x 1m (vertical) blocks. No grade cutting was applied as no outlier values were identified. Variogram models were constructed for each element and for each geological unit. Typically, the variogram models were isotropic in the horizontal direction, with long

ranges, but anisotropic vertically with much shorter ranges. The lithium and potassium concentrations were estimated within each geological unit using Ordinary Kriging (“OK”). Variogram models were constructed for both lithium and potassium parameters. No cut-off values have been applied to the resource estimate.

The bore hole density for Measured and Indicated resources within the OCC averages 1.5km². A Measured classification has been applied to the resources underlying the Cocina Concession based on drill data and continuity. An Indicated classification has been applied to the resources underlying the Salamina, Despreciada and San Francisco Concessions (Figure 5).

The Mineral Resource estimate follows the CIM definitions (2014) for Mineral Resources and was prepared in accordance with the guidelines of National Instrument 43-101 specific to brine resources. The Mineral Resources have also been reported in accordance with the JORC Code (ASX Release, 29 September 2021). The resource estimation and classification work has been undertaken by experienced lithium brine specialists as Competent Persons and BDA considers the estimates and categorisations to be reasonable.

The 2022 Mineral Resource estimate for the Old Code Concessions is shown in Figure 5 and summarised in Table 5.7. The resources have been estimated to a maximum depth of 400m; the OCC tenements contain an estimated 358,000t of lithium or 1,905,000t of lithium carbonate equivalent.

Table 5.7

Mineral Resource Estimate (Old Code Concessions) – January 2022

Parameter	Measured (M)		Indicated (I)		M+I	
	Li	K	Li	K	Li	K
Area (km ²)	4.50		6.76		11.25	
Aquifer volume (km ³)	1.8		1.8		3.6	
Mean specific yield (Sy)	0.09		0.12		0.10	
Brine volume (km ³)	0.600		0.216		0.378	
Mean grade (g/m ³)	87	641	11	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
LCE/KCl	822,000	2,170,000	1,083,000	2,780,000	1,905,000	4,950,000

Note: resource tonnage figures refer to tonnes of contained Li and tonnes of contained K, equivalent to 1,905,000t lithium carbonate equivalent (LCE) or 4,950,000t KCl using conversion factors of 5.32 and 1.91 respectively

The Mineral Resources above do not include the resources within the New Code Concessions where, in 2018, Measured and Indicated resources were estimated to total 184,000t of Li or 979,000t of LCE.

The Maricunga resources remain open at depth, with additional resource potential to an estimated average depth of 500-550m prior to intersecting basement. LPI has estimated a combined Exploration Target of an additional 1,200-2,100kt of LCE from 400-550m in the OCC area and from 200-550m in the NCC area. It must be emphasised that these are target figures only and are not resources as there is effectively no drill information at these depths, however, the projections based on the known geology and geophysical profiles are not unreasonable.

5.8 Ore Reserves

Lithium brine reserves have been estimated based on a numerical groundwater flow and transport model (FEFLOW model) calibrated to steady state and transient flows and heads, for an estimated 20-year brine extraction period. The modelling work was carried out by DHI Group in Lima, Peru under the supervision of Atacama Water. The reserve analysis begins with the initial steady state head distribution and initial lithium concentration distribution from the resource estimate and contains the following main inputs:

- pumping wells
- inflows from the watershed
- evaporation rates
- well field configuration (located in the Old Code Concessions, Figure 6)
- water supply well CAN-6 (Figure 4) is included in the simulation.

The fluid flow model simulates the brine drawdown and associated changes in brine chemistry over time due to pumping. According to the simulation, lithium grade is predicted to remain relatively constant over the 20-year life of the project (>1,000mg/L up to Year 6 then 948-1,000mg/L).

Reserves were classified as Proved based on simulated results for pumping from each well field during the first seven years of operation, and as Probable for Years 8 to 20 of extraction wellfield pumping. Table 5.8 summarises the brine reserve estimate as modelled from the available data.

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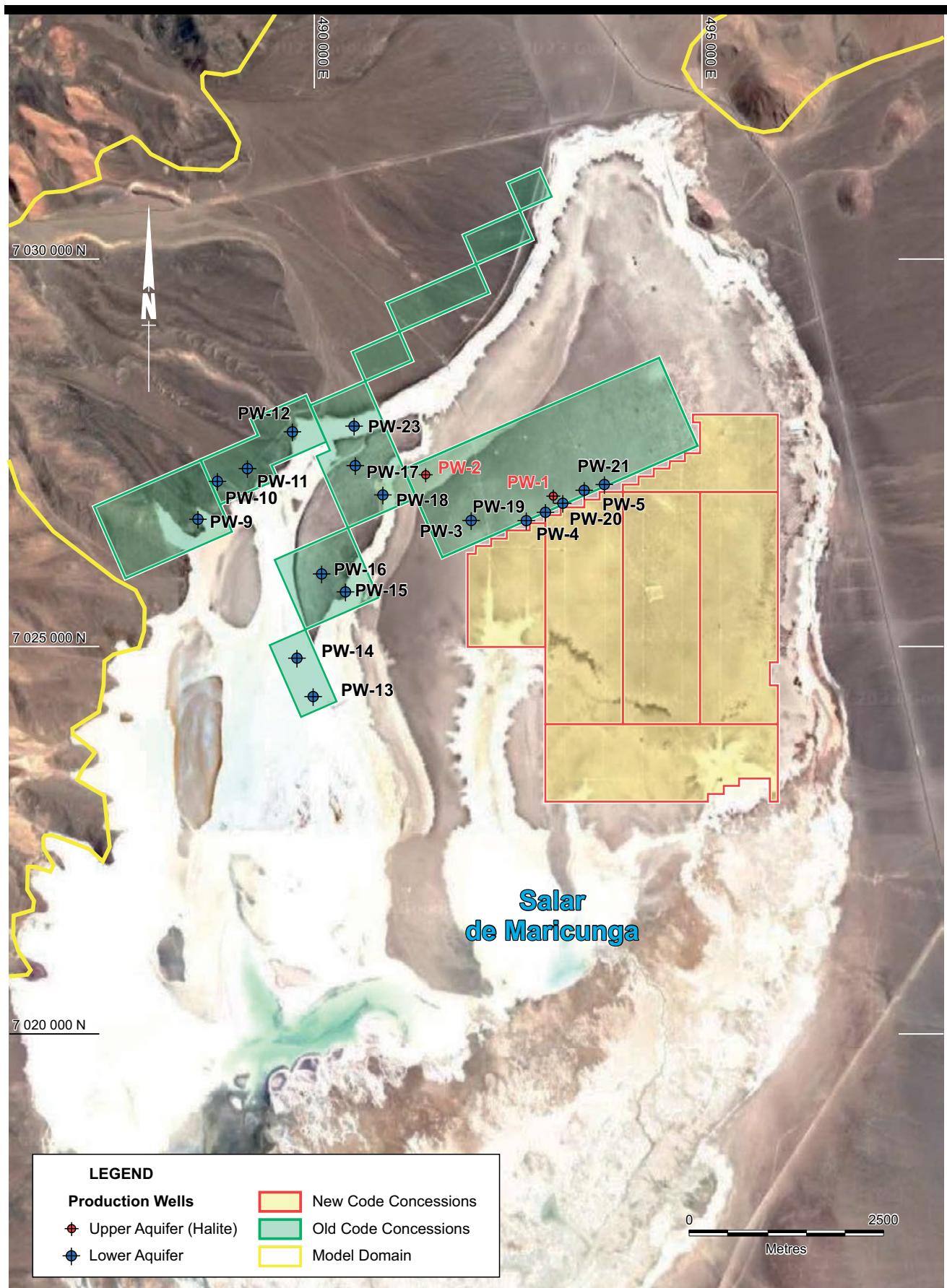


Figure 6

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STAGE ONE BRINE PRODUCTION WELLFIELD

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Table 5.8
Ore Reserve Estimate (OCC Concessions) – January 2022 (assuming 65% lithium process recovery)

Category	Year	Brine Volume (Mm ³)	Av Li Conc (mg/L)	Li Metal (t)	LCE (t)
Proven	1-7	19	1,024	9,000	49,000
Probable	1-7	13	1,024	12,000	66,000
Probable	8-20	60	950	37,000	196,000
<i>Total</i>	<i>1-20</i>	<i>92</i>	<i>976</i>	<i>58,000</i>	<i>311,000</i>

Note: lithium carbonate equivalent (LCE) based on factor of 5.32 x Li content

As a rule of thumb, the volume of brine that can be extracted from a salar is commonly estimated at approximately one third of the in-situ resource. On this basis, the reserve estimate for the Maricunga project is considered conservative, with approximately 16% of the Measured and Indicated Resources converted to Proven and Probable Reserves over the initial 20-year production plan.

The reserve estimate model was built with an optimised wellfield configuration and pumping schedule to comply with environmental constraints and water level decline restrictions as part of the environmental approval document (Resolución de Calificación Ambiental or “RCA”) issued by the Chilean Environmental Agency based on the 2019 DFS design concept and not updated for the 2022 DFS mine plan. The EIA approval assumed an average pumping rate of 209L/s; however, the groundwater model was calibrated to represent and match the daily brine flow used in the process design of 150L/s. The model was calibrated for both transient and steady state flow using all five long term pump tests, however the model adopted does not represent the actual drawdown results for all pumping tests performed on the project (2022 DFS, Figures 15-18) and a more detailed analysis should be carried out to confirm the projections. BDA also notes that the Ore Reserve estimate parameters assume a 65% processing recovery whereas the EIA, process design and project financial model assume a more conservative 58% overall process recovery.

In BDA’s opinion, no fatal flaws were identified in relation to the resource and reserve estimates, however the criteria for categorisation of the resource should be made clear and quantification of uncertainty would assist in mitigating resource risk.

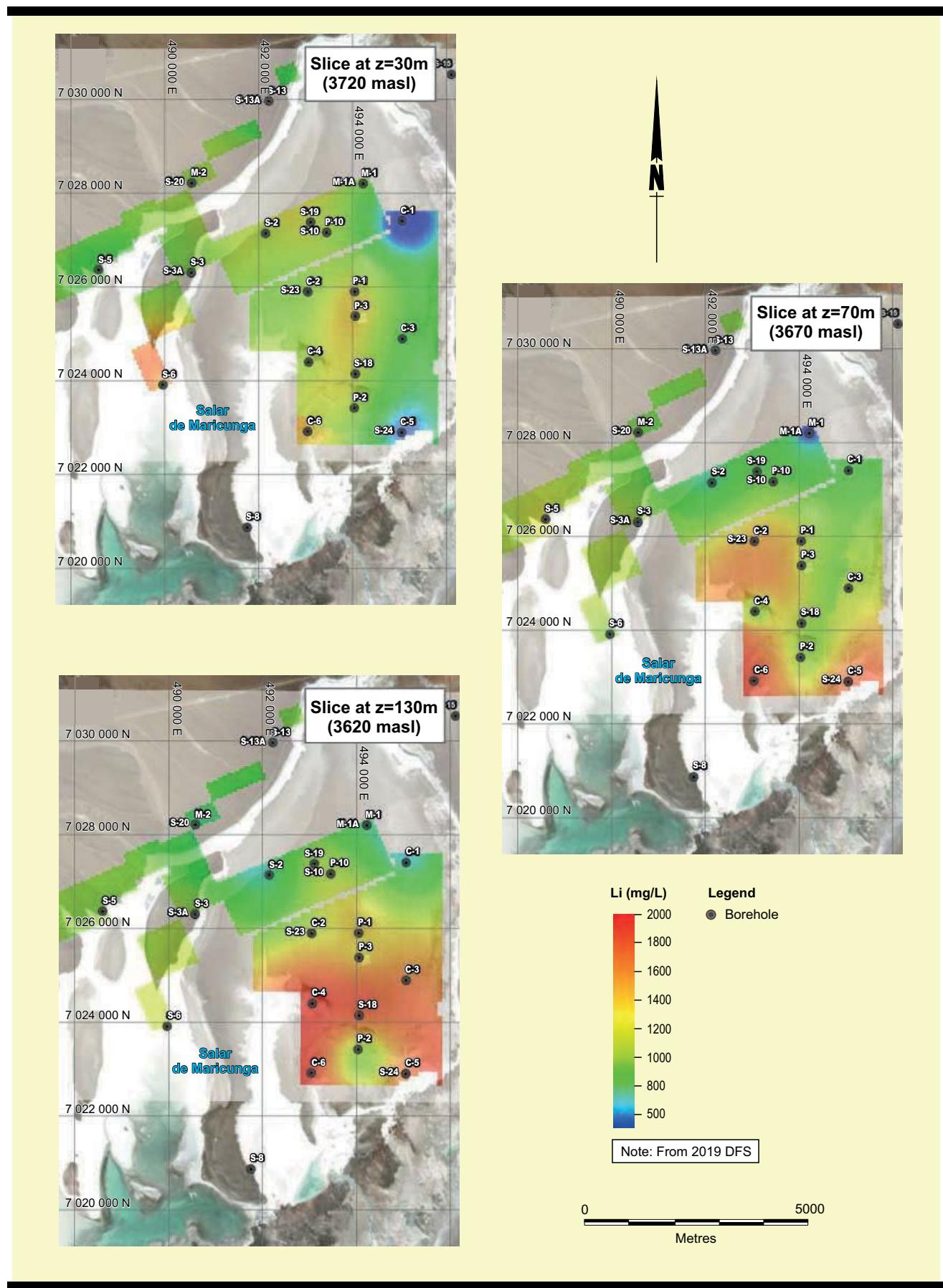
5.9 Wellfield

The brine production wellfield planned for the Stage One project includes 19 production wells (Figure 6), with 11 wells operating simultaneously at any one time. According to the planned configuration, two wells will be completed in the Upper halite aquifer, within the Cocina tenement area. The remaining wells will be completed in the lower brine aquifer, below the Lacustrine unit, within the Cocina tenements and the rest of the tenements included in the Old Code concessions. Figure 6 shows the wellfield layout and Table 5.9 lists the well details. Figure 7 shows the lithium grade distribution.

The production wells will be supplied with power from ground-level isolated cabling ducted in galvanized steel conduit. The wells will be completed with 300mm (12-inch) diameter stainless steel production casing and equipped with 380V submersible pumping equipment.

The groundwater model should be calibrated with the chemistry and flow rate to match the required average annual brine feed rate from the wellfield to the evaporation ponds. The model developed by MSB is considered reasonable in this regard. This process is relevant in order to assure the sustainability of the reserves during the production life of the project, and also has an impact on the management of the environmental issues associated with production. The DFS estimates that around 13,000 cubic metres per day (“m³/d”) of brine is required to support an average annual lithium carbonate production rate of 15,200t. Considering that eleven production wells will be running, the average flow rate would be 13.6L/s per well (total averaging 150L/s). During the seasonal changes, extraction wells will be pumped with interannual variability, increasing in the summer period due to a higher evaporation rate and decreasing in winter since evaporation rates will be lower.

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Lithium Power International

Maricunga Lithium Brine Project

Figure 7

BDA - 232 (01) - October 2023

LITHIUM CONCENTRATION DISTRIBUTION

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Table 5.9
Summary of Production Well Details

Well	Concession	Aquifer Unit	Pumping Rate (L/s)	Screen Interval (m)	Static Water Level (mbgs)	Pumping Water Level (mbgs)	Drawdown (m)
PW-1	Cocina	Upper Halite	15-18	0-6.5	0.7	1.4	-0.8
PW-2	Cocina	Upper Halite	13.7	0-6.5	0.8	3.1	-2.3
PW-4	Cocina	Lower Aquifer	15-18	110-250	-0.3	9.3	-9.6
PW-5	Cocina	Lower Aquifer	15-18	110-280	-0.6	7.7	-8.3
PW-19	Cocina	Lower Aquifer	13.7-18	120-290	-0.2	22.4	-22.6
PW-20	Cocina	Lower Aquifer	13.7-18	120-290	-0.4	24.2	-24.7
PW-3	Cocina	Lower Aquifer	13.7-15	110-250	0	21.9	-21.9
PW-21	Cocina	Lower Aquifer	15-18	120-300	-0.9	2.9	-3.8
PW-9	Salamina	Lower Aquifer	15-18	51-121	1.7	5.8	-4.2
PW-10	Despreciada	Lower Aquifer	13.7-15	59-159	8.6	17.8	-9.2
PW-11	Despreciada	Lower Aquifer	13.7	55-205	4.5	21.7	-17.2
PW-17	Despreciada	Lower Aquifer	13.7	50-250	-0.4	15.5	-15.9
PW-23	San Francisco	Lower Aquifer	13.7	50-200	-0.4	17.3	-17.7
PW-13	SW	Lower Aquifer	7.5-18	60-250	0.4	3.7	-3.3
PW-14	SW	Lower Aquifer	13.7-18	50-230	0.6	4.6	-4.0
PW-15	SW	Lower Aquifer	13.7-18	50-230	0.1	17.8	-17.6
PW-16	SW	Lower Aquifer	7.5-13.7	63-223	13.8	32.4	-18.6
PW-17	San Francisco	Lower Aquifer	13.7-15	66-216	15.5	37.3	-21.8
PW-18	San Francisco	Lower Aquifer	13.7-15	50-200	0.1	18.5	-18.4

Note: mbgs = metres below ground surface; SW = southwestern San Francisco Concession

BDA suggests that additional wells should be planned to cover contingencies, since the efficiency of the pumping wells is not typically 100% all of the time. MSB advises that the operation will always maintain two wells as back-up, to be operated mainly during well maintenance periods. These contingency wells are necessary in order to temporary replace wells under preventive maintenance, maintain and stabilise the drawdown across the well field and also in the event of dilution at individual pumping wells, when more brine may need to be pumped to the plant in order to maintain the design production. At Maricunga, grades have shown high stability during long term pumping tests, with grade variations mainly related to depth.

Brine production wells that are located close to the border between Cocina tenement and the New Code Concessions present some risk since some brine may be drawn from neighbouring tenements. While the New Code Concessions are owned by MSB, these concessions do not currently have granted extraction permits and the impact of brine drawn from these concessions needs to be considered. The configuration of the production wells in this zone should be reviewed considering the proximity of the wells and the potential interference of the ratio of influence of each individual well. MSB advises that one of the aspects considered in the wellfield model is a restriction on the maximum amount of lithium mass that can be extracted from outside the target concession area.

According to the geological model, a low permeability body (lacustrine unit-clay core) reduces the hydraulic connection between the salar and outer areas. MSB advises that the freshwater interface was one of the aspects that was extensively analysed during the EIA evaluation process. BDA suggests however that additional studies be carried out in order to improve the delineation of freshwater/brine boundaries at the edge of the salar, taking into account that the thickness of the lacustrine unit decreases towards the edges of the salar, and the initial phase of production is planned to include the production from the Upper Halite unit.

5.10 Evaporation Ponds

Evaporation ponds are designed as a series of halite and sylvite ponds (Figure 4). The evaporation ponds will be located north of the wellfield and occupy an area of approximately 536ha. Halite ponds are designed as two strings of six cells operating in parallel and total 275ha. Pond sizing is based on average evaporation rates of 1,600 millimetres per annum (“mm/a”) or 4.4mm per day (“mm/d”), leakage of 0.04mm/d and an average depth of 1.2m, including 0.3m freeboard and provision for 0.3m of permanent salt on the bottom of the pond to provide for a harvestable surface. Ponds are constructed using cut-and-fill earthworks with geotextile underlay and HDPE liners.

The sylvite ponds are located adjacent to the process plant and in close proximity to the halite ponds. The sylvite pond system will consist of a buffer pond, two strings of two ponds operating in parallel and two brine storage ponds. The total area for the sylvite ponds is approximately 27.2ha. The design basis assumptions and construction methods proposed for the sylvite ponds are similar to those for the halite ponds.

Transfer of brine between similar pond types will be via weirs, and by pumps for brine transfer from halite to sylvite ponds. The pond design provides for roadways and walkways between ponds of sufficient size to handle salt harvesting equipment, other vehicular and foot traffic. Brine depth and brine chemistry in the ponds will be monitored both manually and via instrumentation.

Figure 4 illustrates the general layout of the well fields and ponds in relation to the processing plant.

BDA considers that these ponds will be adequate for the proposed process, consistent with the estimated evaporation rates and lithium recovery.

5.11 Salt Removal Plant

After evaporation, the concentrated brine from the reservoir ponds is fed to the Salt Removal Plant at a flowrate of 52 cubic metres per hour (“m³/h”) to continue brine purification and lithium concentration. Here calcium and magnesium are removed from the brine in the form of tachyhydrite (CaMg₂Cl₆·12H₂O) and calcium chloride salts. Boron is also removed using solvent extraction. These steps allow the further concentration of the Li⁺ ion in the brine. This plant generates a concentrated brine feed to the lithium carbonate plant and recovers condensates that are reused within the process.

The removal of the impurity elements in the Salt Removal Plant is achieved through a sequence of processes as follows:

- tachyhydrite crystallisation
- calcium chloride crystallisation
- boric acid crystallisation with HCl and Na₂SO₃ controls
- boron solvent extraction
- additional CaCl₂ crystallisation and liquid solid separation
- low Ca/Mg brine storage feed to Lithium Carbonate Plant.

5.12 Lithium Carbonate Plant

The concentrated brine from the Salt Removal Plant is fed to the Lithium Carbonate Plant where the remaining impurity elements are removed to generate the brine for the precipitation of lithium carbonate.

This plant uses the following process steps:

- reduction of Ca/Mg with lime and soda ash solution for precipitation and removal as CaCO₃ and Mg(OH)₂
- ion exchange with specific resin to remove additional impurities
- carbonation of the purified brine with soda ash at 80°C to precipitate lithium carbonate
- solid/liquid separation, washing and drying to complete the process.

BDA considers that these planned facilities will be adequate for the project.

5.13 Lithium Recoveries

An overall process recovery of 65% of the lithium content of the brines is used in the reserve estimation; in the process documentation Worley Chile has not clearly stated a lithium recovery, though it appears to be around 58% overall. This recovery is within industry averages that range from 50-60%, depending on brine chemistry and the process used by the operator.

Lithium losses during evaporation are mainly due to brine entrainment in the wet salts and seepage. Brine entrained in salt can reach 30-45% of the total wet salt precipitated in the pond. This can be reduced below 10% when conventional equipment units (front-end loaders, excavators and trucks) are used for salt harvesting (dry harvesting). A 10% entrainment loss for the evaporation ponds is standard in the lithium industry.

Using lined areas to stockpile the harvested salt and collecting any brine drainage can improve the lithium recovery from ponds. A “wet harvesting” operation using a dredge, requires solid-liquid separation equipment such as thickeners and/or filters or similar (ie. centrifuge) to recover salt from brine.

The lithium losses during calcium chloride crystallisation will be controlled by the use of mechanical dewatering equipment such as filters. There is no industry standard lithium loss applicable for this step since MSB will be using a unique process for calcium removal; however, the criteria used are reasonable and are backed by test work and vendor design. MSB has not presented a detailed lithium balance for the project but BDA considers that the projected recovery of around 58% may be optimistic based on reviews of production records of other lithium brine projects; BDA suggests that for valuation purposes it would be prudent to use 55% as a modelling sensitivity according to the distribution shown in Table 5.10.

Adopting a slightly lower recovery rate would require a higher raw brine flowrate to achieve the targeted concentrated brine. Although the higher recovery value implied by Worley Chile is considered achievable, the many stages of crystallisation and precipitation of impurities would suggest higher losses and the use of a lower recovery value is considered prudent.

Table 5.10
Lithium Process Recoveries

Process Stage	Lithium Recovery
Pre-Concentration	94.6%
CaCl ₂ Crystallisation	63.8%
Boron Solvent Extraction	98.9%
Carbonate Plant	92.0%
Overall Process Recovery	55.0%

5.14 Non-Process Infrastructure

Non-process project infrastructure facilities, including road access, power and water supply facilities, site buildings and workforce accommodation, are to be designed and constructed generally in accordance with those described in the Maricunga DFS Update report, January 2022.

Road access to the project is via the Chilean road network to a point some 8km from the site. An extension of the local road, Route C-173, from this point to the project site (Figure 4) is included in the project capital works.

Power supply is to be from an existing 23kV transmission line passing the site along Route C-173, via a transmission line and new substation to be constructed for the project.

Water supply is to be drawn from an existing water well (CAN-6) and pumped through a pipeline to the site where it will be stored in a pond adjacent to the process plant. A water treatment plant (“WTP”) is to be installed to purify water where appropriate for feeding the process plant and to provide a source of potable water.

A diesel fuel storage and dispensing facility is to be constructed as part of the project works.

Site buildings will include an administration building, a laboratory, a truck workshop and a weighing station.

The workforce will be accommodated in a mining camp to be constructed for the project. During the construction phase, the camp will have a capacity of 1,200 personnel, reducing to approximately 230 personnel for the operations phase. The camp will include dormitory buildings, a dining room, a medical clinic and recreational facilities.

The proposed facilities in terms of size, layout, and specifications appear reasonable and comparable to similar lithium brine projects currently in operation or under construction.

Water Supply

The only confirmed source of freshwater during the construction and operation of the project is the CAN-6 water well, located in the middle zone of the Salar de Maricunga (Figure 4). This water well has recently been acquired by MSB and has been environmentally approved in the EIA. According to the EIA, the industrial water required for the processing, operation and closure of the project is around 6L/s with CAN-6 approved to provide up to 35L/s.

The CAN-6 water well has a total depth of 120m, with a screened interval from 49 to 109m.

The water will be pumped from the well to an industrial water transfer tank installed near the well, and then pumped to a water pond located nearby the production plant to feed the Water Treatment Plant (WTP). A reverse osmosis plant will be installed and will feed tanks that will supply water requirements for the process plant and camp facilities.

Although the water supply is approved by the EIA and complies with the requirements of the project, detailed freshwater studies should be carried out in order to improve the demarcation of freshwater-brine boundaries at the edge of the salar where the CAN-6 water well is located. Periodic monitoring should be carried out at boreholes near the edge of the salar to understand the freshwater-brine interface behaviour. The nearly circular shape of the salar is considered favourable to support long-term extraction.

Given that the only water source currently is the CAN-6 water well, BDA is of the view that additional water wells should be considered to secure the sustainability of water supply over the life of the mine. BDA understands that MSB is investigating additional fresh water sources from outside the project area.

Diesel Facilities

The project includes diesel fuel storage and a loading facility. The diesel supply will be provided through tanker trucks that will feed two storage tanks, each with a 700m³ capacity.

The fuel is to be used by light vehicles, trucks, machinery and heavy equipment with an estimated demand of approximately 90m³/month during operations. The machinery includes salt harvest equipment, harvested salts handling trucks, soda ash transport trucks and lithium carbonate transport trucks.

In the processing plant, diesel will be used mainly for steam boilers. This consumption is estimated at approximately 1,500m³/month.

5.15 Environmental Regulations and Permitting

The areas of the OCC and NCC concessions are not protected areas or national parks, however the surrounding areas are part of the main tourism circuit of the region. Protected Areas and Priority Sites for Conservation are located to the south of the project and correspond to the National Park Nevado Tres Cruces, Ramsar Complex Site Laguna del Negro Francisco, and Laguna Santa Rosa. Although no mining activities are planned in these areas, a monitoring plan of population and potential effects on Lama guanicoe (Guanaco), Vicugna vicugna (Vicuña) and Phoenicoparrus andinus (Flamenco) were included in the EIA. The Ramsar International Convention¹ on wetlands pays particular attention to migratory birds such as flamingos. These birds live in brackish and saline lakes and the alteration of the salinity or moisture in the area can affect their habitat.

MSB received its key environmental approval, Resolution N°94/2020, for its Maricunga project on 4 February 2020, following approval of its Environmental Impact Assessment (EIA) by the Chilean Environmental Assessment Service (“SEA2”). The Environmental Impact Assessment (EIA) was prepared by international consulting company, Stantec Inc.

The environmental baseline studies carried out by MSB cover all the aspects that would be likely to be affected by the implementation of a future mining project, including studies such as:

- climate and meteorology
- air
- noise and vibrations
- water and hydrogeology
- soil
- geology
- flora and fauna
- limnology
- archaeology
- tourism
- ecosystem characterisation
- human environment.

The EIA covers the project site area, environmental influence area, and the main transport routes that will be used during construction and operation.

Resolution N°94/2020 is the main environmental permit for construction and operation of the project, containing specific commitments that MSB must comply with, as mitigation and compensation measures. The approved project comprises construction and operation of a 58,000tpa potassium chloride (KCL) plant and a 20,000tpa lithium carbonate plant (consistent with the 2019 DFS) with brine extraction of 209L/s, freshwater extraction of 35L/s and all associated industrial facilities, including evaporation pond areas, brine pipelines and a campsite. The approval is valid for 20-years. While potash (KCl) production was considered in the 2019 DFS, MSB has deferred consideration of KCl production until conditions in this particular market improve significantly. MSB will review the decision to build a potash plant over the next few years and before harvestable salts become available from the evaporation ponds.

MSB was awarded a key regulatory licence by the Chilean Nuclear Energy Commission (“CChEN”) to produce, market and export lithium products from Salar de Maricunga on 9 March 2018, for an initial 88,885t of contained lithium metal or 472,868t of LCE over a 30-year term.

¹ The Ramsar Convention on Wetlands of International Importance Especially as Waterfowl Habitat is an international treaty for the conservation and sustainable use of Ramsar sites (wetlands). It is also known as the Convention on Wetlands. It is named after the city of Ramsar in Iran, where the convention was signed in 1971.

MSB has secured a water supply for the construction and operation stages of the project through the acquisition of the CAN-6 well, that has all the water rights in place. MSB has also secured all environmental approvals for the operation of this supply.

Several additional minor permits will need to be processed before construction can commence. It should also be noted that the environmental assessment process included significant engagement with the local Colla indigenous communities and with regional authorities and local organisations.

BDA observed during its site visit that the camp and other complementary facilities are operated according to industry standards and with adequate security and environmental regulations. No significant environmental or operational risks were identified.

5.16 Community Engagement and Indigenous Relations

The influence area of the project includes the districts of Copiapó where Salar de Maricunga is located, Diego de Almagro and other districts situated in the Atacama and Antofagasta regions. Copiapó is a mining city surrounded by copper and gold mines and industrial areas. No inhabitants live on Salar de Maricunga.

A social baseline and perceptions study was completed for the project and included in the EIA. The objectives of the study were to understand the social background of people within the potential impact areas, and how they could be affected by the proposed operations.

The closest indigenous communities affected by the project are located in the district of Diego de Almagro, 160km from the project. The road C-13 joins C-173, one of the main access routes to the project, and passes close to the indigenous communities of Diego de Almagro (Figure 2). Three Colla communities have been recognised in Diego de Almagro: Chiyagua Colla Community, Quebrada El Jardín Colla Community, and Geoxcultuxial Colla Community. These communities use the pastures, flooded meadows and areas with potable water for pasturing their livestock. The Colla have traditionally built their homes adjacent to these areas (including close to the road C-13 used by the project). Considering this, workers and drivers will be trained on the protection of the Colla communities.

The relationship between MSB and local communities is positive. The company's strategy is to maintain direct contact with these groups, and the Chief Operating Officer takes personal responsibility for communication and relationship activities.

The EIA included engagement with the Colla indigenous communities and consultation with regional authorities and local organisations. MSB has also incorporated specific commitments, including the forms of participation of the community in the benefits of the project, and taking into account the suggestions of the ILO Convention No. 169.

5.17 Rehabilitation

The project closure cost is considered in the economic model as a remediation cost of US\$22.8M, estimated at 4.45% of the initial capital cost. In addition, MSB holds an insurance policy for this remediation estimated as 0.5% pa of the remediation cost.

BDA considers the estimated cost to be reasonable.

5.18 Capital Cost Estimates

Capital cost forecasts for the Maricunga project comprise initial, deferred and sustaining capital as set out in Table 5.11 and have been estimated in US dollars for input to the project financial model. No provision is made for rehabilitation capital in the financial model.

MSB has relied on Worley Chile S.A. (Worley Chile), an international engineering and construction company with extensive experience and expertise in the design and construction of resource processing facilities in South America and elsewhere, for preparation of the capital cost estimates for the project. The estimates are based on Q4 2021 pricing and a Chilean Peso/US Dollar exchange rate of CHP800 = US\$1. Worley Chile has assessed the capital cost estimate to have an accuracy of $\pm 11\%$.

Direct costs have been estimated by Worley Chile using its standard estimating methodology for feasibility studies based on engineering designs prepared for the feasibility study and budget quotations from prospective suppliers and contractors. Indirect costs, which include engineering, procurement and construction management costs, Owner's costs and contractors' indirect costs have been estimated by Worley Chile using historical costs recorded on similar projects stored in a Worley Chile data base.

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LPI went through a review of the capital cost estimate in July 2023 and concluded that as the original estimates was undertaken in an elevated Covid-19 market, the estimate remains valid at today's pricing. LPI has subsequently advised that the high inflationary environment in Chile (around 18% for the period between 2022-2023) is expected to drive up the project's capital cost to around US\$700M.

A contingency allowance of US\$62M (11.1% of direct and indirect costs) has been included. BDA notes that such a contingency allowance falls within the industry standard range of 10 to 15% for final feasibility study standard estimates. With the expected increase in capital costs to around US\$700M, a similar level of contingency would amount to US\$77M.

Deferred capital is the cost of additional trucks and workforce catering facilities to be added in 2028 and has been estimated in a similar fashion to the estimate of initial capital.

Table 5.11
Maricunga DFS Capital Cost Forecasts

Item	2023	2024	2025	2026-2045	Total
Initial Costs					
Brine Wells	US\$M	12.4	32.3	5.0	49.7
Evaporation Ponds	US\$M	33.6	87.3	13.4	134.4
Salt Removal	US\$M	8.2	82.5	74.2	164.9
Lithium Carbonate Plant	US\$M	4.2	41.7	37.5	83.4
Plant Services	US\$M	3.8	43.9	77.8	125.5
Infrastructure	US\$M	3.4	24.0	41.1	68.5
<i>Initial Costs Subtotal</i>	<i>US\$M</i>	<i>65.6</i>	<i>311.7</i>	<i>249.1</i>	<i>626.4</i>
Deferred Capital	US\$M			12.5	12.5
Sustaining Capital	US\$M			42.2	42.2
Total	US\$M	65.6	311.7	249.1	681.1

Sustaining capital is the cost of replacement or upgrading of capital items as they reach the end of their operational life. Costs have been factored from initial capital costs using historical factors from the Worley Chile data base. BDA is of the view that the sustaining capital cost is insufficient and based on a review of other lithium brine projects in Chile and Argentina, suggests a factor of 2.5% pa of the initial capital cost (increased for inflation) should be used. On this basis, it is suggested that sustaining capital is more likely to be around US\$12.4Mpa (US\$494.3m x 2.5% pa), or US\$250M over the period 2026-2045.

BDA has reviewed the estimates of the other capital cost items and the basis for the estimates and considers them to be generally reasonable and in line with similar projects.

If a lower lithium recovery was to be experienced, an increase in brine flow rate from the wells would be required in order to meet the 15,200tpa production criteria. Assuming that the pre-concentrated brine concentration will remain at around 900-950mg/L Li, capital cost increases for the ponds would be relatively small, within the accuracy of the estimate. Well costs, due to redundancies, will remain unchanged.

5.19 Operating Cost Estimates

Operating costs were estimated by Worley Chile as part of the DFS process and are summarised in Table 5.12.

Table 5.12
DFS Average Operating Cost Summary

Category	Total Average Operating Cost (US\$'000 pa)	Total Average Operating Cost (US\$/t LCE)
Salt Harvesting	4,049	266
Energy	17,689	1,164
Chemical Reagents	16,704	1,099
Manpower	7,867	518
Catering and Camp Services	1,999	132
Maintenance	5,443	358
Transport	2,756	181
General and Administration	2,220	146
Total Operating Cost	58,726	3,864

The main cost drivers of the project are:

- the actual grade of the brine and volumes from the well field, including dilution over the project life

- the actual net evaporation rate over the project life and the design of the solar ponds
- the variability of calcium, magnesium and boron levels within the brine over the project life and the quantity of reagents required to control them
- the relevant lithium yield during the crystallisation/evaporation stages
- the relevant lithium yield at the Salt Recovery Plant
- the cost and logistics of shipping raw materials and product.

BDA has reviewed the operating costs and notes the following:

- costs of HCl, NaOH and Na₂CO₃ were calculated by Worley Chile before Value Added Tax (“VAT”)
- VAT was considered in Worley Chile’s DCF with a yearly rebate; BDA has not investigated the procedure in Chile to recover VAT, but suggests it should be displayed in the initial operating disbursement cost for the project
- annual electricity costs were based on 13.6MW installed with unit costs of 5.9 cents/kWh using an 0.87 operating factor. LPI advises that since the DFS, electricity costs have reduced due to the high proportion of renewable electricity generation in the district; BDA has assumed a 50% discount on the DFS electricity cost
- diesel unit costs are estimated at US\$0.712/L before VAT; even though VAT is recoverable, it is an actual up-front cash expenditure and BDA suggests an actual cost of diesel of US\$0.944/L using the DFS exchange rate US\$1 = CHP800; BDA notes that currently, fuel costs are subject to significant escalation and are currently in the order of US\$1.13/L; BDA suggests a 20% increase to diesel costs over the DFS estimates
- the net effect of BDA’s suggested reduction in electricity costs and increased diesel costs is a marginal overall increase of some 3%, within the order of accuracy of the estimates.

After review and analysis of the operating cost presented in Worley Chile’s DFS, BDA considers that a cost of US\$4,300/t lithium carbonate represents an appropriate cash cost when VAT is included on the input costs, before VAT refunds on sales.

The operating cost breakdown for reagents and energy, as summarised by Worley Chile, is presented in Table 5.13 and is compared with a cost inclusive of VAT.

Reagents account for over 33% of the total operating costs with sodium carbonate being the main contributor. The estimated unit cost of power at the project site is 5.9 cents per kWh.

Energy (including diesel) costs are estimated at approximately US\$21.7Mpa, with about 36% of total operating costs being the cost of diesel. Diesel fuel consumption in the Salt Removal Plant to produce steam is the major component of energy expenses.

LPI advises that 80% of operating cost are expected to be in US dollars and Euros. LPI plans to hedge the project’s US dollar exchange rate risk.

BDA suggests it would be prudent to consider the impact of a 10% increase in operating costs given the current high escalation environment.

Table 5.13
DFS Average Annual Reagent and Energy Cost Summary

	Worley Chile Cost (US\$pa excl VAT)	Worley Chile Cost (US\$pa incl VAT)
Reagents		
NaOH (100%)	\$429,400	\$456,682
HCl (32%)	\$3,996,749	\$4,693,420
Sodium Carbonate (Soda ash)	\$11,602,282	\$13,633,520
Lime	\$312,816	\$367,721
Other Chemical	\$362,503	\$362,503
<i>Total Reagent Cost US\$pa</i>	<i>\$16,703,750</i>	<i>\$19,513,845</i>
Energy		
Diesel (vehicles and steam)	\$12,483,122	\$16,546,432
Electric Power	\$5,205,525	\$5,205,525
<i>Total Energy Cost US\$pa</i>	<i>\$17,688,647</i>	<i>\$21,751,957</i>

5.20 Project Schedule

The 2022 DFS report for the project completed by Worley Chile includes a summary project execution schedule which indicates that if project commitments are made by the beginning of 2023, the project could be constructed and commissioned by the end of 2025. The schedule shows the critical path as running through the procurement and construction activities for the lithium carbonate plant.

With delays in securing funding for the development of the project, the development timetable has been delayed by approximately 12-months, with project construction now planned to commence in 2024 and process commissioning expected by end 2026.

The development schedule appears achievable subject to a competent project team being put in place by MSB and maintained for the duration of the development phase of the project. The schedule assumes that sufficient workforce and equipment are available to accomplish the activities as scheduled.

It is estimated that pre-concentration pond filling and commissioning will take between 12 and 16 months to achieve steady state, but it could take less time to get sufficient brine for commissioning.

While MSB is planning on a 3-year production ramp-up period, based on its experience BDA recommends the following targeted production ramp-up should be used for valuation purposes:

Year 1 50% Battery Grade (BG) and 50% Technical Grade (TG)
Year 2 50% BG, 50% TG
Year 3 65% BG, 35% TG
Year 4 75% BG, 25% TG
Year 5 85% BG, 15% TG.

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6.0 VALUATION DISCUSSION

6.1 Valuation Principles and Methodologies

Valuation Principles

As a general principle, the fair market value of a property as stated in the VALMIN Code is the amount a willing buyer would pay a willing seller in an arm's length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

Standards and Procedures

This report has been prepared in keeping with the VALMIN Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005 and 2015. Resource and reserve estimation procedures and categorisations have been reviewed in terms of the JORC Code, 2012.

The effective date for this valuation is the date of this report.

Valuation Methods

The valuation methods considered are discussed in Section 3 of this report.

There is no single valuation methodology which is appropriate for all situations. Rather, there are various methods, all of which have some merit and are more or less applicable depending on the circumstances.

BDO has valued the Stage 1 Maricunga development asset based on a discounted cashflow method. BDA has worked with BDO to assess the reasonableness of the production and cost parameters and LOM projections used in the financial model.

BDO has requested that BDA assess the valuation of any residual resources not captured in the Stage 1 discounted cash flow analysis.

BDA has considered project resources which may extend beyond the Maricunga modelled reserve and Stage One LOM plan. It is reasonable to conclude that a willing and knowledgeable buyer would ascribe value to the potential for such resources to support a life of mine extension beyond the currently Stage One LOM plan. BDA has discussed with BDO the option of modelling a further extension to mine life to reflect the additional value that a willing and knowledgeable buyer might ascribe to this potential and has concluded that this is the most appropriate means of valuing the additional resource potential.

Where prospects are regarded purely as exploration properties, or projects at an early stage of development where uncertainties concerning timing, production and costs are such that a discounted cash flow analysis may not be appropriate, BDA considers that exploration-type valuation methodologies, including comparable transactions, yardstick values and exploration expenditure are appropriate means of valuation. However, in this case where the base case development and production plan is well defined, and the value of any resource extension can be determined in the context of an extension to the current projected mine life, BDA considers that the additional exploration value is best determined by a review of the addition to net present value discounted cash flows of additional years of mine life.

The assets to be valued and the approaches adopted are summarised in Table 6.1.

Table 6.1
LPI Projects to be Valued

Project/Property	Valued By	Methodology/Comment
Maricunga		
Maricunga - Stage One LOM plan	BDO - with input from BDA	Discounted cashflows
Maricunga - additional LOM extension	BDO - with input parameters from BDA	Discounted cashflows of a 20-year mine life extension
Maricunga - exploration potential	BDA	Fully incorporated in Extension Valuation

After full consideration and discussion with BDO, BDA considers that the value of the Maricunga project is substantially encapsulated in the discounted cashflow analysis of the Stage One project and the modelled LOM extensions. This is not to say that there is no further potential for this project beyond the currently proposed Stage One project and mine life extension provided by resources contained in the Litio 1-6 concessions, but the project as modelled on this basis has a long mine life (in excess of 40 years) and BDA and BDO consider that a willing

and knowledgeable buyer is not likely to ascribe any material value to any future potential developments beyond this time frame.

6.2 Valuation of Maricunga Expansion and Exploration Potential

Maricunga Expansion Potential

BDA considers that there is good potential for additional reserves and mine life to be defined beyond the Stage One project which is based only on the 1,125ha Old Code Concessions (OCC). MSB owns 100% of the Litio 1-6 concessions that comprise 1,438ha of New Code Concessions (NCC). These concessions require a Special Licence (Contrato Especial de Operacion de Litio, (CEOL)) to enable lithium exploitation. Given that Codelco hold a CEOL over the Litio 1-6 concession area, some agreement is required between MSB and Codelco to combine the MSB concession ownership and the Codelco CEOL to enable lithium brine production from the NCC. BDA notes that there's a royalty payable to the Chilean Government by the holder of the CEOL as a result of any operation at the salar on the area established by the CEOL. Under the lithium price forecasts assumed in the DFS, the royalty payable to the Chilean Government by any vehicle created between MSB and Codelco for the production from the Litio 1-6 concessions, would be in the order of 10.2% of total revenue.

The 2019 DFS for the original Blanco Project included an evaluation of the resources and reserves contained in all concessions (OCC and Litio 1-6), to a depth of 200mbgs. According to the 2019 NI 43-101 Technical Report and DFS, a total resource (M+I) of 0.35km³ was estimated at a grade of 1,167mg/L Li containing 389,000t of Li in all concessions to 200m depth. Considering the area of the New Code Concessions and their concentration of lithium, more than 50% of the total resources estimated in 2019 correspond to the Litio 1-6 concessions and represent additional resources over and above those included in the Stage One OCC LOM plan.

The New Code Concessions generally contain higher lithium concentrations in comparison with the lithium concentrations estimated in the OCC (Figure 7). It is clear from the grade contours at varying depths that the lithium concentration generally increases with depth and laterally from north (OCC) to the south (NCC).

An Ore Reserve estimate for the New Code Concessions was issued in the 2019 DFS at an assumed 58% lithium process recovery efficiency. The details are provided in Table 6.2.

Table 6.2

Ore Reserve Estimate – Litio 1-6 Concessions - 2019 DFS (Assuming 58% Process Recovery)

Category	Year	Brine Volume (Mm ³)	Li Grade (mg/L)	Li Metal (t)	LCE (t)
Proven	7-14	14	1,184	10,000	51,000
Probable	14-23	48	1,170	32,000	173,000
Total	7-23	62	1,173	42,000	224,000

Source: Minera Salar Blanco Definitive Feasibility Study, 2019

Resource/Reserve Potential at Depth

The exploration campaign in 2021 on the OCC concessions resulted in an increase in the Mineral Resources and Ore Reserves of approximately 50% and 60% respectively (2022 DFS - Stage One), compared with the previous resource and reserve estimates (2019 DFS). The increase relates primarily to deeper drilling that reached 400m depth and confirmed the continuity of lithium grade at depth. A similar increase in the resources and reserves at depth can be expected in the NCC, where drilling and pump testing to date has only reached 200m depth. Thus, an extension of the drilling and pumping data to cover the deeper region of the Litio 1-6 concessions, between 200m and 400m depth, is likely to result in a significant expansion of the resource and reserve estimates. If a comparable 60% reserve increase of recoverable lithium was realised between 200m and 400m, this could add approximately 25,000t of recoverable lithium, increasing the total lithium resource in the Litio 1-6 concessions to 400m depth to in excess of 65,000t Li or 350,000t LCE, potentially adding a further 20+ years of mine life (at 15,200tpa LCE) after the Stage One project.

Further, according to the geophysical data and the geological model, volcaniclastic and volcanic breccia hosting the lower brine aquifer continue to the bedrock contact at a variable depth of up to 550m, suggesting a further exploration target at depth within the OCC and Litio 1-6 concessions, from 400m to the bedrock contact. Additional drilling is required in order to delineate the potential of this zone.

Mine Life Expansion Potential Valuation Assumptions

In addition to the Stage One project valued by BDO on a discounted cashflow ("DCF") basis, the Litio 1-6 concessions contain similar resource and reserve potential and were included in the 2019 DFS. BDA has discussed

with BDO that the most appropriate way to value the Litio 1-6 concessions is to consider the additional potential value resulting from an extension of the Stage One project mine life for a further 20 years, based on extraction of the potential NCC resources. BDA accepts that approval to exploit the NCC resources would also provide the option of increased production at an earlier stage, but, in BDA's opinion, a willing and knowledgeable buyer would adopt a relatively conservative mine-life-extension scenario given the current status of the NCC resources. Given that any such extension is beyond the first 20 years, there will be a significant time-related discount applied. Additional capital costs, estimated by BDA at around US\$313M, would be incurred towards the end of the initial 20 years to duplicate the wellfield in the Litio 1-6 concessions and significantly upgrade the processing facilities and infrastructure for a further 20 years of operations. Sustaining capital and operating costs similar to the first 20 years will be incurred for the subsequent 20 years.

As previously stated, any development by MSB on the Litio 1-6 concessions will require a special licence from the Chilean Government (*Contrato Especial de Operación de Litio* – CEOL), held by Codelco, for the production and sale of lithium products. An agreement between MSB and Codelco is required to combine the concession ownership with the CEOL before any production of lithium brine is possible from these concessions.

Despite the NCC resources (currently defined to 200m depth) forming part of the 2019 DFS, the current development plan comprises only the OCC resources (ie. Stage One 2022 DFS), and production plans for the addition of the NCC resources, definition of NCC resources from 200m to 400m depth, and the CEOL required, are all undefined at this time. It is this level of uncertainty that has led BDA to adopt the conservative valuation approach of extending production from the NCC concessions at the end of the Stage One production life. BDA recognises that the company could potentially bring forward production from the NCC concessions if approved (eg. the 2019 DFS assumed 20,000tpa LCE production from the combined project), however, the timing, ultimate production scale and expansion capital cost are unknown at the time of this valuation.

LPI has a first mover advantage in potentially being the first lithium brine producer on Salar de Maricunga. BDA notes that other companies hold concessions adjacent to LPI and should they develop brine operations adjacent to the MSB concessions, there will be competition for brine across concession boundaries. As a first mover, this also creates the opportunity for LPI to potentially acquire additional concessions on the salar.

The expansion potential represented by brines contained in the aquifers below 400m down to the basement contact (up to 550m deep) is not defined and much less certain at the current level of exploration knowledge. No resource has been estimated for this brine. Given the greater depth and risk, and higher associated capital and operating cost in exploiting this potential, such potential would only be considered after exploiting the shallower (above 400m depth) resources. BDA considers that a knowledgeable and willing buyer would be unlikely to place any significant value on the potential below 400m depth at this time.

Summary Valuation Maricunga Exploration Potential

A summary of BDA's assessment of the Maricunga expansion potential is shown in Table 6.3.

Table 6.3
Valuation Summary of Maricunga Expansion Potential (100% Basis)

Property	Valuation (US\$M)			Comments
	Low	Most Likely	High	
Maricunga Lithium Brine Project				
Proposed operation based on existing Stage One reserves and LOM plan	See IER	See IER	See IER	Assessed by BDO with technical input from BDA
Potential for extension of mine life (Litio 1-6 concessions)	See IER	See IER	See IER	Additional twenty years of mine life incorporated in BDO assessment based on technical advice from BDA
Maricunga additional exploration potential (below 400m depth)	-	-	-	Due to exploitation timeframe likely to be beyond 40 years, assumed to have no material current value.

Note: the estimates above have all been made on a 100% basis.

7.0 ASSOCIATES/CONSULTANTS - QUALIFICATIONS AND EXPERIENCE

Mr Malcolm Hancock and Mr John McIntyre (BDA Executive Directors) have provided project direction and participated in the technical reviews, report preparation and review meetings as required. Mr Hancock is a geologist and Mr McIntyre a mining engineer and both have extensive project review, due diligence and valuation experience. Both Mr Hancock and Mr McIntyre are Members of the Australasian Institute of Minerals Valuers and Appraisers (“AIMVA”) and are Certified Mineral Valuers (“CMV”). These are professional qualifications designed to indicate to regulators that a panel of professional peers has established that the individual has more than 10 years of experience in valuation expertise and has been assessed as a recognised valuation expert, competent to sign off on public and corporate documentation in valuing and appraising minerals projects.

Mr Mark Faul (BDA General Manager) has been the Project Leader and a primary contact within BDA for this assignment. He has provided project direction and participated in the technical reviews, report preparation and management and review meetings as required. Mr Faul is a mining engineer with extensive project review, bank due diligence, financial modelling and valuation experience.

The BDA review team includes the following specialist consultants:

Mr Malcolm Hancock (BA, MA, FGS, FAusIMM, MIMM, MMICA, CP (Geol), MAIMVA) is a Principal and Executive Director of BDA. He is a geologist with more than 50 years of experience in the areas of resource/reserve estimation, reconciliation, exploration, project feasibility and development, mine geology and mining operations. Before joining BDA, he held executive positions responsible for geological and mining aspects of project acquisitions, feasibility studies, mine development and operations. He has been involved in the feasibility, construction, and commissioning of several mining operations. He has worked on both open pit and underground operations, on gold, copper, base metal, uranium, rare earths and strategic minerals and industrial mineral projects, and has undertaken the management and direction of many of BDA’s independent engineer operations in recent years. Mr Hancock has provided project direction, geological and resource review and report editing.

Mr John McIntyre (BE (Min) Hon., FAusIMM, MMICA, CP (Min), MAIMVA) is a Principal and Managing Director of BDA. He is a mining engineer who has been involved in the Australian and international mining industry for more than 50 years, with operational and management experience in copper, lead, zinc, nickel, gold, uranium and coal in open pit and underground operations. He has been involved in numerous mining projects and operations, feasibility studies and technical and operational reviews in Australia and overseas. He has been a consultant for more than 30 years and has been Managing Director of BDA since 1994, involved in the development of the independent engineering and technical audit role. Mr McIntyre has provided project direction and report editing.

Mr Mark Faul (BE. Min (Hons), MBA, MAppFin, FAusIMM, GAICD, MAIMVA) is General Manager of BDA and is a mining engineer with extensive mining finance and investment experience with more than 35 years in the mining, resources investment banking and private equity investing in Australia, SE Asia, PNG, Africa, Europe and the Americas. His experience includes operations management, project feasibility and development, strategic planning, due diligence, cost assessment, financial modelling, project and corporate finance. He is experienced in a range of commodities, including gold, copper, nickel, base metals, platinum group metals, strategic minerals, diamonds and gemstones, rare earths and uranium, in both surface and underground mining. He has extensive experience in mine management, economic analysis, project evaluation, valuation, risk management, project finance from a financier and investor prospective, and as a company director. Mr Faul was the BDA Project Leader on this assignment and contributed to the review of the operating costs, report preparation and management, and project liaison.

Mr Don Hains (BA. Chem. (Hons.), MBA, Member CIMM, Registered Professional Geologist Ontario (#0494), MSMME, M Metallurgical Society of AIME, M American Ceramics Society) is a Senior Associate of BDA and is qualified as an industrial minerals exploration and economic geologist with more than 30 years of experience in the development, use and analysis of industrial minerals properties and materials. His experience encompasses most of the industrial minerals and several specialty metals, including lithium, tantalum, antimony, niobium, gallium, germanium and rare earths. Assignments have ranged from valuation reports to feasibility and market studies. He is the author of the *Best Practice Guidelines for Reporting of Lithium Brine Resources and Reserves* and a co-author of the *Best Practice Guidelines for Reporting on Industrial Minerals Resources and Reserves*. Both these guideline documents provide recommended best practice when reporting resources and reserves under NI 43-101. Mr Hains has previously reviewed the Maricunga project and prepared an NI 43-101 report for Li3 in 2017 (Li3 later sold its interest in the project to MSB). Mr Hains has provided an overview of the project and assisted in editing this report.

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Dr Hector Santiago Sánchez Rioja is a Senior Associate of Behre Dolbear and a Senior Environmental Geologist. He also has Mining Geology Post-graduate degree and a Bachelor in Geology (Universidad Nacional de Salta, Argentina, 2004). He has developed or reviewed multiple EIA studies for salars and hard rock type deposits and projects, mostly in Salta and Jujuy (Argentina). Dr Sánchez Rioja has also developed and executed data acquisition programmes at all phases of mineral resources development, from greenfield to advanced exploration and economic evaluations. Dr. Sánchez has reviewed the geology, resources and reserves, as well as the environmental and community aspects of the project.

Mr. Sylvio Bertolli is a Senior Associate of Behre Dolbear with over 40 years of domestic and international experience in programme/project management and process design in the mineral and chemical fields. Mr. Bertolli is experienced with engineering, project management (EPCM) and operations management, including unit operations of materials handling, leaching, evaporation, thickening, filtration, drying, solvent extraction, ion exchange, and innovative technologies. His expertise also includes several years of cost estimating, economic analysis, and due diligence of new prospects and valuations. As Vice President for Western Lithium, he was responsible for project development ranging from conceptual design, cost, and economic analysis and full-scale EPCM construction; he evaluated several lithium projects and acquisitions of lithium projects, including spodumene, salars, and clays and assisted in the design of lithium facilities, including new extraction technologies. Mr Bertolli has reviewed the processing testwork and process design aspects of the project.

Ms Janet Epps (B.Sc. (Geol), M.Sc. (Envir.)) is a Senior Associate of BDA with more than 35 years' experience as a specialist in environmental science and community issues management, policy development and regulatory consultancy services. Ms Epps has worked with the UN, World Bank, the IFC and the Multilateral Investment Guarantee Agency (MIGA), providing policy advice to governments of developing countries on designed projects and contributing towards sustainable development strategies. Ms Epps has been a pioneer in developing the sustainability concept as it relates to the mining industry and she has completed assignments in Australasia, South-East Asia, CIS, Africa and South America. Ms Epps has examined the tenement, project approval and environmental aspects of the projects.

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8.0 LIMITATIONS AND CONSENT

BDA consents to making this report available to the Directors of LPI and BDO on the understanding that all parties are aware of and understand the scope of BDA's engagement as set out in the Scope of Work. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document or used for any other purpose without written consent from BDA as to the form and context in which it appears. BDA will be paid its standard consulting fees for the preparation of this report; the fees are not dependent on the findings or outcome of the report.

This report does not constitute a technical or legal audit. The assessment in this report has been based on data, reports and other information made available to BDA by LPI and referred to in this report. LPI has advised BDA that all relevant documentation relating to the project has been provided, that the information is complete as to material details and is not misleading.

BDA has reviewed the data, reports and information provided and has used consultants with appropriate experience and expertise relevant to the various aspects of the project. The opinions stated herein are given in good faith. BDA considers that the basic assumptions are factual and correct, and the interpretations are reasonable. This BDA report contains forecasts and projections based on information provided by LPI. BDA's assessment of the mine plans, projected production schedules and capital and operating costs are based on technical reviews of project data and site visit. However, these forecasts and projections cannot be assured and factors both within and beyond the control of LPI could cause the actual results to be materially different from the assessments and projections contained in this report.

BDA has independently analysed data provided by LPI, but the accuracy of the conclusions of the review largely relies on the accuracy of the supplied data. BDA does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from third party use of it. BDA reserves the right to change its opinions on the mining studies expressed in this report should any of the fundamental information provided by LPI be significantly or materially revised.

BDA warrants that its activities have followed accepted engineering standards through the use of professionally qualified engineers and the adoption of standards as specified by the appropriate professional Associations. BDA takes no responsibility for any loss or damage arising from the use of this report or information, data or assumptions contained therein, except for where loss or damage results from the bad faith, wilful misconduct or negligence on the part of BDA.

In commissioning BDA for this report, LPI has indemnified BDA for any liability:

- a) resulting from BDA's reliance on information provided by LPI that is materially inaccurate or incomplete; and
- b) relating to any consequential extension of workload through queries, questions or public hearings arising from the BDA Public Report.

This indemnity does not absolve BDA from critically examining the information provided.

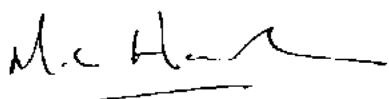
Sincerely yours

BEHRE DOLBEAR AUSTRALIA PTY LTD



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APPENDIX I

BDA CONSENT LETTER TO BDO

BEHRE
DOLBEAR
AUSTRALIA



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Minerals Industry Consultants

ABN 62 065 713 724

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Fax: 612 9929 2549

Email: bdaus@bigpond.com

27th November 2023

BDO Corporate Finance Ltd
C/- Mr Mark Whittaker
GPO Box 457
Brisbane QLD 4001

Consent to be named - Independent Expert's Report prepared by BDO Corporate Finance Ltd.

Dear Mr Whittaker,

**INDEPENDENT TECHNICAL EXPERT SERVICES PROVIDED BY BEHRE DOLBEAR IN
RELATION TO LITHIUM POWER INTERNATIONAL**

We have reviewed the Independent Expert's Report prepared by BDO Corporate Finance Ltd dated 23 November 2023 in relation to the proposed acquisition of all outstanding LPI shares by Corporación Nacional del Cobre de Chile via scheme of arrangement.

We consent to the inclusion of all references and comments relating to ourselves, Behre Dolbear Australia Pty Ltd and our technical expert's report, dated 27 November 2023, in the form and context in which they appear in the Independent Expert's Report prepared by BDO Corporate Finance Ltd.

Signed for and on behalf of

Behre Dolbear Australia Pty Ltd

by its duly authorised representatives:

Malcolm C Hancock
Executive Director – BDA
27 November 2023

John S McIntyre
Managing Director – BDA
27 November 2023

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APPENDIX II

GLOSSARY

GLOSSARY

Term/Abbreviation	Description
2019 DFS	Technical Report NI 43-101 Maricunga DFS, completed in January 2019
2022 DFS	Technical Report NI 43-101 Maricunga DFS Update (Stage One Project), completed in January 2022
AAA	Andes Analytical Assay Laboratories
AAS	Aionic Adsorption Spectrometry
AIMVA	Australasian Institute of Minerals Valuers and Appraisers
Albermarle	Albemarle Corporation
AMSL	Above Mean Sea Level
AMT	Audio Magnetotellurics
ASA	Alex Stewart Argentina
Atacama	Atacama Water Consultants
AusIMM	Australasian Institute of Mining and Metallurgy
A\$	Australian Dollar
B	Billion
BAC	Base Acquisition Cost
bcm	Bank Cubic Metre (in situ volume)
BDA	Behre Dolbear Australia Pty Limited
BDO	BDO Corporate Finance Pty Ltd
Bearing	Bearing Lithium Corp. (17.14% joint venture interest in the project)
BGS	British Geological Survey UK
BMB	Balingup Metamorphic Belt
Carnaby Resources	Carnaby Resources Limited
CChEN	Chilean Nuclear Energy Commission
CEOL	<i>Contrato Especial de Operación de Litio</i> special licence held by Codelco for the production and sale of lithium products
CIM Standards	Canadian National Instrument 43-101 and the Guidelines Published by the Council of the Canadian Institute of Mining, Metallurgy and Petroleum
CMCL	CMC Lithium Pty Ltd
CMP	Conservation Management Plan
CMV	Certified Mineral Valuer
Company	Lithium Power International Limited
DBSA	Daniel B Stephens and Associates
DCF	Discounted Cashflow
Demerger Assets	LPI's WA Lithium Exploration Assets
DemergeCo	Wholly owned subsidiary of LPI that will hold the Demerger Assets
DFS	Definitive Feasibility Study
DMS	Dense media separation
EIA	Environmental Impact Assessment, approved in February 2020
EPC	Engineer, Procurement and Construction contract
ESIA	Environmental and Social Impact Assessment
FIFO	Fly-in, Fly-out
FS	Feasibility Study
FY	Financial Year
GSA	Geo Systems Analysis
GSWA	Geological Survey of Western Australia
ha	Hectare
ICP	Inductively Coupled Plasma
IER	Independent Expert Report, prepared by BDO
IGR	Independent Geologist Report by Geko-Co Pty Ltd
IRR	Internal Rate of Return
ISO	International Standards Organisation
ITSR	Independent Technical Specialist Report, prepared by BDA
IX	Ion exchange
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" as Prepared by the Joint Ore Reserves Committee of the AusIMM, AIG, and the MCA
Kb	Kilobar
KCl	Potassium Chloride
km	Kilometre
km ²	Square Kilometre
kt	Thousand Tonnes
ktpa	Thousand tonnes per annum

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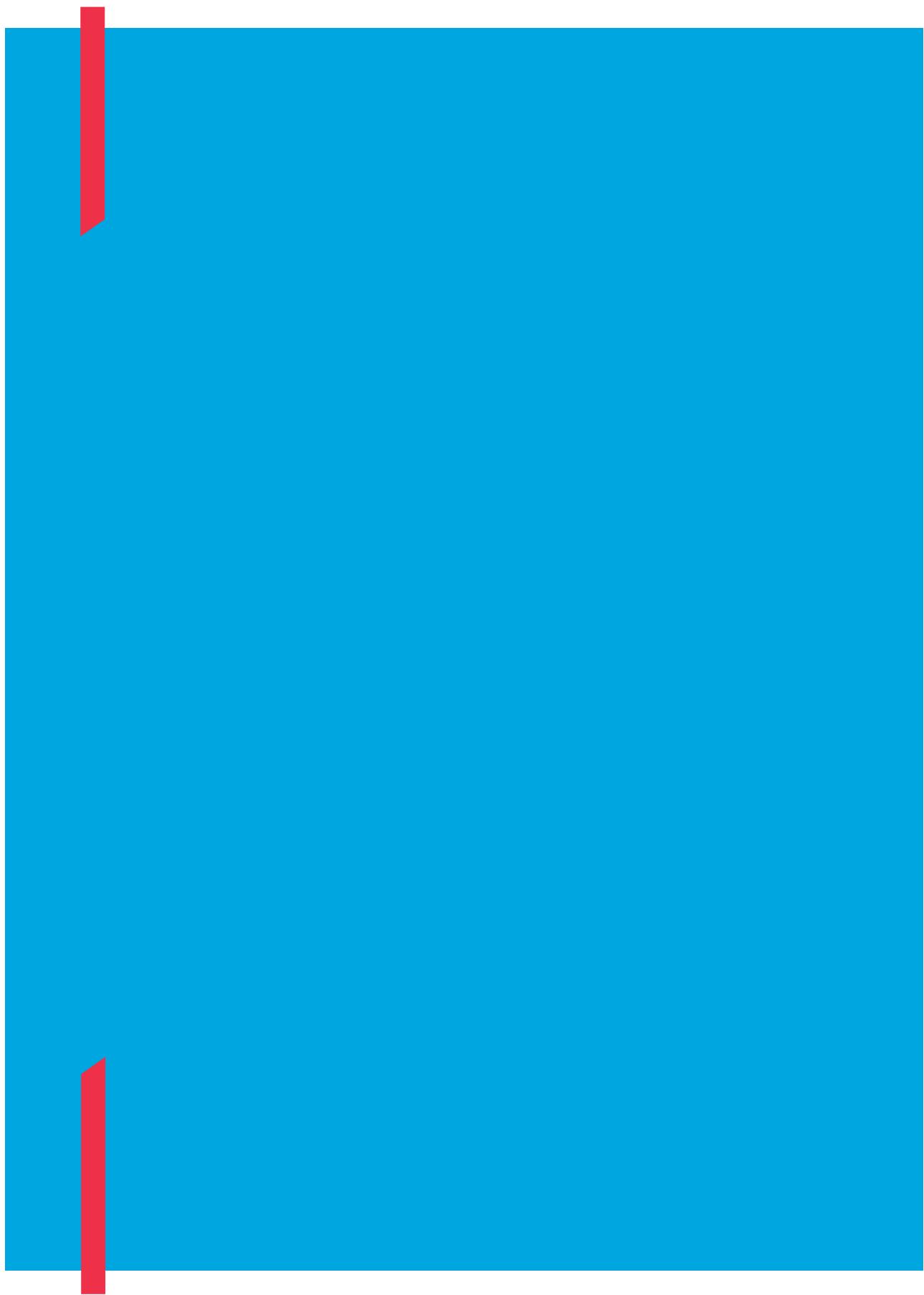
Term/Abbreviation	Description
kV	Kilovolt
kW	Kilowatt
LCE	Lithium Carbonate Equivalent
Li ₂ O	Lithium Oxide
LOM	Life of Mine
LPG	Liquefied Petroleum Gas
LPI	Lithium Power International Limited
m	Metre
M	Million
Ma	Million Years Ago
m ³	Cubic Metre
m ³ /h	Cubic Metres per Hour
Ma	Million Years
Maricunga	Maricunga Lithium Brine Project
masl	Metres Above Sea Level
mg/L	Milligrams Per Litre
µm	Micron (m x 10 ⁻⁶)
mm	Millimetre
mm/a	Millimetres per annum
mm/d	Millimetres per day
MSB	Minera Salar Blanco S.A.
MSB SpA	Minera Salar Blanco SpA
Mt	Million Tonnes
Mtpa	Million Tonnes Per Annum
MW	Megawatt
NCC	New Code Concessions
NI 43-101	Canadian Securities Administrators' National Instrument 43-101 - Standards of Disclosure for Mineral Projects
NPV	Net Present Value
NR	National Route, road designation in Argentina
NSR	Net smelter return
OCC	Old Code Concessions under the 1932 Chilean Mining Code
OK	Ordinary Kriging
Opex	Operating costs
P&ID	Process Piping and Instrumentation Diagram
PDA	Preliminary Development Agreement
PEA	Preliminary Economic Assessment
PEM	Prospectivity Enhancement Multiplier
PFD	Process Flow Diagram
PGE	Platinum Group Elements
Pilbara Minerals	Pilbara Minerals Limited
Proposed Transaction	LPI's plans to acquire all joint venture interests in the Maricunga Project
psi	Pounds per Square Inch
ppm	Parts Per Million
QA/QC	Quality Assurance/ Quality Control
Q1	Quarter 1
RC	Reverse Circulation
RL	Reduced Level
RO	Reverse Osmosis
ROM	Run of Mine
RP	Provincial route, road designation in Argentina
RRR	Red River Resources Limited
SC	Spodumene Concentrate
SEA2	Chilean Environmental Assessment Service
SG	Specific Gravity
SQM	Sociedad Quimica y Minera Chile
Stage One Project	15,200tpa LCE as defined in Technical Report NI 43-101 Maricunga DFS Update, January 2022
t	Tonne
Tachyhydrite	Calcium Magnesium Chloride
Talison	Talison Lithium Australia Pty Ltd
TDS	Total Dissolved Solids
TEM	Transient Electromagnetics

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Term/Abbreviation	Description
tpd	Tonnes per day
tph	Tonnes per hour
t/m ³	Tonnes per Cubic Metre
Ta	Tantalum
Ta ₂ O ₅	Tantalum Oxide
TG	Technical Grade
tpa	Tonnes per Annum
tph	Tonnes Per Hour
TSF	Tailings Storage Facility
UOA	University of Antofagasta
VALMIN Code	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VAT	Value Added Tax
WA	Western Australia
WAMIS	WA Department of Mines, Industry Regulation and Safety
Worley Chile	Worley Chile S.A
WTP	Water Treatment Plant
XRF	X-Ray Fluorescence

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Corporate Directory

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DIRECTORS

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Managing Director & CEO

Richard Crookes
Executive Director

Andrew Phillips
Executive Director, Company Secretary & CFO

David Hannon
Non-Executive Director & Chairman

Russell Barwick
Non-Executive Director

Martin Borda
Non-Executive Director

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