

ASX RELEASE

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PNN

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BOARD**Stephen Ross**

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PROJECTS**Argentina**

Salta Lithium Project

Santa Ines Copper-Gold Project

AustraliaEyre Peninsula Kaolin-Halloysite-
REE ProjectMusgrave Nickel-Copper-Cobalt-
PGE Project**Power Executes Binding Agreement for
Funding and Development of Rincon Project**

- Power has entered into a Binding Term Sheet (BTS) and Convertible Loan Agreement (CLA) for the strategic funding and development of the Rincon Project at its Salta Lithium Project in Argentina
- Power views this as a transformational agreement designed to deliver production at the Rincon Project as a significant Direct Lithium Extraction (DLE) operation
- The BTS and CLA are multi-party agreements. The parties to the BTS and CLA are;
 - i. Singaporean entity Repenergy Investment Private Limited (REP);
 - ii. Singaporean entity Legendary Star Investment Asia Pte Ltd (LS); and
 - iii. Chinese entity Li Energy Technology Limited (LE)
- Under the BTS and CLA, Power will receive initial strategic funding of US\$5m (~A\$7.528m¹) in two tranches of;
 - i. US\$1m (~A\$1.506m¹) convertible loan; and
 - ii. US\$4m (~A\$6.022m¹) to be invested into an incorporated joint venture (Rincon JV) on successful completion of due diligence and the parties entering into the Rincon JV (conditional on receipt of required Chinese governmental approvals)
- Beyond the initial US\$5m, REP will be responsible for procurement of financing for the Rincon JV including for the manufacture and installation of plant, equipment and project infrastructure
- On establishment of the Rincon JV, Power will transfer the Rincon Project to the Rincon JV and will hold a 41% interest in the joint venture and LE will hold a 59% interest in the joint venture

Power Minerals Limited (ASX: PNN, **Power** or the **Company**) is pleased to announce that it has entered into a Binding Term Sheet (**BTS**) and Convertible Loan Agreement (**CLA**) for the strategic funding and development of the Rincon Project within the Company's Salta Lithium Project, in the lithium triangle of Argentina.

Power views the BTS as a transformational agreement for the Rincon Project. It outlines the terms for the provision of initial strategic funding of US\$5 million, and the commitment to procure required project funding to fully develop the Rincon Project into a significant Direct Lithium Extraction (DLE) operation.

Power recently completed a Preliminary Economic Assessment (PEA) for the Rincon Project which estimated annual production of 7,061 tonnes per annum (tpa) of high purity lithium carbonate equivalent (LCE) (ASX announcement 29 November 2023).

The BTS is a multi-party agreement. The parties to the BTS are;

1. Singaporean entity Repenergy Investment Private Limited (**REP**);
2. Singaporean entity Legendary Star Investment Asia Pte Ltd (**LS**); and
3. Chinese entity Li Energy Technology Limited (**LE**).

The parties are associated with commercial-scale battery manufacturers and cathode material manufacturers, including Beijing Stock Exchange-listed BTR New Material Group Co., Ltd (Stock code: 835185). Power understands that the parties undertake mutual business initiatives but are otherwise unrelated. Further details on the parties are provided in this announcement.

The parties propose to collaborate to fully fund the development and construction of the Rincon Project into a significant lithium-producing operation.

Subject to entering into a formal joint venture agreement (**Rincon JV**), the parties propose to undertake the following obligations;

1. REP will organise and procure financing for the Rincon Project, including financing for the manufacture and installation of plant, equipment and requisite Project infrastructure. REP will also be responsible for the organisation and management of construction and operation of the proposed DLE plant at Rincon. REP will manage all interaction between the participating parties and Power;
2. LS will provide a US\$1 million convertible loan to Power; and
3. LE is the investor and party to the proposed Rincon JV (and will be the controlling shareholder), and will provide a US\$4 million equity investment into the Rincon JV. It will provide the processing technologies, processing capability plus plant and equipment for the proposed Rincon DLE operation.

Power will be responsible for ensuring the Rincon Project permits are maintained in good standing and that all licensing arrangements needed for the operation of the Rincon JV, and planned construction and production are in place. Power will be responsible for coordination of community relations and for managing project infrastructure requirements including water, electricity and gas.

Under the BTS and CLA, Power will initially receive strategic funding of US\$5 million (approximately ~A\$7.528 million¹), in two tranches as set out below:

Tranche 1: US\$1 million (approximately ~A\$1.506 million¹) convertible loan payable on terms set out in the CLA. Details of the CLA are included in this announcement; and

Tranche 2: US\$4 million (approximately ~A\$6.022 million¹) to be invested into the Rincon JV following successful completion of on-site due diligence, entry into a formal joint venture agreement and incorporation of the joint venture entity and receipt of required Chinese Overseas Direct Investment (ODI) approval for the investment.

Beyond the provision of funds as set down in the BTS, REP will be responsible for organising and procuring financing to fund the Rincon JV and construction of the proposed DLE processing plant at the Rincon Project.

On the successful incorporation of the joint venture entity, Power will transfer the Rincon project to the Rincon JV and will hold an initial 41% interest in the joint venture entity and LE, as the investor, will hold an initial 59% interest in the joint venture entity.

“This is a pivotal agreement for Power Minerals and the Rincon Project, which outlines initial terms and subsequent commitment for the systemic funding and development to deliver a DLE production operation at Rincon.

We have adopted a project-by-project approach to the development of the key assets within our Salta Lithium Project to maximise the value proposition and commercial outcomes of each asset. With this agreement for Rincon, we now have binding term sheet agreements in place for the funding and development of our two key assets at the Salta Project. The Incahuasi Project is being developed in parallel under a BTS with Canadian DLE technology provider Summit Nanotech Corporation.

The Rincon Project is Power’s most advanced asset at the Salta Project, and the funding proposed under this agreement is testament to our commitment to the Project and its quality Mineral Resource. Rincon has a substantial JORC Mineral Resource estimate and a Preliminary Economic Assessment completed to Scoping Study standard. We now look forward to facilitating due diligence for our funding partners at Rincon and entering into the Rincon JV.”

Power Minerals Managing Director Mena Habib

The Rincon Project is Power's most advanced asset at its Salta Lithium Project and it is strategically located adjacent to major lithium brine projects held by Rio Tinto (ASX: RIO), Argosy Minerals (ASX: AGY) and Ganfeng.

Power confirmed a substantial JORC Mineral Resource increase at Rincon in Q4 calendar 2023, which expanded the Rincon lithium Mineral Resource to; 292,564 tonnes Lithium Carbonate equivalent (LCE) – and increased the Salta Project's global JORC Mineral Resource to; 714,872t LCE (ASX announcement 2 November 2023).

Power has also completed a Preliminary Economic Assessment (PEA) – completed to Scoping Study standard - for the Rincon Project. This provided initial formal confirmation of its potential to become a significant long-life supplier of high purity, battery-grade LCE (ASX announcement 29 November 2023).

Power is currently developing the Rincon Project in parallel with its other core asset at the Salta Lithium Project, the Incahuasi Project, which is the subject of a Binding Term Sheet for funding and development with Canadian DLE technology provider Summit Nanotech Corporation (BN 753314913).

Convertible Loan Agreement

Power has entered into the CLA with LS, REP and LE which provides for an initial investment into Power of US\$1 million by LS. The CLA will be assumed by LE following receipt of necessary Chinese government approvals.

The loan will be provided in 2 tranches:

1. US\$500,000 following execution of the CLA and provision of assurances by Power regarding the good standing of the Rincon Project and confirmation of its financial status; and
2. US\$500,000 on finalising a formal joint venture agreement (by not later than 30 June 2024 unless extended by mutual agreement of the parties).

The loan will:

1. be converted into shares (subject to shareholder approval) if ODI approval is denied or has not been granted by 31 October 2024 (or such other date as agreed between the parties);
2. repayable within 60 days of receipt of a written demand if
 - i. the due diligence is unsatisfactory,
 - ii. a shareholder meeting is held to approve conversion of the loan but shareholder approval is not obtained,
 - iii. the parties do not enter into a joint venture agreement by 30 June 2024,
 - iv. Power fails to establish the incorporated joint venture entity by 31 October 2024 (provided LE is satisfied with its due diligence enquiries and ODI approval has been granted), or
 - v. an event of default occurs;

3. repayable on or before the maturity date which is 7 months from the effective date of 11 May 2024; or
4. be forgiven if LE does not advance US\$4M to the joint venture entity by 31 October 2024 (or such other date as agreed between the parties) provided that LE has completed due diligence, been granted ODI approval and Power has incorporated the joint venture entity.

If a conversion event occurs, the principal outstanding under the loan (including accrued interest) will be convertible based on the volume-weighted average price of shares trading on the ASX for the 30 days immediately prior to the conversion date, with a premium of 20%, a floor price of A\$0.14 and a ceiling of A\$0.20 per share.

Interest will be payable on the principal outstanding under the loan at a rate of 8% per annum if a repayment event (as described above) occurs or 12% per annum if Power defaults on its obligations to repay the loan. Interest will not be payable if the loan is converted into shares.

Rincon Joint Venture

The establishment of the proposed joint venture entity will be subject to the completion of due diligence, grant of ODI approval, entry into a formal joint venture agreement and LE advancing US\$4 million in funding to the joint venture entity to fund the initial work program agreed between the parties.

With effect from establishment of the joint venture;

- Power will hold a 41% interest in the joint venture and LE will hold a 59% interest in the joint venture;
- Power will grant LE a board nomination right to the Power Board; and
- Power will grant LE a right of first refusal over Power's Pocitos Project within the Salta Lithium Project.

If Power does not comply with its obligations to incorporate the joint venture entity or transfer the Rincon Project to the joint venture entity, it will be required to repay the loan advanced under the CLA (together with accrued interest) and pay a penalty of US\$1 million for failure to incorporate the joint venture entity.

Authorised for release by the Board of Power Minerals Limited.

¹ Exchange rate used in conversion USD to AUD in this announcement was taken from 15 May 2024.

-ENDS-

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Additional information is available at www.powerminerals.com.au

About Power Minerals Limited

Power Minerals Limited is an ASX-listed lithium-focused exploration and development company, committed to the systematic exploration and development of its core asset, the Salta Lithium Brine Project in the prolific lithium triangle in the Salta Province in Argentina. It is currently undertaking a major JORC Mineral Resource expansion drilling campaign at Salta, and is focused on expediting development of the Project in to a potential, future lithium producing operation. Power also has a portfolio of other assets in key, demand-driven commodities including; kaolin-halloysite-REE, nickel-copper-cobalt and PGEs plus copper-gold.

About Repenergy Investment Private Limited (REP)

REP is a company headquartered in Singapore. It is focused on providing integrated solutions for the new energy industry in in the lithium triangle of Latin American. It has experience in the promotion and application of DLE technologies, and is committed to a 'Green Lithium Initiative' and positive ESG outcomes. Its business is based on a philosophy of 'investment + technology + operation'. REP has successfully overseen the development on one LCE DLE plant to date, and has also participated in the development of multiple other projects such.

About Li Energy Technology Limited (LE)

LE is is wholly-owned subsidiary of Qinghai Kuajie Separation Technology Co., Ltda (KS), a high-tech enterprise engaged in the development of new products and processes for salt-lake mineral resources, the research and development and production of lithium adsorption and separation materials, and the promotion and service of technology. The company is located in qinghai province, China. Its lithium resin adsorbent plant has an 8,000m³ annual capacity, which can support the production of 50,000tpa LCE. KS adsorbents are appLED in the plants of CITIC Lithium (Qinghai) Co., Ltd., Minmetals Group and Zangge Mining.

About Legendary Star Investment Asia Pte Ltd (LS)

LS is a Singaporean investment platform focused on the new energy industry, including technologies, plants and resources. It has a capital base of US\$600 million which it seeks to deploy to develop projects and companies across the globe, including battery technology and mineral companies.

Production Targets

The Company confirms that all material assumptions underpinning the production targets set out in this announcement continue to apply and have not materially changed since they were last announced to the market by the Company.

Exploration Results and Mineral Resources

In relation to any exploration results and/or mineral resources referenced in this announcement, the Company confirms that it is not aware of any new information or data that materially affects that information and all material assumptions and technical parameters underpinning the estimates from when they were last announced to the market by the Company continue to apply and have not materially changed.