August 24, 2021

Messrs.
Lithium Chile Inc.
900, 903 8th Ave SW
Calgary, Alberta
Canada, T2P 0P7
Attention: Steven Cochrane
Email: steve@lithiumchile.ca

Argentum Lithium S.A.
Av. Bicentenario de la Batalla de Salta 863
Primer Piso, Oficina 2
Provincia de Salta, Salta
A4400DWI
Argentina
Attention: Mario Castelli
Email: drmariocastelli@gmail.com

Re: Definitive Agreement – Joint Venture on Arizaro Properties

Dear Sirs,

We make reference to the Letter Agreement entered into by and between SMG S.R.L., a limited liability company, organized and existing under the laws of Argentina (hereinafter referred to as "**SMG**"), and Lithium Chile Inc., a corporation incorporated under the laws of Calgary, Alberta, Canada (hereinafter referred to as "**LITH**"), on May 12, 2021, whose executed copy is attached hereto as **Annex I** (the "**Letter Agreement**"), with respect to a proposed transaction involving the granting by SMG to LITH of an option right to acquire 60% legal and beneficial interest in the 7 mines that comprise a property known as the Arizaro Salar lithium property, located in the Department of Los Andes, Salta Province, Argentina, as more particularly described in Schedule "A" of the Letter Agreement (the "**Properties**"), through a joint venture company (the "JV Corporation") to be integrated by Argentum, holding a 60% equity interest, and LitiAr S.A., a corporation in process of being incorporated under the laws of Argentina (the **"Galli Company"**), currently owned by Daniel Galli, Carlos D. Galli, Nicolas D. Galli, Rodolfo Fernando García and Federico Alberto Moya (all of them jointly, the "**Galli Group**") holding the remaining 40% equity interest; for the continued development and exploitation of the Properties through the JV Corporation, which at Closing (as defined below), will be the owner of the Properties. In the JV Corporation, the Galli Company shall have a royalty right on the gross sales derived from the products mined, extracted and commercialized from the mining project containing the Property (the **"Royalty"**), to be paid by the JV Corporation (and/or its successors or assignees) annually to the Galli Company. The Royalty shall be equal to 1% of net smelter returns on the Property, and LITHARG shall have an option right to purchase such Royalty, which can be exercised for a purchase price of US$ 1,500,000 (one million U.S. Dollars), during a period of 2 (two) years after commercial production has started (the "**Transaction**").

By way of background, SMG is the registered and beneficial owner of the Property; LITH is a Calgary, Alberta, Canada-based, mineral exploration company focused on Argentina, whose common shares are listed for trading on the TSX Venture Exchange, and Argentum Lithium S.A. (hereinafter referred to as

"**Argentum**") is an Argentinian subsidiary of LITH incorporated under the laws of Argentina(both, LITH and Argentum, referred to hereinafter as "**LITHARG**", jointly or indistinctly as decided by LITH).

All capitalized terms not defined herein shall have the meaning ascribed to them in the Letter Agreement.

Considering that, on July 8, 2021, LITH has exercised the Option to execute the Definitive Agreement in accordance with Section 3(c) of the Letter Agreement and thus the Parties are currently in the Negotiation Period (Section 4(b) of the Letter Agreement), SMG hereby proposes to LITHARG to enter into the Definitive Agreement subject to the terms and conditions set forth in **Annex II** (the **"Agreement"**), which, upon acceptance by LITHARG as provided below, shall become binding and enforceable on, and shall govern the relations among, the Parties with respect to the subject matter hereof.

This proposal of Agreement shall be deemed accepted if, within five (5) days as from the date hereof, LITHARG (i) transfers to SMG the US$ 50,000 payment set forth in Section 2.3 (b) of the Agreement, and (ii) delivers to SMG and the Galli Company a letter executed by LITH confirming the transfer of such amount, together with the relevant wire confirmation issued by the intervining bank. The acceptance shall take place on the date the transfer of funds is instructed by LITHARG and the letter executed by LITH is received by SMG and the Galli Company via email, regardless of the date when the funds clear.

Sincerely,

SMG S.R.L.

"Nicolas Galli"

Name: Nicolás Galli
Title: Regular Manager

LitiAr S.A. (in process of being incorporated)

"Daniel Ernesto Galli"

Name: Daniel Ernesto Galli
Title: President

ANNEX I

LETTER AGREEMENT

ANNEX II

JOINT VENTURE AGREEMENT

RECITALS

A. Following the execution of the Letter Agreement, SMG, LITH and the Galli Company have agreed that the Galli Company and Argentum will form a joint venture, where (i) prior to Closing (as defined below), the Galli Company and Argentum shall incorporate an Argentine Corporation, whose capital shall be owned forty percent (40%) by the Galli Company; and the remaining sixty percent (60%) by Argentum (the "**JV Corporation**"); (ii) at Closing (as defined below) SMG will transfer 100% of its ownership interest over the Properties in favor of the JV Corporation, at a purchase price to be agreed by the Parties; (iii) as a result Argentum, through its participation in JV Corporation, would indirectly acquire sixty percent (60%) interest in the Properties, subject to a 1% net smelter return royalty in favour of the Galli Company; and (iv) the JV Corporation shall grant an operatorship right to Argentum so that it carries out the Exploration Program (as defined below) on the Properties and for their continued development and exploitation.

B. SMG, LITHARG, and the Galli Company wish to set forth in writing the terms and conditions that shall govern the Transaction.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the Parties hereto covenant and agree as follows:

SECTION 1 - INTERPRETATION

1.1 **Definitions**[1]. Unless the context otherwise requires, in this Agreement, the following terms shall have the meanings set out below:

(a) "**Affiliate**" has the following meaning: an entity (the **first entity**) is the Affiliate of another entity (the **second entity**) where the second entity Controls the first entity, or the first entity Controls the second entity or both entities are controlled by the same Person or entity;

(b) "**Agreement**" means this joint venture agreement, the recitals herein and the schedules hereto, all as amended from time to time;

(c) "**AMC**" means the Argentine Mining Code and the rules and regulations thereunder in force on the date this Agreement is entered into together with all amendments enacted thereto from time to time;

(d) "**Area of Mutual Interest**" means the area comprising any lands which lie within two (2) kilometers of the outermost boundary of the Properties;

(e) "**Argentum**" means Argentum Lithium S.A., a corporation incorporated under the laws of Argentina, registered with the Registry of Commerce of the Province of Salta on July 7, 2021, on July 7, 2021, under registration number 784, Tax ID No. 30-71722378-7;

(f) "**Business Day**" means any day which is not a Saturday or Sunday on which banks in Argentina are open for business;

[1] Subject to cross reference and final review prior to signing

(g) "**Claim**" means any claim, demand, action, cause of action, damage, loss, cost, liability, obligation or expense, including professional fees and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing;

(h) "**Closing**" means the completion of the transactions as contemplated herein;

(i) "**Closing Date**" means the date on which the Closing shall occur;

(j) "**Closing Time**" means such time on the Closing Date as the Parties hereto may agree as to the time on the Closing Date which the Closing shall take place;

(k) "**Confidential Information**" has the meaning ascribed thereto in **Section 11.1** of this Agreement;

(l) "**Control**" means (a) in relation to a Person that is a corporation, the ownership, directly or indirectly, of voting securities of such Person carrying more than fifty percent (50%) of the voting rights attaching to all voting securities of such Person and which are sufficient, if exercised, to elect a majority of its directors, and (b) in relation to a Person that is a partnership, limited partnership, or other similar entity, the ownership, directly or indirectly, of voting securities of such Person carrying more than fifty percent (50%) of the voting rights attaching to all voting securities of the Person or the ownership of other interests entitling the holder to exercise control and direction over the activities of such Person;

(m) **"Default Interest Rate"** means an annual interest rate of 10%;

(n) "**Effective Date"** means the date on whichLITHARG transfers to SMG the USD 50,000 payment set forth in Section 2.3(b) and delivers the relevant wire confirmation to SMG and the Galli Company, in acceptance of this Agreement, which since that date shall become binding and enforceable on, and shall govern the relations among the Parties.

(o) "**Environmental Laws**" means all Laws at the national, provincial and municipal levels relating to reclamation or restoration of the Properties; abatement of pollution; protection of the environment; monitoring environmental conditions; protection of wildlife, including endangered species; ensuring public safety from environmental hazards; protection of cultural or historic resources; management, storage or control of hazardous materials and substances; releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances into the environment, and all other Laws relating to the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes;

(p) "**Exploration Program**" has the meaning ascribed thereto in **Section 5** of this Agreement;

(q) "**Force Majeure**" means an event pursuant to Article 1730 et seq of the Argentinean Civil and Commercial Code which, during any period while this Agreement is in effect, prevents or makes unattainable on a practical basis the performance of the obligations required by any Party or the Operator where the cause of such event is reasonably beyond the control of such Party or the Operator and such Party and/or the Operator has adopted all reasonable actions, including the outlay of reasonable expenses to avoid it or mitigate/remedy the impact of its occurrence. An event of force majeure shall include, without limitation: labour disputes relating specifically to the fulfilment of the activities, works and operations governed by this Set of Agreements, acts of God, Laws, regulations, orders, proclamations, instructions or requests of any government or governmental entity, judgments or orders of any court; curtailment or suspension of activities to remedy or avoid an actual or alleged, present or prospective violation of federal, provincial or local environmental standards, acts of environmental or native groups, acts of war or conditions arising out of or attributable to war, whether declared or undeclared, riot, civil strife, insurrection or rebellion, fire, explosion and earthquake, storm, flood, sink holes, drought or other adverse uncommon weather conditions; a general and publicly known scarcity of workforce, transporters of materials, parts, supplies, services, equipment, or by contractors' or subcontractors' shortage of, or inability to obtain labour, transportation, materials, machinery, equipment, supplies, utilities or services; accidents; breakdown of equipment, machinery or facilities, delays relating to Claims made by aboriginal groups; interference by natives, native rights groups, environmentalists or other activists, inability to obtain any license, permit or other authorization that may be required; or any other cause whether similar or dissimilar to the foregoing , but for greater certainty shall not include the inability of any Party to raise its own financing to meet its obligations hereunder and/or under the Shareholders Agreement, nor the wilful misconduct or gross negligence of any Party or the Operator;

(r) **“Galli Company”** means LitiAr S.A. a corporation formed on July 27, 2021 and in process of being incorporated under the laws of Argentina, solely owned by the Galli Group, which will own 40% of the shares of JV Corporation at the time of its incorporation.

(s) **"Galli Group”** means Daniel E. Galli, Carlos D. Galli, Nicolas D. Galli, Rodolfo Fernando García and Federico Alberto Moya;

(t) "**Government Fees**" means all rentals, holding fees, location fees, maintenance payments or other payments required by any Law, rule or regulation to be paid to a federal, provincial or territorial government, in order to locate or maintain any mining leases or surface leases, Claims or other tenures included in or comprising the Properties;

(u) "**Indemnified Parties**" has the meaning ascribed thereto in **Section 3.3** of this Agreement;

(v) "**Indemnifying Party**" has the meaning ascribed thereto in **Section 3.3** of this Agreement;

(w) "**Initial Payment**" has the meaning ascribed thereto in **Section 2.3(a)** of this Agreement;

(x) **“Joint Venture”** has the meaning given in Section 2.1;

(y) **“JV Corporation”** means the corporation to be incorporated under the laws of Argentina, in the terms of the Section V, articles 163 and followings of Law 19550, whose shareholders will be the Galli Company 40% and Argentum 60%, which at Closing shall be the sole owner of the Properties, which shall be ruled by this Agreement and by the Shareholders Agreement;

(z) "**Law**" or "**Laws**" means all federal, provincial, territorial and local Laws (statutory or common), rules, ordinances, regulations, grants, concessions, franchises, licenses, orders, directives, judgments, decrees, and other governmental restrictions, including permits and other similar requirements, whether legislative, municipal, administrative or judicial in nature, including Environmental Laws, which are applicable to the Parties, the Properties, the JV Corporation, and/or Mining Operations, regardless of whether or not in existence or enacted or adopted hereafter; provided, however, nothing in this definition is intended to make Laws applicable to the Parties during periods when the Laws are not applicable by their terms or the timing of their enactment;

(aa) "**Lien**" means (a) any mortgage, charge, pledge, hypothec, security interest, assignment, lien (statutory or otherwise), privilege, easement, servitude, pre-emptive right or right of first refusal, ownership or title retention agreement, restrictive covenant or conditional sale agreement, imperfections of title or encroachments relating to real property, net profits interest, royalty, overriding royalty interest, other payment out of production, claim, off take agreement, third party right of first refusal or pre-emptive right, other third party interest or other encumbrance or burden of any nature, whether contingent or absolute, and any agreement to grant any of the foregoing, and (b) any other encumbrance of any nature or any arrangement or condition which, in substance, secures payment or performance of an obligation;

(bb) "**LITH**" means Lithium Chile Inc., a corporation incorporated under the laws of Calgary Alberta, Canada;

(cc) "**LITHARG**" means LITH and Argentum, jointly or indistinctly as decided by LITH, being expressly agreed that both LITH and Argentum shall be jointly and severally liable in case of failure by LITHARG of any of its obligations set forth herein.

(dd) "**Losses**" has the meaning ascribed thereto in **Section 3.3** of this Agreement which shall be also ruled by the Shareholders Agreement;

(ee) "**Mining Operations**" means every kind of work (included but not limited to exploration, development, production, commercial and EHS activities) done on or in respect of the Properties by the Operator, and in particular Mining Operations shall include, among other things:

(i) carrying out, or causing to be carried out, exploration work including but not limited to line cutting, geophysical, geochemical and geological surveys, library research, report preparation, studies, mapping, assaying and metallurgical testing, investigating, drilling, examining, equipping, improving, surveying, trenching, shaft-sinking, raising, crosscutting and drifting the Properties, searching for, digging, trucking, sampling, working and procuring ores, bringing mining lands to lease or patent and keeping the same in good standing, obtaining mineral properties or exploration, environmental, rehabilitation, public consultation, advanced exploration permitting, development, mining or other licenses, permits or mining claims and maintaining same in good standing, and in doing all other exploration, development, pre-production, mining or reclamation work, drilling production holes and pipelines, well testing (pumping), preliminary on site brine test, facilities and camps,

(ii) paying wages, salaries and benefits of individuals engaged in such work and in supplying food, lodging, transportation and other reasonable needs of such individuals,

(iii) paying insurance premiums and assessments or premiums for workers' compensation insurance, contributions for unemployment insurance or other pay allowances or benefits customarily paid in the district to such individuals,

(iv) making payments in respect of exploration permits, leases, licenses, mining claims, taxes, rates, assessments or other governmental charges in connection with the Properties, including the fulfilment of investment plans,

(v) purchasing, leasing or renting plant, buildings, space, machinery, tools, appliances, equipment or supplies or incurring other capital expenses, and installing, erecting, detaching or removing any such assets on or from the Properties,

(vi) managing or supervising any work which is done in respect of the Properties, or in any other respects necessary or desirable, in the opinion of LITH or the Operator; and

(vii) Implementing social responsibility programs.

(ff) "**Operator**" means Argentum, which shall be responsible for carrying out, or causing to be carried out, all Mining Operations and other work in respect of the Properties during the term of this Agreement;

(gg) **"Payment on Effective Date"** means the payment from LITHARG to SMG of the USD 50,000 set forth in Section 2.3 (b) in acceptance of this Agreement.

(hh) "**Party**" and "**Parties**" means the Parties to this Agreement and their successors and permitted assigns;

(ii) "**Person**" means an individual, firm, trust, partnership, association corporation, government or governmental board, department, agency or authority and the heirs, executors, administrators or other legal representatives of an individual;

(jj) "**Properties**" has the meaning ascribed thereto in **Schedule A** of the Letter Agreement;

(kk) **"Proposal**" has the meaning ascribed thereto in **Section 7.1**of this Agreement;

(ll) **"Proposal Period**" has the meaning ascribed thereto in **Section 7.1**of this Agreement;

(mm) "**Purpose**" has the meaning ascribed thereto in **Section 1.6** of this Agreement;

(nn) "**Security Interest**" means any mortgage, charge, Lien, security interest or other encumbrance of any nature or kind whatsoever given, granted or arising pursuant to statute or otherwise in Law or equity on or in respect of real or personal property as particularly listed at attached hereto;

(oo) "**Set of Agreements**" means this Agreement, the Shareholders Agreement, and any other document executed by the Parties in order to carry out the Transaction.

(pp) "**Shareholders Agreement**" means the shareholders' agreement between Argentum, and the Galli Company, both as shareholders of the JV Corporation, pursuant to **Section 4.3(d)** of this Agreement;

(qq) **"SMG"** means SMG S.R.L.;

(rr) **"SMG Group"** means SMG jointly with Galli Company;

1.2 **Extended Meanings**. Unless otherwise specified, words importing the singular include the plural and *vice versa*. The term "including" means "including, without limitation".

1.3 **Headings**. The division of this Agreement into sections and the insertion of headings are for convenience of reference only and are not to affect the construction or interpretation of this Agreement.

1.4 **Incorporation of Definitions from Shareholders' Agreement**. All words, phrases and terms defined in the Shareholders' Agreement and not otherwise defined herein shall have the same meaning herein as in this Agreement and/or the Shareholders Agreement, *mutatis mutandis*.

1.5 **Currency**. All currency amounts in this Agreement are in U.S. Dollars, unless specified to the contrary.

1.6 **Purpose**. LITH and SMG acknowledge and agree that their overall intent and purpose of entering into the Set of Agreements is to prospect and explore principally for lithium on the Properties in order to expeditiously determine whether an economically feasible project can be developed and, if so and subject to prior agreement of the Parties, to do all things and take all steps reasonably necessary to achieve commencement of commercial production, and the acquisition by LITHARG of 60% of legal and beneficial interest in the seven (7) mines that comprise the Properties, through the JV Corporation, integrated by Argentum, holding a 60% equity interest, and the Galli Company, holding the remaining 40% equity interest, for the continued development and exploitation of the Properties through the JV Corporation, which at Closing (as defined below) will be the 100% owner of the Properties (herein referred to as the "**Purpose**"). LITHARG and SMG covenant and agree to do so diligently, in good faith and in accordance with good mining practice subject always to the terms and conditions of this Agreement, and the Shareholders Agreement. The Parties acknowledges that constant development of the Properties is of the essence of this Agreement.

SECTION 2 –JOINT VENTURE. PURCHASE PRICE

2.1 **Core Purpose**. The main purpose of this Agreement is to establish a joint venture between the Parties (the "**Joint Venture**"), where SMG will contribute the Properties to JV Corporation, and LITH, through its subsidiary Argentum will act as Operator, and carry out an Exploration Program aimed to procure a pre-feasibility report for the construction of a lithium production system of commercial scale, in accordance with NI 43-101 Standards of Disclosure for Mineral Projects or JORC within the Properties, in accordance with the Purpose and terms and conditions of this Agreement.

2.2 **Structure of Joint Venture**. The Joint Venture shall be structured through the JV Corporation, which, since its incorporation will be owned in accordance with the participations below, and, upon Closing, will be the sole owner of the Properties.

- Argentum: a number of shares representing a 60% interest in the capital of the JV Corporation.
- Galli Company: a number of shares, representing a 40% interest in the capital of the JV Corporation.

2.3 **Consideration**. In consideration of the transfer of the Properties to JV Corporation, which shall be 60%-owned by Argentum (LITH's fully owned subsidiary), LITH shall pay to SMG $2,000,000 (the "**Consideration**"), in installments (collectively, the "**Installments**" and each of them an "**Installment**"), as follows:

(a) An initial payment of $50,000 which was made on May 25. 2021, upon execution of the Letter Agreement (the "**Initial Payment**").

(b) $50,000 on the Effective Date (the **"Payment on Effective Date"**).

(c) $200,000 on or prior to (i) the business day that falls immediately after completion of STAGE I of the Exploration Program, or (ii) the business day that falls immediately after six (6) months from the Effective Date, whatever occurs earlier.

(d) $100,000 on the date on which LITHARG confirms the start of STAGE II of the Exploration Program, immediately after six (6) months from the Effective Date ("**Payment at Closing**").

(e) $200,000 on or prior to the business day that falls immediately after twelve (12) months from the Effective Date.

(f) $200,000 on or prior to the business day that falls immediately after eighteen (18) months from the Effective Date.

(g) $300,000 on or prior to the business day that falls immediately after twenty (24) months from the Effective Date.

(h) $300,000 on or prior to the business day that falls immediately after thirty (30) months from the Effective Date.

(i) $300,000 on or prior to the business day that falls immediately after thirty-six (36) months from the Effective Date.

(j) $300,000 on (i) at completion of the Pre-feasibility Study, or (ii) the business day that falls immediately after forty (40) months from the Effective Date, whichever occurs earlier.

2.4 **Currency for payments.** Each Installment shall be paid in U.S. Dollars to a U.S. bank account to be indicated in writing by SMG prior to the payment date. As the payment in such currency is of the essence to SMG, LITH hereby irrevocably waives to invoke any law, resolution, and/or regulation, including without limitation article 765 and related ones of the Argentine National Civil and Commercial Civil Code, which may enable it to release from such payment obligations by delivering currency of legal tender or other species, in lieu of the U.S. Dollars as agreed herein.

2.5 The Parties further acknowledge and agree that upon LITHARG pays SMG the Consideration of USD 2,000,000 (two million U.S. Dollars) and obtains a pre-feasibility report for the construction of a lithium production system of commercial scale, in accordance with NI 43-101 Standards of Disclosure for Mineral Projects or JORC, then LITHARG, without any further consideration payment, shall have earned an undivided 60% legal and beneficial interest in and to the Property, through the 60% of participation as shareholder of the JV Corporation.

SECTION 3 - REPRESENTATIONS AND WARRANTIES

3.1 **Representations and Warranties of SMG, and Galli Company.**

SMG and Galli Company represent and warrant to and covenant with LITHARG as of the Effective Date of this Agreement, as follows:

(a) SMG is a valid and subsisting limited liability company duly organized and in good standing under the laws of its jurisdiction of organization. Galli Company is a corporation in process of being incorporated under the laws of its jurisdiction of organization.

(b) SMG Group has full corporate power, authority and capacity to enter into the Agreement and to carry out its obligations under the Agreement.

(c) SMG is the current and sole owner of 100% of the Properties free and clear of all Liens, attachments and encumbrances Security Interests, royalties and adverse Claims, and at Closing will (i) execute the relevant deed of transfer to transfer and assign the Properties to the JV Corporation, free and clear of all liabilities, Liens, charges, encumbrances, Security Interests, royalties and adverse Claims, and (ii) submitted the deed of transfer to the mining court for its registration. No Person other than JV Corporation has any interest in the Properties or any right to acquire any such interest.

(d) SMG Group guarantees that the Property has been properly staked, located and recorded pursuant to the applicable laws and regulations of Salta Province and the federal laws of Argentina applicable therein and all mines comprising the Property are in good standing.

(e) There is no adverse Claim or challenge against or to the ownership of or title to any part of the Property and, to the best of the knowledge of SMG Group there is no basis for such adverse claim or challenge which may affect the Properties.

(f) The consummation of the transactions contemplated by this Agreement does not and shall not conflict with, constitute a default under, result in a breach of, entitle any person to a right of termination under, or result in the creation or imposition of any lien, encumbrance or restriction of any nature whatsoever upon or against the property or assets of SMG Group, under its constating documents, any contract, agreement, indenture or other instrument to which SMG Group is a party or by which it is bound, any law, judgment, order, writ, injunction or decree of any court, administrative agency or other tribunal or any regulation of any governmental authority.

(g) There are no actual or pending proceedings for, and SMG Group is unaware of any basis for, the institution of any proceedings leading to the placing of SMG Group in bankruptcy or subjecting it to any other laws governing the affairs of insolvent parties and the Properties do not represent all or substantially all of SMG Group's corporate undertaking.

(h) SMG Group guarantees that the Properties are in good legal conditions, with all the legal, mining, environmental and social obligations fulfilled, without encumbrances or legal conditions of any kind, accompanying this Agreement certificate of ownership of the properties in the name of SMG, and proof of free debt of property canon.

(i) Galli Group has full authority and capacity to enter into the Agreement and to carry out its obligations under the Agreement.

(j) The consummation of the transactions contemplated by this Agreement does not and shall not conflict with, constitute a default under, result in a breach of, entitle any person to a right of termination under, or result in the creation or imposition of any lien, encumbrance or restriction of any nature whatsoever upon or against the property or assets of Galli Group, under any contract, agreement, indenture or other instrument to which Galli Group is a party or by which it is bound, any law, judgment, order, writ, injunction or decree of any court, administrative agency or other tribunal or any regulation of any governmental authority.

3.2 **Representations and Warranties of LITHARG.** LITHARG represents and warrants to and covenants with SMG as of the Effective Date of this Agreement as follows:

(a) LITH is a corporation duly formed under the Laws of Calgary, Alberta, Canada and duly incorporated, validly subsisting, in good standing and qualified to carry on business under such Laws. Argentum is a corporation duly formed under the Laws of Argentina and duly incorporated, validly subsisting, in good standing and qualified to carry on business under such Laws.

(b) LITH and Argentum have full corporate power, authority, and capacity to enter into this Agreement and to carry out its obligations under the Set of Agreement, including without limitation the execution of the Exploration Program by Argentum under any and all applicable Laws of Argentina.

(c) LITH and Argentum have been duly authorized to enter into, and to carry out its obligations under, the Set of Agreements. No obligation of LITH and Argentum in the Set of Agreements conflicts with or will result in the breach of any provision of:

(i) their articles of incorporation or by-laws, or

(ii) any other agreement, arrangement or binding commitment of LITH or Argentum.

(d) LITH and Argentum have duly obtained all corporate and regulatory authorizations for the execution, delivery and performance of this Agreement and such execution, delivery and performance and the consummation of the transactions herein contemplated will not conflict with or result in a breach of any covenants or agreements contained in or constitute a default under or result in the creation of any encumbrance under the provisions of its incorporation documents or any shareholders' or directors' resolution or any indenture, agreement or other instrument whatsoever to which it is a party or by which it is bound and does not contravene any applicable Laws.

(e) This Agreement constitutes legal, valid and binding obligations of LITH, enforceable against it in accordance with their terms under any applicable Laws, subject to bankruptcy, insolvency, reorganization, moratorium and other Laws of general application affecting creditors' rights and the discretion exercisable by courts of competent jurisdiction in respect of the availability of equitable remedies and application of equitable principles.

(f) LITHARG acknowledge that the payment of the Consideration and the Investment Plan shall not be subject to any financing condition.

(g) LITHARG have the cash amounts necessary to bear the Consideration and the Investment Plan and any other payment required hereto.

(h) LITH and Argentum are not aware of any material facts or circumstances that have not been disclosed to SMG and that should be disclosed to prevent the representations, warranties and covenants contained in this **Section 3.2** from being misleading or incorrect.

(i) There is no Person acting or purporting to act at its request that is entitled to any brokerage or finder's fee in connection with the transactions contemplated herein.

3.3 **Indemnity**. Each of SMG's, SMG Group's, and LITHARG's representations and warranties set out in this Agreement or in any agreement, certificate or any other document delivered or given pursuant to this Agreement have been relied on by them, as applicable, in entering into this Agreement and shall survive the execution and delivery of this Agreement and completion of the transactions contemplated by this Agreement and, notwithstanding such completion or any investigation made by or on behalf of the respective Party, shall continue in full force and effect for the benefit of the respective Party until the expiration of the applicable statute of limitations, after which, unless a Claim has been made in writing hereunder by one Party against another Party, no Party shall have any further obligation or liability to the other Parties. Each Party (the "**Indemnifying Party**") shall indemnify and hold harmless the other Party, and such Party's officers, directors, employees and shareholders (collectively, the "**Indemnified Parties**"), from and against any and all liabilities (including liabilities for taxes and social contributions of any kind whatsoever), obligations, losses, damages, penalties, claims, actions, suits, judgments, settlements, out-of-pocket costs, expenses and disbursements (including reasonable costs of investigation, and reasonable attorneys', accountants' and expert witnesses' fees) of whatever kind and nature (collectively, "**Losses**") suffered or incurred by any Indemnified Party at any time as a result of any misrepresentation or breach of representation, warranty, covenant or obligation contained in this Agreement or arising out of activities by the Indemnifying Party on the Properties prior to or during this Joint Venture, as applicable.

3.4 **Procedure for Indemnification**. If any Claim is asserted against an Indemnified Party in respect of which such Indemnified Party may be entitled to indemnification under this Agreement, written notice of such Claim shall promptly be given to the Indemnifying Party. The Indemnifying Party shall have the right, but not the obligation, by notifying the Indemnified Party within thirty (30) days after its receipt of the notice of the Claim, to assume the entire control of (subject to the right of the Indemnified Party to participate, at the Indemnified Party's expense and with counsel of the Indemnified Party's choice), the defence, compromise, or settlement of the matter, including, at the Indemnifying Party's expense, employment of counsel of the Indemnified Party's choice. Any damages to the assets or business of the Indemnified Party caused by a failure by the Indemnifying Party to defend, compromise, or settle a Claim in a reasonable and expeditious manner requested by the Indemnified Party, after the Indemnifying Party has given notice that it will assume control of the defence, compromise, or settlement of the matter, shall be included in the damages for which the Indemnifying Party shall be obligated to indemnify the Indemnified Party. Any settlement or compromise of a matter by the Indemnifying Party shall include a full release of Claims against the Indemnified Party which has arisen out of the indemnified Claim or demand.

SECTION 4 EFFECTIVE DATE – CLOSING

4.1 **Signing**. Upon the Effective Date, the following actions shall take place:

(a) Within five (5) business days, LITH shall pay SMG the Payment on Effective Date.

(b) SMG shall grant to Argentum the irrevocable right to conduct Mining Operations in respect of, and to have quiet and exclusive possession of the Properties, by granting an irrevocable power of attorney in favor of Argentum, so that the latter can perform all necessary acts to manage the Properties.

4.2 **Closing.** Subject to the (i) incorporation of the JV Corporation by the Galli Company and Argentum as provided above; (ii) full payment of the Installments set forth in Section 2.3(a), (b) and (c); and (iii) the execution of the Shareholders' Agreement with regard to JV Corporation, the closing of the matters hereunder shall be completed on the date on which LITHARG confirms the start of STAGE II of the Exploration Program, immediately after six (6) months from the Effective Date (the "**Closing Date**") at the Closing Time in a place to be agreed upon by the Parties (the "**Closing**").

4.3 **Closing Deliveries.** At Closing the following actions shall take place:

(a) LITH shall pay SMG the Payment at Closing.

(b) SMG and JV Corporation shall execute a notarial deed for the transfer of the Properties from SMG to the JV Corporation, free and clear of all liabilities, liens, charges, encumbrances, Security Interests, royalties and adverse claims, and free debt of Properties' canon, at a purchase price to be agreed by the Parties.

(c) Within the following fifteen (15) days SMG shall evidence the submission of the deed of transfer of the Properties in favour of the JV Corporation before the Mining Court of Salta.

(d) The Parties shall cause the Board of the JV Corporation to record in its Stock Ledger Book and Galli Company's and Argentum's share certificates a statement in Spanish, substantially as follows: *"this shares are subject to the terms and conditions of certain Join Venture Agreement entered into on [_] by and among Lithium Chile Inc., Argentum Lithium S.A., SMG S.R.L.. and LitiAr S.A., and certain Shareholders Agreements entered into on [_] between , Argentum Lithium S.A., and LitiAr S.A. including, without limitation, certain restrictions on the transfer of shares and termination rights contained therein"*.

4.4 **Registration of Agreement.** Within ten (10) days as from the Closing Date the Parties will cause the JV Corporation to register this Agreement or a mutually agreed excerpt thereof on the Property files with the Province of Salta's mining court.

SECTION 5 – EXPLORATION PROGRAM

5.1 **Exploration Program.** Upon the Effective Date, Argentum, in its capacity as Operator, shall carry on and operate an exploration program aimed to procure a pre-feasibility report for the construction of a lithium production system of commercial scale, in accordance with NI 43-101 Standards of Disclosure for Mineral Projects or JORC within the Properties (the "**Pre-feasibility Report**"), whose first four (4) stages are preliminarily agreed as specified below. Argentum will carry, operate, and fund 100% of the activities to be conducted under the Exploration Program, in accordance with the following investment plan (the "**Investment Plan**"):

(a) STAGE I: Up to $800,000 (eight hundred thousand U.S. Dollars) for drilling and testing a pumping well to be disbursed within six (6) months as from the Effective Date.

(b) STAGE II: $2,000,000 (two million U.S. Dollars) for exploration program to confirm resources for industrial scale for determination of an Inferred Resource as per NI 43-101 Standards of Disclosure for Mineral Projects, to be disbursed within twenty-four (24) months as from the Effective Date.

(c) STAGE III: $2,500,000 (two million five hundred thousand U.S. Dollars) for exploration program to confirm brine volume and water for industrial scale for determination of a Measured and Indicated Resource as per NI 43-101 Standards of Disclosure for Mineral Projects, to be disbursed within thirty-six (36) months as from the Effective Date.

(d) STAGE IV: $1,500,000 (one million five hundred thousand U.S. Dollars) for initial engineering studies and pre-feasibility for industrial scale to be disbursed within six (6) months as from completion of STAGE III.

5.2 **Notice of Stage Completion**. Argentum shall communicate to the JV Corporation by written notice the beginning and finalization of each of the stages included in the Exploration Program.

5.3 **Preemptive Right.** SMG and or its Affiliates, or the companies controlled by the quota holders of SMG, will have priority to be hired for the provision of technical services, such as civil works, camp, chemical/processing studies, assaying, logistics, etc; provided that the following conditions are met: (i) the relevant SMG group company has expertise and demonstrable experience in the provision of the required service; and (ii) the price and commercial terms offered by the relevant SMG group company are arms-length and equal or more convenient than the ones offered by competitors participating in a duly conducted bidding.

5.4 **Technical Committee.** JV Corporation will have a Technical Committee to advise the Board in relation to the design, execution, changes and auditing of the Exploration Program. Its decisions shall not be binding for the Board. The Technical Committee shall be composed by 4 members, 2 elected by Argentum, and 2 elected by the Galli Company. Decisions will be taken by unanimity, provided that the members shall have reasonable and documented grounds to cast negative votes. The Operator shall be obliged to periodically and timely inform the Technical Committee all technical issues related to the Exploration Program. The Technical Committee shall meet at least once every quarter in order to assess the progress of the Exploration Program on a technical perspective and report it status to the Board of the JV Corporation.

5.5 **Use of funds**. The funds committed under the Investment Plan shall be used exclusively to bear operational costs to be determined in the Exploration Program.

SECTION 6 – CONDUCT OF BUSINESS

6.1 **Conduct of Business.** From the date of incorporation of the JV Corporation and until the Closing Date, when the JV Corporation acquires the Properties and the Shareholders Agreement is executed, Argentum shall ensure that the JV Corporation remains in good standing, does not conduct any business without the prior written approval of the Galli Company, and, in particular, hereby covenants and agrees that unless it is expressly authorized in this Agreement, Argentum shall ensure that the JV Corporation shall not do or agree to do any of the following:

(a) make any commitments, incur any liabilities or obligations or enter into any transactions, other than the ones set forth herein (except for the acquisition of the Properties); and

(b) create nor assume any encumbrances, guarantees, Liens, and Security Interest.

SECTION 7 – AREA OF MUTUAL INTEREST

7.1 **Acquisition of Properties in Area of Mutual Interest**. The acquisitions or disposition of mining rights within this Area of Mutual Interest will be coordinated and agreed by LITH and SMG Group. For such purpose, if any of the Parties is willing, by itself, or through an Affiliate to apply, lease or acquire any mining right (including the acquisition of option or earn-in rights) within the Area of Mutual Interest, directly or indirectly, after the date of execution of this Agreement, it shall propose in writing (the "**Proposal**") to the other Party to acquire, lease of apply such mining rights through the JV Corporation, and shall in such Proposal notice provide all information concerning the mining right, the current holder of the mining right, if any, and the terms and conditions for the acquisition, lease or application of such mining right (which shall only be established in an amount of money and/or rights to be granted to the counterparty on the mining rights subject to the transaction, such as a royalty). Within the next thirty (30) days as from the receipt of the Proposal (the "**Proposal Period**") under this Section, the other Party shall inform in writing whether it has elected to have the mining rights acquired, leased or applied by the JV Corporation, in which case, the Parties shall contribute the necessary funds according to its participating interest in the JV Corporation in order to contribute the mining rights to the JV Corporation. The Proposal shall be deemed rejected by such Party if it has not accepted in writing within the Proposal Period. In such case, the Party that had made the Proposal will be free to acquire, lease or apply the relevant mining right in the exact same terms (or at least not less onerous) than the ones indicated in the Proposal. If the acquisition, lease or application of the mining rights is not closed and consummated within one hundred and twenty (120) days as from the expiration of the Proposal Period, the Party that had issue the Proposal, shall not be entitled to acquire, lease or apply for the mining rights without complying again with the procedure set forth in this **Section 7.1**.

SECTION 8 - OPERATOR

8.1 **Appointment of Operator and Galli Company's Technical Committee Representative**. The Parties acknowledge and agree and hereby appoint effective as of the Effective Date, Argentum as the Operator until the date of finalization of STAGE IV of the Exploration Program. Galli Company as shareholder of JV Corporation hereby appoints Carlos Galli as its Technical Committee Representative, who shall represent the Galli Company during this Joint Venture and act as SMG's and Galli Company's contact person for the Operator. Galli Company may replace its Technical Committee Representative at any time, by giving written notice to the Operator.

8.2 **Access to the Properties**. Upon the Effective Date, Operator, its Affiliates, its servants, agents and independent contractors and/or any other person authorized by Argentum, shall have the right to access the Properties at all reasonable times.

8.3 **Procedure for Conducting Operations**. The Operator shall comply with all applicable Laws, rules and regulations and shall carry out Mining Operations in a good and workmanlike manner in accordance with generally accepted mining practice.

8.4 **Inventions and discoveries**. Any and all discoveries (whether or not patentable), innovations, suggestions, ideas, mining information, and reports made or developed by the Operator, including its representatives, employees and/or agents, as a result of conducting the operations hereunder on the Properties shall be the sole an exclusive property of the JV Corporation. The Operator, at its sole expense, shall execute such documents and take such actions as the JV Corporation deems necessary or appropriate for the JV Corporation to obtain the relevant patent or other proprietary protection on the foregoing information and/or discoveries.

SECTION 9 – OPT OUT OPTION & TERMINATION

9.1 **Opt out Option. Non-Default Termination.** LITH shall be entitled to opt-out from the Transaction at any time before the Closing Date (the "**Opt-out Period**"). In such case and in the event set forth in Section 10.1 below, the Set of Agreements shall be deemed terminated and (i) LITHARG shall be released from paying the remaining installments of the Consideration (i.e., US$1,700,000 in the aggregate), and LITHARG shall be released from completing the Exploration Program which entailed the disbursement of the US$6,000,000 set forth in the Investment Plan described in Section 5.1, corresponding to the remaining stages of the Exploration Program, without any right of SMG, or the Galli Company, to claim any compensation, and (ii) all samples and information related to the Exploration Program shall be promptly delivered to the Galli Company Technical Committee Representative. For the avoidance of doubt, it is expressly stated that the exercise of the opt-out right set forth in this Section shall (a) not release LITH and Argentum, respectively, from, and is subject to, the prior full (i) payment of $300,000 (three hundred thousand US Dollars) corresponding to the first three (3) Installments of the Consideration, and (ii) disbursement of up to $800,000 (eight hundred thousand US Dollars) to complete STAGE I of the Exploration Program. In case these payments were not fully made as of the date on which LITH exercises this right, SMG Group shall be entitled to claim all pending amounts plus the Default Interest Rate; and (b) shall release SMG from transferring the Properties to the JV Corporation, without any right of LITHARG to claim any compensation, or ownership right, with respect to the Properties.

9.2 **Default by the Parties and Termination**. Except as otherwise provided in this Agreement, if any party (a "**Defaulting Party**") is in default of any of its obligations set forth herein, the other party may give written notice to the Defaulting Party specifying the default (the "**Notice of Default**"). The Defaulting Party shall not, except as specifically otherwise provided herein, lose any rights under this Agreement unless, within thirty (30) days following the receipt of the Notice of Default , the Defaulting Party has failed to cure such default. Upon expiration of such 30-day term (the "**Date of Default**"), the non-Defaulting Party shall be entitled to seek any appropriate remedy it may have on account of such default, including the procedure set forth under Section 9.4 if the Defaulting Party is LITHARG.

9.3 **Actions upon LITHARG's Default Termination.** In case of termination for LITHARG's default under **<u>Section 9.2</u>**, upon completion of the procedure set forth in Section 9.4:

(a) LITHARG will have no right to recover the amounts paid under this Agreement; and

(b) the Galli Company will have the right to obtain from Argentum shares in JV Corporation in accordance with the proportions set forth in Section 9.4 below, free and clear of all liabilities, Liens, charges, encumbrances, Security Interests, royalties and adverse claims.

9.4 **Assignment of Shares to Galli Company. Termination**. In case of default by LITHARG under Section 9.2 above, Argentum will have to transfer to the Galli Company its shares in JV Corporation free of charge, in accordance with the procedure and proportions indicated below:

(a) <u>Default in STAGE IV of the Exploration Program</u>:

(i) If as of the Date of Default LITHARG has paid at least US$1,700,000 of the Consideration and completed STAGE III of the Exploration Program (i.e., determination of a Measured and Indicated Resource as per NI 43-101 Standards of Disclosure for Mineral Projects), within the following fifteen (15) days, Argentum shall assign to the Galli Company shares representing 5% of the capital of JV Corporation shall be entitled to keep shares representing 55% of the capital of JV Corporation (i.e., the Galli Company will keep shares representing 45% of the capital of JV Corporation);

(ii) If within six (6) months from the Date of Default, LITHARG has not completed the full payment of the US$2,000,000 of Consideration and/or has not completed STAGE IV of the Exploration Program by obtaining a Pre-feasibility Report, within the following fifteen (15) days, Argentum shall assign to the Galli Company shares representing 5% of the capital of JV Corporation and shall be entitled to keep shares representing 50% of the capital of JV Corporation (i.e., the Galli Company will keep shares representing 50% of the capital of JV Corporation); and

(iii) If within twelve (12) months from the Date of Default, LITHARG remains in default by not having completed full payment of the Consideration and/or has not completed STAGE IV of the Exploration Program, SMG shall be entitled to terminate this Agreement by the sole notification of such decision to LITHARG, and, within the following fifteen (15) days, Argentum shall assign to the Galli Company shares representing 5% of the capital of JV Corporation and shall be entitled to keep shares representing 45% of the capital of JV Corporation (i.e., the Galli Company will keep shares representing 55% of the capital of JV Corporation).

(b) Default in STAGE III of the Exploration Program:

(i) If as of the Date of Default LITH has paid at least US$1,400,000 of the Consideration and completed STAGE II of the Exploration Program (i.e., determination of an Inferred Resource as per NI 43-101 Standards of Disclosure for Mineral Projects), within the following fifteen (15) days, Argentum shall assign to the Galli Company shares representing 20% of the capital of JV Corporation and shall be entitled to keep shares representing 40% of the capital of JV Corporation (i.e., the Galli Company will keep shares representing 60% of the capital of JV Corporation).

(ii) If within nine (9) months from the Date of Default, LITHARG remains in default and has not paid at least US$1,400,000 of Consideration and/or has not completed performed additional exploration works to achieve at least 50% of the Measured and Indicated Resource as per NI 43-101 Standards of Disclosure for Mineral Projects, set forth in STAGE III of the Exploration Program, SMG shall be entitled to terminate this Agreement by the sole notification of such decision to LITHARG, and, within the following fifteen (15) days, Argentum shall assign to the Galli Company shares representing 20% of the capital of JV Corporation and shall be entitled to keep shares representing 20% of the capital of the JV Corporation (i.e., the Galli Company will keep shares representing 80% of the capital of JV Corporation).

(c) Default in STAGE II of the Exploration Program:

(i) If as of the Date of Default LITHARG has not paid at least US$1,100,000 of the Consideration and/or has failed to complete STAGE II of the Exploration Program (i.e., determination of an Inferred Resource as per NI 43-101 Standards of Disclosure for Mineral Projects), within the following fifteen (15) days, Argentum shall assign to the Galli Company the number of shares representing 40% of the capital of JV Corporation and shall be entitled to keep shares representing 20% of the capital of the JV Corporation (i.e., the Galli Company will keep shares representing 80% of the capital of JV Corporation).

(ii) If within nine (9) months from the Date of Default, LITHARG remains in default and has not paid at least US$1,100,000 of Consideration and/or has not completed STAGE II of the Exploration Program, SMG shall be entitled to terminate this Agreement by the sole notification of such decision to LITHARG, and, within the following fifteen (15) days, Argentum shall assign to the Galli Company (or to any third party indicated by the Galli Company) shares representing 20% of the capital of JV Corporation and shall be entitled to keep no shares of the capital of the JV Corporation (i.e., the Galli Company will keep shares representing 100% of the capital of JV Corporation).

9.5 **Obligations of LITHARG regarding the Properties.** In case of termination under Section 9.4(a)(iii), 9.4(b)(iii) or 9.4(c)(iii), LITHARG shall:

(a) Leave the Properties in good standing with respect to work commitments, the filing of assessment work and payment of rental fees and taxes, as applicable, for a period of sixty (60) days from the date of termination, provided however that Argentum shall be entitled to be reimbursed the pro-rata share of the mining canon paid in advance by JV Corporation but corresponding to periods that will run after the termination of such 60-day period. For the sake of clarity, the obligation of Argentum to leave the Properties in good standing shall not include compliance with the investment commitments required by the Argentine Mining Code, labor legal or *mensura*, after such 60-day period.

(b) Leave the Properties free and clear of all encumbrances arising from operations conducted on the Properties by it or on behalf of JV Corporation hereunder (except for taxes not yet due) and in good standing with respect to all applicable environmental, safety and other statutory rules, regulations and orders arising from or applicable to work done by Argentum on the Properties.

(c) deliver to Galli Company's Technical Committee Representative, within thirty (30) days from the date of termination, all drill cores, assay samples, copies of all maps, drill logs, assay results and other factual technical data compiled by Argentum with respect to the Properties, which were not previously delivered to the Galli Company, and JV Corporation shall be entitled to retain copies of all data and results for its use.

9.6 **Cost and Taxes**. Any and all charges, cost, expenses, fees and taxes arising from and/or that may be required to obtain back from LITHARG the transferred shares, will be borne by LITHARG, exclusively.

SECTION 10 - THE JV CORPORATION AND PROTECTION OF RIGHTS

10.1 **JV Corporation and Shareholders Agreement.** The Parties agree that within thirty (30) days as from the Effective Date the Galli Company and Argentum shall negotiate in good faith and reach an agreement acceptable to both parties, on the terms and conditions of the Shareholders Agreement to be effective as of Closing, which shall govern certain matters and their respective rights and obligations arising out in connection with their shareholdings in the JV Corporation and the rights and obligations of the Parties to pursue the business of the JV Corporation and to conduct the operations on the Properties. If Argentum and Galli Company fail to agree prior to Closing on the terms and conditions of the Shareholders Agreement, to the satisfaction of both Parties, this Agreement shall be deemed terminated and terms and conditions set forth in Section 9.1 shall apply, provided that both parties have acted in good faith in accordance with the spirit of the Transaction.

10.2 **Transfers to Third Parties. Encumbrances. Restrictions under Shareholders Agreement**. During the term of the Shareholders Agreement, any transfer of the Galli Company's and/or Argentum's interest in the JV Corporation shall be subject the first refusal right, drag-along requirement and further restrictions contained in the Shareholders Agreement. No sale or assignment of interest by the Parties in the JV Corporation shall be valid unless made in compliance with the Shareholders Agreement, or as provided in Section 9.4 above.

10.3 **Royalty.** Galli Company shall have a royalty right on net smelter return derived from the products mined, extracted and commercialized by JV Corporation from the mining project containing the Properties (the "**Royalty**"), to be paid by JV Corporation , annually to the Royalty holder. The Royalty shall be equal to 1% of net smelter returns on the Properties, and LITHARG shall have an option right to purchase such Royalty, which can be exercised for a purchase price of $1,500,000 (one million five hundred thousand U.S. Dollars), by giving written notice and paying such amount to the Galli Company within a period of 2 (two) years after Production has started.

10.4 **Non-dilution.** The Shareholders Agreement will provide that Galli Company's participation, in the aggregate, in JV Corporation will not be reduced to less than ten percent (10%) of the capital unless unanimously approved by the shareholders' meeting of the JV Corporation at which Galli Company's representative shall be present and casting their vote. This restriction shall remain in full force and shall not expire as long as Galli Company holds any shares in the JV Corporation.

SECTION 11 – CONFIDENTIALITY

11.1 **Confidential Information**. Except as otherwise provided in this **Section 11**, the terms and conditions of this Agreement, and all data, reports, records, and other information of any kind whatsoever developed or acquired by any Party in connection with this Agreement shall be treated by the Parties as confidential ("**Confidential Information**") and no party shall reveal or otherwise disclose such Confidential Information to third parties except as required, or permitted, by the Agreement without the prior written consent of the other party, not to be unreasonably or arbitrarily withheld or delayed. Confidential Information that is available or that becomes available in the public domain, other than through a breach of this provision by a party, shall no longer be treated as Confidential Information.

11.2 **Affiliates**. The foregoing restrictions shall not apply to the disclosure of Confidential Information to any Affiliate of the Parties, to the Galli Company or the Galli Group, to any public or private financing agency or institution, to any contractors or subcontractors which the Parties may engage and to employees, advisors, and consultants of the Parties or to any third party to which a Party contemplates the transfer, sale, assignment, encumbrance or other disposition of all or part of its rights and interest hereunder or in the Properties pursuant to and in accordance with the provisions of this Agreement or with which Party or its Affiliate contemplates a merger, amalgamation or other corporate reorganization, provided, however, that in any such case only such Confidential Information as such third party shall have a legitimate business "need to know" shall be disclosed and the Person to whom disclosure is made shall first undertake in writing to protect the confidential nature of such Confidential Information at least to the same extent as the Parties are obligated under this **Section 11**.

11.3 **Disclosure**. In the event that a Party is required to disclose Confidential Information to any government, any court, agency or department thereof, or any stock exchange, to the extent required by applicable law, rule or regulation, the Party so required shall immediately notify the other Party of such requirement and the terms thereof, and the proposed form and content of the disclosure prior to such submission. The other Party shall have the right not less than one (1) Business Day prior to such disclosure to review and comment upon the form and content of the disclosure and to object to such disclosure to the court, agency, exchange or department concerned, and to seek confidential treatment of any Confidential Information to be disclosed on such terms as such party shall, in its sole discretion, determine, provided that this **Section 11** shall not apply and shall not operate to in any manner restrict or prohibit the continuous disclosure obligations of any Party under the terms of any applicable Laws. In addition, where there is no legal requirement that a Party identify the other in a public announcement or statement to be made, such public announcement or statement shall not be made or released without the consent of the other Party, such consent not to be unreasonably withheld.

11.4 **Public Announcements.** No press release or written public announcements concerning the Transaction shall be issued by either Party or its Affiliates without the prior written consent of the other Party (which consent shall not be unreasonably withheld), except as such release or announcement may be required by law or the rules or regulations of any securities exchange having jurisdiction over the Party or its Affiliates, in which case the Party required to make the release or announcement shall allow, to the extent practicable, the other Party reasonable time to comment on such release or announcement in advance of its issuance.

SECTION 12 MISCELLANEOUS

12.1 **Assignment** This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns, as the case may be. This Agreement may not be assigned by either Party without the prior written consent of the other Party; provided, however, that it is hereby agreed that (i) at Closing, upon transfer of the Properties by SMG to JV Corporation, all the rights and obligations of SMG under this Agreement will be automatically assigned to the Galli Company, being the Galli Company the sole and exclusive counterparty of LITHARG, thus, upon Closing, all references in this Agreement to SMG shall refer to the Galli Company; (ii) LITH may assign its rights and interests hereunder to an Affiliate, after written notice to SMG setting out the following particulars regarding the Affiliate, namely, corporate structure, evidence of its good standing in its jurisdiction of organization, share capital structure, board of directors and management, legal representatives and contact information. Neither Party may unjustifiably and/or unreasonably oppose the assignment wanted to do by the other Party to a third party.

12.2 **Change of Control.** If any of the Galli Company or Argentum is subject to a change of Control directly or indirectly thereof, then the other shareholder of the JV Corporation, which is not subject to the change of Control, shall have a call option right to acquire all the shares held by the other shareholder, at a fair market value to be determined by any of PricewaterhouseCoopers, EY, Deloitte or KPMG, unless otherwise agreed by the Galli Company and Argentum, as provided in the Shareholders Agreement.

12.3 **Further Assurances**. Each Party shall from time to time promptly execute and deliver all further documents and take all further action reasonably necessary or desirable to: (i) give effect to the terms and intent of this Agreement; and/or (ii) optimize the use of funds, administration or tax encumbrances to the Parties.

12.4 **Waivers**. The failure of any Party to enforce at any time any of the provisions of this Agreement or any of its rights in respect thereto or to insist upon strict adherence to any term of this Agreement will not be considered to be a waiver of such provision, right or term or in any way to affect the validity of this Agreement or deprive the applicable Party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. The exercise by any Party of any of its rights provided by this Agreement will not preclude or prejudice such Party from exercising any other right it may have by reason of this Agreement or otherwise, irrespective of any previous action or proceeding taken by it hereunder. Any waiver by any Party hereto of the performance of any of the provisions of this Agreement will be effective only if in writing and signed by a duly authorized representative of such Party.

12.5 **Amendments**. No amendment, supplement or restatement of any provision of this Agreement is binding unless it is in writing and signed by each Party.

12.6 **Effect of Force Majeure**. No Party or the Operator shall be liable to the other Party or be in default under this Agreement for any failure or delay in performing any of its covenants or agreements caused by or arising out of any act of Force Majeure; provided that the Party asserting Force Majeure gives notice to the other Party of such occurrence within ten (10) Business Days after the act of Force Majeure commences or is discovered. No right of any Party shall be affected by failure or delay of that Party to meet any provisions or terms of this Agreement, where such failure or delay is primarily caused by any event of Force Majeure, and all times provided for in this Agreement shall be extended for a period equal to the period of delay reasonably attributable to the Force Majeure; provided, however, that performance shall be resumed within a reasonable time after such cause has been removed.

12.7 **Notice**. Any notice (each, a "Notice"), direction or other instrument given hereunder shall be in writing and shall, if delivered, be deemed to have been given and received on the Business Day following the day it was delivered and, if sent by email during normal business hours (9:00 a.m. to 5:00 p.m. local time in the place of receipt), be deemed to have been given or received on the Business Day following the day it was so sent, or in the case of email sent outside normal business hours, on the next following Business Day. Any Notice to be given under Agreement shall be addressed as follows:

SMG S.R.L. and LitiAr S.A.
Santa Catalina 551, RN 66 Km 9,
Bº Antártida Argentina, Palpala,
Jujuy Province, Argentina, 4612.
Attention: Carlos D. Galli and Nicolás D. Galli
Email: cgalli@smgminera.com and ngalli@smgminera.com

Lithium Chile Inc.
900, 903 8th Ave SW
Calgary, Alberta
Canada, T2P 0P7
Attention: Steven Cochrane
E Mail: steve@lithiumchile.ca

Argentum Lithium S.A.
Av. Bicentenario de la Batalla de Salta 863
Primer Piso, Oficina 2
Salta City, Province of Salta - A4400DWI
Argentina
Attention: Dr. Mario Luis Castelli
Email: drmariocastelli@gmail.com

Either Party may change any particulars of its name, address, contact individual or fax number for notice by notice to the other Party in the manner set out in this **Section 12.7**.

12.8 **Payments**. All payments made under this Agreement from one Party to the other shall be made by wire transfer to the bank account indicated by the relevant Party in writing, unless otherwise specified in this Agreement. The Party that has received the payment, within five (5) days of receipt of the payment, must provide the other party with proof of receipt of that payment, with express description of the concept in which it was received.

12.9 **Applicable Law and Jurisdiction**. This Agreement shall be governed by and construed in accordance with the laws of Argentina. Each of the Parties hereby irrevocably and unconditionally consents to and submits to the jurisdiction of the ordinary courts of the Province of Salta, Argentina, in respect of all actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated herein (and agrees not to commence any action, suit or proceeding relating thereto except in such courts) and further agrees that service of any process, summons, notice or document by single registered mail to the addresses of the Parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against either Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the ordinary courts of the Province of Salta, Argentina, and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

12.10 **Severability**. If any term, provision, covenant or condition of this Agreement, or any application thereof, should be held by a court of competent jurisdiction to be invalid, void or unenforceable, all provisions, covenants and conditions of this Agreement, and all applications thereof not held invalid, void or unenforceable shall continue in full force and effect and in no way be affected, impaired or invalidated thereby.

12.11 **Costs and Expenses**. Each Party shall be responsible for the payment of its own costs and expenses, including legal fees and disbursements, incurred by it in connection with the negotiation and execution of this Agreement, the Shareholders Agreement, and the Operating Agreement, as applicable, and any other matters relating thereto.

12.12 **Time of the Essence**. Time shall be of the essence of this Agreement and of every part hereof and no extension or variation of this Agreement shall operate as a waiver of this provision.

12.13 **Specific Purpose**. Unless SMG and LITH otherwise agree, the rights and obligations of SMG and LITH under this Agreement and the Joint Venture shall be strictly limited to the Purpose and shall not be extended by implication or otherwise. Nothing herein shall restrict in any way the freedom of SMG and LITH to conduct, as it sees fit, any business or activity whatsoever beyond the Purpose outside of the boundaries of the Area of Mutual Interest. Furthermore, each of SMG and LITH shall have the right independently to engage in and receive full benefits from business activities, whether or not competitive with the operations of the Operator under this Agreement or under the Joint Venture outside of the boundaries of the Area of Mutual Interest, without consulting the other.

12.14 **Entire Agreement**. This Agreement, and the Shareholders Agreement, together constitute the entire agreements between the Parties with respect to the Properties and the subject matter herein and supersedes all prior agreements, negotiations, discussions, undertakings, representations, warranties and understandings, whether written or verbal.

12.15 **Negotiation**. This Agreement has been negotiated and approved by counsel on behalf of all Parties hereto and, notwithstanding any rule or maxim of construction to the contrary, any ambiguity or uncertainty will not be construed against any Party hereto by reason of the authorship of any of the provisions hereof.

12.16 **Language**. The Parties hereby acknowledge and agree that this Agreement and all documents evidencing or relating in any way to the transactions contemplated hereby shall be drawn up in English and may be translated into Spanish. In the event of any inconsistency, it is agreed that the English version is the original language, and the Spanish version is a translation for information purposes only. Then, in case of conflict, the English version shall prevail and shall therefore be the binding version for both Parties.

May 12, 2021

SMG S.R.L.
Santa Catalina 551
RN 66 Km 9
B° Antártida Argentina
Palpala, Jujuy Province
Argentina, 4612.

Attention: Carlos D. Galli / Nicolás D. Galli
Emails: cgalli@smgminera.com / ngalli@smgminera.com

Dear Sir:

Re: Arizaro Property Option

Further to our recent discussions, we are writing to submit to SMG S.R.L. (hereinafter referred to as "**SMG**" and includes any affiliates or subsidiaries of SMG, to whom any legal or beneficial interest in and to all or any part of the Property (as defined below) has or may be assigned or transferred prior to the Effective Date (as defined below)) this irrevocable offer (the "**Offer**") to enter into an agreement (the "**Letter Agreement**") with respect to a proposed transaction involving the granting by SMG to Lithium Chile Inc. (hereinafter referred to as "**LITH**" and any affiliates or subsidiaries to whom LITH may assign its rights and interests hereunder) of an option right to acquire 60% legal and beneficial interest in the 7 mines that comprise a property known as the Arizaro Salar lithium property, located in the Departament of Los Andes, Salta Province, Argentina, as more particularly described in Schedule "A" attached hereto (the "**Property**"), through a Joint Venture with SMG or any affiliates, subsidiaries or individuals who are members of the Galli family or group who, at the time of signing the definitive agreement (the "**Definitive Agreement**"), will be the registered owner/s of 100% of the Property, unless otherwise agreed by the Parties, subject to a 1% net smelter return royalty in favour of SMG (the "**Transaction**").

By way of background, SMG is the registered and beneficial owner of the Property; LITH is a Calgary, Alberta, Canada-based, mineral exploration company focused on Argentina, whose common shares are listed for trading on the TSX Venture Exchange (the "**TSX-V**"), and Argentum Lithium S.A. (hereinafter referred to as "**Argentum**") is an Argentinian subsidiary of LITH in process of registration (both, LITH and Argentum, referred to hereinafter as "**LITHARG**", jointly or indistinctly as decided by LITH).

For the purposes of this letter agreement, the term "**Parties**" means SMG jointly with LITH, and "**Party**" means any one of them.

The purpose of this Letter Agreement is to set out the main terms and conditions of the Transaction. Upon acceptance of the Offer, this Letter Agreement shall become effective and binding on the Parties, which shall instruct their respective legal counsel to draft and negotiate a definitive agreement for approval by each of the Parties, which upon execution shall replace and supersede this Letter Agreement. The Parties acknowledge that the Definitive Agreement shall contain the representations, warranties, covenants, guarantees, termination rights and conditions set out herein and additional terms that are normally included in transactions similar to the one contemplated herein. For the avoidance of doubt, unless and until the execution of the Definitive Agreement takes place, this Letter Agreement shall continue in full force and effect, unless otherwise terminated on the terms set out hereunder.

Subject to the acceptance of the Offer by SMG, in consideration of the respective covenants contained herein and intending to be legally bound, the Parties agree as follows:

1. **Grant of Option.** SMG hereby irrevocably grants LITH the sole and exclusive right and option (the "**Option**") for a period of 60 days from the date of the acceptance of this Offer (the "**Option Period**") to acquire by Argentum the 60% legal and beneficial interest in the Property as owner, through a Joint Venture company (the "NewCo") to be integrated by Argentum, holding a 60% equity interest, and SMG (or any affiliates, subsidiaries, or individuals who are members of the Galli family or group, who at the time of signing the Definitive Agreement is/are the registered owner/s of 100% of the Property) holding the remaining 40% equity interest, for the continued development and exploitation of the Property through NewCo.

2. **Binding Offer.** The acceptance of this Offer by SMG is intended to create legally binding obligations on LITHARG and SMG as applicable, and expect to serve as the basis for negotiating a detailed Definitive Agreement, in a structure to be agreed between the Parties in respect of the Transaction. By acceptance of this Offer, the Parties agree to negotiate in good faith with a view to completing and executing the Definitive Agreement and ancillary documents to be based on the content of this Letter Agreement and the expectations of the Parties when discussing this Transaction.

3. **Period I: Due Diligence period.**

   (a) LITH will pay SMG US$50,000 (fifty thousand U.S. dollars) within ten (10) days from the date of the acceptance of this Offer, by wire transfer into a USD bank account that SMG shall have provided LITH with payment and delivery instructions (the "**Initial Payment**").

   (b) LITH will have up to 60 days as from acceptance of the Offer (the "**Due Diligence Term**") to perform a due diligence review of the Property (the "**Due Diligence**"). SMG shall fully cooperate with LITH in such Due Diligence process.

   (c) During the Option Period, LITHARG shall be entitled to exercise the Option, at its sole discretion. To that end, before the expiration of the Option Period, LITHARG shall communicate to SMG in writing its decision to execute a Definitive Agreement (the "**Option Notice**"). If LITHARG, does not deliver the Option Notice to SMG within such term, this Letter Agreement shall be deemed terminated and SMG shall be entitled to keep the Initial Payment as reasonable compensation for all efforts, costs and expenses incurred and derived from the acceptance of this Offer.

4. **Period II: Definitive Agreement.**

   (a) **Commencement:** Period II shall commence only upon notice of the exercise of the Option by LITHARG. As provided above, it will be considered that LITHARG has exercised the Option, when it gives notice to SMG of its decision to sign the Definitive agreement.

   (b) **Definitive Agreement:** After LITHARG has exercised the Option, both Parties shall use commercially reasonable efforts to draft, negotiate and execute the Definitive Agreement by no later than 30 days following the exercise of the Option (the "**Negotiation Period**"). The date of execution of the Definitive Agreement shall be referred as the "**Effective Date**". The Definitive Agreement shall include such terms and conditions as are necessary to give effect to this Letter Agreement (it being recognized that this Letter Agreement reflects the current status of discussions between the Parties and the terms reflected in the Definitive Agreement may change from those set out herein) and such other terms and conditions as are customary and usual in connection with transactions of this nature. If the Parties fail to execute the Definitive Agreement within the Negotiation Period, unless otherwise agreed by the Parties in writing, this Letter Agreement shall be deemed as terminated and SMG shall be entitled to keep the Initial Payment as reasonable compensation for all efforts, costs and expenses incurred and derived from the acceptance of this Offer, provided, however, that SMG shall not be entitled to do so if the Definitive Agreement is not signed due to bad faith from SMG.

(c) **Assignment of the Property by SMG to NewCo:** Immediately after SMG has received the Option Notice, SMG will transfer 100% of its ownership rights and interests on the Property to NewCo, which will be originally owned by SMG. Until Argentum has acquired 60% equity interest in NewCo as shareholder, SMG shall be responsible for keeping the Property in good standing, provided, however, that, once the Option is exercised, LITHARG shall be responsible for all costs and expenses borne in such connection.

(d) Consideration:

(i) The Consideration payable by LITHARG to SMG that allows Argentum to have sixty percent (60%) of the shares of NewCo, who will be the owner of 100% of the rights on the Property, will be the total of US$ 2,000,000 (two million U.S. dollars) payable in installments to SMG, (the "**Consideration**"). Each individual payment shall be referred to as an "**Installment**") and are as follows:

Date	Payment ($)
According Section 1.02(a), within ten (10) days from the acceptance of this letter (by wire transfer into a USD bank account that SMG shall have provided LITH with payment and delivery instructions).	$50,000
On the "Effective Date".	$50,000
On or prior to (i) the business day that falls immediately after completion of STAGE I of the Exploration Program, or (ii) the business day that falls immediately after six (6) months from the "Effective Date", whatever occurs earlier.	$200,000
On the date on which LITHARG confirms the start of STAGE II, immediately after six (6) months from the "Effective Date"	$100,000
On or prior to the business day that falls immediately after twelve (12) months from the "Effective Date".	$200,000
On or prior to the business day that falls immediately after eighteen (18) months from the "Effective Date".	$200,000
On or prior to the business day that falls immediately after twenty (24) months from the "Effective Date".	$300,000
On or prior to the business day that falls immediately after thirty (30) months from the "Effective Date".	$300,000
On or prior to the business day that falls immediately after thirty-six (36) months from the "Effective Date".	$300,000

Date	Payment ($)
On (i) at completion of Pre-feasibility Study, or (ii) the business day that falls immediately after forty (40) months from the "Effective Date", whichever occurs earlier.	$300,000

(ii) LITH represents and warrants that none of the Installments is subject to any financing condition.

(iii) Each Installment shall be paid in U.S. Dollars to a U.S. bank account to be indicated in writing by SMG prior to the payment date. As the payment in such currency is of the essence to SMG, LITHARG hereby irrevocably waive to invoke any law, resolution, and/or regulation, including without limitation article 765 and related ones of the Argentine National Civil and Commercial Civil Code, which may enable them to release from such payment obligations by delivering currency of legal tender or other species, in lieu of the U.S. Dollars as agreed herein.

(iv) The Parties further acknowledge and agree that upon LITHARG pays SMG the Consideration of USD 2,000,000 (two million U.S. dollars) and obtains a pre-feasibility report for the construction of a lithium production system of commercial scale, in accordance with NI 43-101 Standards of Disclosure for Mineral Projects or JORC, then LITHARG, without any further consideration payment, shall have earned an undivided 60% legal and beneficial interest in and to the Property, through the 60% of participation as shareholder of the NewCo.

(v) The Parties acknowledge and agree that SMG's expectation when negotiating this Transaction was to receive the total amount of the Consideration in full and therefore the Parties shall make their best efforts to structure the Transaction in a way that any tax impact on SMG is efficiently minimized.

5. <u>**Exploration Program and Investment Plan.**</u>

(a) LITHARG will carry on and operate an exploration program within the Property aimed to procure a pre-feasibility report for the construction of a lithium production system of commercial scale, in accordance with NI 43-101 Standards of Disclosure for Mineral Projects or JORC, which will consist of four (4) stages as preliminarily described below (the "**Exploration Program**"). LITHARG will carry, operate, and fund 100% of the activities to be conducted under the Exploration Program, in accordance with the following investment plan (the "**Investment Plan**"):

(i) STAGE I: Up to US$ 800,000 (eight hundred thousand U.S. Dollars) for drilling and testing a pumping well to be disbursed within six (6) months as from the Effective Date.

(ii) STAGE II: US$2,000,000 (two million U.S. Dollars) for exploration program to confirm resources for industrial scale to be disbursed within twenty-four (24) months as from the Effective Date.

(iii) STAGE III: US$2,500,000 (two million five hundred thousand U.S. Dollars) for exploration program to confirm brine volume and water for industrial scale to be disbursed within thirty-six (36) months as from the Effective Date.

(iv) STAGE IV: US$1,500,000 (one million five hundred thousand U.S. Dollars) for initial engineering studies and pre-feasibility for industrial scale to be disbursed within six (6) months as from completion of STAGE III.

(b) From the Effective Date and until (i) SMG has transferred the Property to NewCo, and (ii) Argentum has the 60% of the shares of NewCo, and with that the 60% of interest and benefit over the Property, SMG will grant a power of attorney in favor of Argentum or whoever it indicates, to be able to enter the Property and to develop there the Exploration and Investment Plan, provided for in Section 5(a).

(c) SMG and or its affiliate or subsidiaries, or the companies controlled by the quota holders of SMG, will have priority to be hired for the provision of technical services, such as civil works, camp, chemical/processing studies, assaying, logistics, etc; provided that the following conditions are met: (i) the relevant SMG group company has expertise and demonstrable experience in the provision of the required service; and (ii) the price and commercial terms offered by the relevant SMG group company are arms-length and equal or more convenient than the ones offered by competitors participating in a duly conducted bidding.

(d) The funds committed under the Investment Plan shall be used exclusively to cover operational costs to be determined in the Exploration Program.

6. <u>**Non-Dilution.**</u> SMG's participation in NewCo will not be reduced less than ten percent (10%) of the capital. This restriction shall remain in full force and shall not expire as long as SMG holds shares in NewCo.

7. <u>**Royalty Right.**</u> In NewCo, SMG shall have a Royalty right on the gross sales derived from the products mined, extracted and commercialized from the mining project containing the Property (the "**Royalty**"), to be paid by Argentum (and/or its successors or assignees), annually to the Royalty holder designated by SMG. The Royalty shall be equal to 1% of net smelter returns on the Property, and LITHARG shall have an option right to purchase such Royalty, which can be exercised for a purchase price of US$ 1,500,000 (one million U.S. dollars), during a period of 2 (two) years after Production has started.

8. <u>**Operator.**</u> Argentum will be the operator of the Property, so that the latter carries out and operates programs within the Property. The Definitive Agreement shall provide the form of Operating Agreement to be entered between NewCo and Argentum, once the Property is transferred to NewCo.

9. <u>**Technical Committee.**</u> NewCo will have a Technical Committee to advice the Board related to the design, execution, changes and auditing of the Exploration Program. Its decisions not be binding for the Board. The Technical Committee shall be composed by 3 members, 2 elected by Argentum, and 1 elected by SMG. Decisions will be taken by unanimity, provided that the members shall have reasonable and documented grounds to cast negative votes.

10. <u>**Opt-out and Termination.**</u>

(a) <u>Opt-out before exercise of the Option by LITHARG.</u> If LITHARG at his sole decision and without the need to invoke any reason, decide not to move forward with the execution of the Definitive Agreement, it shall be deemed that LITHARG has optedout from the Transaction, and this Letter Agreement shall be deemed terminated, being SMG entitled to keep the Initial Payment of US$ 50,000 (fifty thousand U.S. dollars) described on Section 3(a) and Section 4(d)(i), as reasonable compensation for all efforts, costs, and expenses incurred and derived from the acceptance of this Offer.

(b) Opt-out before execution of Definitive Agreement. If the Parties fail to execute a Definitive Agreement before expiration of the Negotiation Period (including any extensions mutually agreed by the Parties in writing), any of the Parties shall be entitled to opt-out from the Transaction, in which case this Letter Agreement shall be deemed terminated, being SMG entitled to keep the Initial Payment of US$ 50,000 (fifty thousand U.S. dollars) described on Section 3(a) and Section 4(d)(i), as reasonable compensation for all efforts, costs, and expenses incurred and derived from the acceptance of this Offer, unless such failure is based on SMG's bad faith.

(c) Opt-out after execution of Definitive Agreement. After execution of the Definitive Agreement, LITHARG shall be entitled to opt-out from the Transaction at any time before starting with STAGE II of the Exploration Program (the "**Opt-out Period**") described in Section 5(a)(ii). In such case (i) LITHARG shall be released from paying the remaining installments of the Consideration (i.e., US$1,700,000 in the aggregate), and disbursing the US$6,000,000 set forth in the Exploration Program and Investment Plan described in Section 5(a), corresponding to the following stages of the Exploration Program, without any right of SMG to claim any compensation; and (ii) all samples and information related to the Exploration Program shall be promptly delivered to SMG.

(d) For the avoidance of doubt, it is expressly stated that the exercise of the opt-out right set forth in Section 10(c) above shall not release LITHARG from the full (i) payment of US$300,000 (three hundred thousand US Dollars) corresponding to the first three (3) Installments of the Consideration, and (ii) disbursement of US$800,000 (eight hundred thousand US Dollars) corresponding to STAGE I of the Exploration Program. In case these payments were not fully made as of the date on which LITHARG exercise this right, SMG shall be entitled to claim all pending amounts plus a punitive monthly interest at a market percentage to be determined in the Definitive Agreement, for each day of delay.

11. **Representations and Warranties of SMG.**

SMG represents and warrants to LITHARG that:

(a) SMG is a valid and subsisting limited liability company duly organized and in good standing under the laws of its jurisdiction of organization;

(b) SMG is the registered and beneficial owner of the Property and SMG has the full right, power, capacity and authority to enter into, execute and deliver this letter agreement;

(c) the Property is held by SMG and is free and clear of, and from, all liens, charges and encumbrances;

(d) to the best of SMG's knowledge, the Property has been properly staked, located and recorded pursuant to the applicable laws and regulations of Salta Province and the federal laws of Argentina applicable therein and all minas comprising the Property are or will be in good standing on or before execution of the

Definitive Agreement;

(e) there is no adverse claim or challenge against or to the ownership of or title to any part of the Property and, to the best of the knowledge of SMG there is no basis for such adverse claim or challenge which may affect the Property;

(f) the consummation of the transactions contemplated by this Letter Agreement does not and shall not conflict with, constitute a default under, result in a breach of, entitle any person to a right of termination under, or result in the creation or imposition of any lien, encumbrance or restriction of any nature whatsoever upon or against the property or assets of SMG, under its constating documents, any contract, agreement, indenture or other instrument to which SMG is a party or by which it is bound, any law, judgment, order, writ, injunction or decree of any court, administrative agency or other tribunal or any regulation of any governmental authority; and

(g) there are no actual or pending proceedings for, and SMG is unaware of any basis for, the institution of any proceedings leading to the placing of SMG in bankruptcy or subjecting it to any other laws governing the affairs of insolvent parties and the Property does not represent all or substantially all of SMG's corporate undertaking.

12. <u>Representations and Warranties of LITH and Argentum.</u>

Each of LITH and Argentum represents and warrants to SMG that:

(a) LITH it is duly organized and validly existing under the laws of its jurisdiction of incorporation;

(b) Argentum is a duly organized corporation under the laws of Argentina, in process to be registered with the Public Registry with jurisdiction in Salta Province;

(c) LITH has the full right, power, capacity and authority to accept the Offer and enter into, execute and deliver this Letter Agreement;

(d) LITH it is not insolvent under the laws of the place of its establishment or incorporation, and each are able to pay its debts as they fall due.

(e) the consummation of the transactions contemplated by this Letter Agreement does not conflict with nor result in any breach of its constating documents or any covenants or agreements contained in or constitute a default under any agreement or other instrument whatever to which LITH is a party or by which LITH is bound or to which LITH may be subject; and

(f) no proceedings are pending for, and LITH is unaware of any basis for, the institution of any proceedings leading to the placing of LITH in bankruptcy or subjecting it to any other laws governing the affairs of insolvent parties.

13. <u>Confidentiality and Disclosure.</u> During the term of this Letter Agreement, all information and data concerning the Property shall be kept confidential and, except to the extent required by law or in connection with the customary reporting requirements or investor relations activity of SMG and LITHARG or their respective affiliates, shall

not be disclosed to any person other than an affiliate, employees or advisors on a need-to-know basis, without the prior consent of the other Party, which consent shall not unreasonably be withheld, conditioned or delayed

14. **Governing Law**. This Letter Agreement shall be governed by and construed in accordance with the laws of Argentina applicable therein. Each of the Parties hereby irrevocably and unconditionally consents to and submits to the jurisdiction of the ordinary courts of the Province of Salta, Argentina, in respect of all actions, suits or proceedings arising out of or relating to the Offer, to this Letter Agreement or the matters contemplated hereby (and agrees not to commence any action, suit or proceeding relating thereto except in such courts) and further agrees that service of any process, summons, notice or document by single registered mail to the addresses of the Parties set forth in this Letter Agreement shall be effective service of process for any action, suit or proceeding brought against either Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the ordinary courts of the Province of Salta, Argentina, and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

15. **Exclusivity**. In consideration of the time, effort and expense to be incurred by LITH in carrying out the Due Diligence as herein provided, and the payment described on Section 3(a), until expiration of the Negotiation Period or termination of this Letter Agreement, whatever occurs earlier:

    (a) SMG shall not directly solicit, initiate or encourage any enquiries or proposals from, discuss or negotiate with, provide any non-public information to, or consider the merits of any inquiries or proposals from, any person (other than LITHARG) relating to any purchase, in any manner howsoever (including by way of a business combination transaction involving SMG, or the sale of existing or new shares in SMG) of any interest of SMG in the Property; and

    (b) SMG shall immediately notify LITH regarding any contact between SMG or any of its representatives, and any other person regarding any such offer or proposal or any related enquiry.

16. **Exploration Data**. Forthwith after acceptance of this Offer by SMG. SMG shall provide LITH with access to all existing data on the Property in its possession, including all claim data, reports, assessments, models, drill logs, assay results, maps, field notes, sections and other technical data with respect to the Property.

17. **Costs**. All costs and expenses including legal fees and disbursements incurred by the Parties in connection with the negotiation and preparation of this Letter Agreement and the Definitive Agreement and the consummation of the transactions contemplated hereby and thereby shall be borne by the Party that incurred same, whether or not the Transaction shall close or the Definitive Agreement shall be entered into by the Parties.

18. **Assignment**. This Letter Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns, as the case may be. This Letter Agreement may not be assigned by either Party without the prior written consent of the other Party; provided that the Parties agree that LITH may assign its rights and interests

hereunder to a subsidiary or affiliate, after written notice to SMG setting out the following particulars regarding the subsidiary or affiliate, namely, corporate structure, evidence of its good standing in its jurisdiction of organization, share capital structure, board of directors and management, legal representatives and contact information.

19. Notices. Any notice (each, a "Notice"), direction or other instrument given hereunder shall be in writing and shall, if delivered, be deemed to have been given and received on the Business Day following the day it was delivered and, if sent by facsimile or email during normal business hours (9:00 a.m. to 5:00 p.m. local time in the place of receipt), be deemed to have been given or received on the Business Day following the day it was so sent, or in the case of facsimile sent outside normal business hours, on the next following Business Day. Any Notice to be given under this Letter Agreement shall be addressed as follows:

(a) If to SMG, at:

SMG S.R.L.
Santa Catalina 551
RN 66 Km 9
B° Antártida Argentina
Palpala, Jujuy Province
Argentina, 4612.
Attention: Carlos D. Galli and Nicolás D. Galli
Email: cgalli@smgminera.com and ngalli@smgminera.com

(b) If to Lithium Chile Inc., at:

Lithium Chile Inc.
900, 903 8th Ave SW
Calgary, Alberta
Canada, T2P 0P7
Attention: Steven Cochrane
E Mail: steve@lithiumchile.ca

With a copy to Lithium Chile Inc.'s solicitors (which shall not constitute service), at:

López Arias – Castelli – Reston & Asoc.
Av. Bicentenario de la Batalla de Salta 863
Primer Piso, Oficina 2
Ciudad de Salta, Province of Salta
A4400DWI
Argentina
Attention: Dr. Mario Luis Castelli
Email: drmariocastelli@gmail.com

Any Party, may at any time, give to the other Parties Notice of any change of address of the Party giving such Notice and from and after the giving of such Notice, the address or addresses therein specified shall be deemed to be the address of such Party for the purposes of giving Notice hereunder.

20. **Entire Agreement.** This Letter Agreement constitutes the entire agreement between the Parties and supersedes and replaces any other agreement or arrangement, whether oral or in writing, previously existing between the Parties with respect to the subject matter of this Letter Agreement.

21. **English Language.** The Parties hereby acknowledge and agree that this Letter Agreement and all documents evidencing or relating in any way to the transactions contemplated hereby shall be drawn up in English and may be translated into Spanish. In the event of any inconsistency, the English version is the original language and the Spanish version is a translation for information purposes only. Then in case of conflict, the English version shall prevail and shall therefore be the binding version for both Parties.

22. **Confidential Information.** Unless and until the Transaction has been completed, except with the prior written consent of the other Party, each of the Parties and its respective employees, officers, directors, agents, advisors and other representatives shall hold all information received from the other Party in strictest confidence, except such information and documents already available to the public or as are required to be filed or disclosed by applicable law or in connection with any regulatory approvals required to give effect to the Transaction. If the Transaction is not completed, all such information and documents in any form or medium whatsoever, including, but without limitation, copies thereof and derivative materials made therefrom, shall be returned to the Party originally delivering them, or at the direction of such Party, destroyed. Notwithstanding the foregoing, SMG acknowledges that LITH is a public company subject to certain continuous and other disclosure requirements under applicable Canadian securities laws and the rules and policies of the TSX-V. Accordingly, and provided that LITH shall have consulted with SMG or provided prior notice to SMG of such disclosure, LITH shall be entitled to make such public disclosure (whether written, oral, electronic or in any other form) with respect to the existence of discussions regarding the Transaction or any of the terms, conditions, or other aspects of the Transaction as contained in this letter agreement as may be necessary, in the reasonable good faith judgement of LITH, to comply with such continuous disclosure requirements.

23. **Acceptance**: This Offer of Letter Agreement shall be irrevocable and valid until May 14, 2021 at 5:00 p.m. (Calgary time) and shall be deemed accepted by SMG if, within such term, SMG sends to LITH a signed letter of acceptance to the email address indicated above. As from that moment, all the terms and conditions of this Letter Agreement shall become effective and binding on the Parties and shall supersede all previous communications exchanged between the Parties regarding the possible Transaction. If SMG does not accept this Offer as prescribed above, the terms of the Letter Agreement shall become null and void.

Yours truly,

LITHIUM CHILE INC.

Per: "Steve Cochrane"

Name: Steve Cochrane
Title: President & CEO

SCHEDULE "A"

DESCRIPTION OF THE PROPERTY AND AREA OF INTEREST

(a) **Mine Tenures Comprising the Property**

No.	Type of Mining Right	Holder	Name	File	Hectares
1	Mina	SMG S.R.L.	Salari 07	19636	3,000
2	Mina	SMG S.R.L.	Salari 08	19637	3,500
3	Mina	SMG S.R.L.	Tolar 02	20345	3,500
4	Mina	SMG S.R.L.	Tolar 05	20348	3,500
5	Mina	SMG S.R.L.	Tolar 06	20349	3,500
6	Mina	SMG S.R.L.	Tolar 10	20353	3,500
7	Mina	SMG S.R.L.	Chascha Sur	21375	2,783
					23,283

(b) **Map of the Property and Area of Interest**

May [13], 2021

Messrs.
Lithium Chile Inc.
900, 903 8th Ave SW
Calgary, Alberta
Canada, T2P 0P7

Attention: Steven Cochrane
Email: steve@lithiumchile.ca

Re: Arizaro Property Option

Dear Sirs,

We hereby acknowledge and accept your Offer of Letter Agreement dated May [12], 2021.

Sincerely,

SMG S.R.L.

"Carlos David Galli"

By: Carlos David Galli
Title: Socio SMG S.R.L.
Ing. CARLOS GALLI
Socio
SMG S.R.L.

"Nicolas Galli"

Ing. NICOLAS GALLI
Socio Gerente
SMG S.R.L.
CUIT 30-71102383-2