ASX RELEASE

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MARICUNGA LITHIUM BRINE PROJECT
3.7 FOLD INCREASE IN MINERAL RESOURCE ESTIMATE

Highlights

- ✓ **Major 3.7 fold increase of high grade Measured, Indicated and Inferred resource to 2.15 million tonnes (Mt) of lithium carbonate equivalent (LCE) and 5.7 Mt potassium chloride (KCl) to a depth of 200m in accordance with JORC Code (2012)**
- ✓ **80% Measured and Indicated resource estimate for 1.72 Mt of LCE and 4.5 Mt of KCl with a 20% Inferred resource of 0.43 Mt of LCE and 1.2 Mt KCl**
- ✓ **High quality resource, with one of the highest average resource concentrations globally of 1,160 mg/l lithium and 8,500 mg/l potassium, with very favourable porosity and permeability which are essential for resource extraction**
- ✓ **Moderate magnesium/lithium ratio of 6.5, comparable to the Salar de Atacama, with a very low sulphate/lithium ratio of 0.8**
- ✓ **Process test work advancing, with preliminary engineering and design underway and a pre-feasibility study targeted for release in 4Q CY17**

Lithium Power International Limited (ASX: LPI) ("LPI" or "the Company") is pleased to provide details of the updated resource estimate from drilling at the Maricunga lithium brine project in northern Chile by the Maricunga Joint Venture (MJV).

Resource Summary

The Maricunga project (MJV) is located in northern Chile, home to the largest and highest-grade lithium brine mines in the "Lithium Triangle" (Figure 3) and source of the world's lowest cost lithium production. Maricunga is regarded as one of the highest quality pre-production lithium brine projects globally. The *Litio 1-6* properties in the Maricunga salar (salt lake) were subject to significant past exploration by our Joint Venture partners, who generated the historical 2012 Canadian NI43-101 resource estimate.

The 2016-17 drilling program was undertaken to expand the resource on the existing *Litio* properties and those acquired since the 2012 resource estimate (*Cocina, San Francisco, Despreciada and Salamina*). This provides a new expanded mineral resource estimate for the combined property package in Table 1 below, reported in accordance with the JORC Code (2012) and estimated by a

Competent Person as defined by the JORC Code. The 2016-17 program expanded the resource 3.7 fold through discovery of higher porosity sediments in the more recently acquired properties and below 150 m depth in the Litio 1-6 properties.

The Measured and Indicated categories comprise 80% of the updated resource, with the Inferred category the remaining 20% of the total 2.15 Mt LCE resource defined to only 200m. One deep hole (S19) was drilled to 360 m. This hole encountered a continuation to depth of the aquifers hosting lithium resources above 200 m.

Table 1: July 2017 Maricunga JV Mineral Resource Estimate

RESOURCE ESTIMATE MARICUNGA										
	Measured		Indicated		Inferred		Measured+Indicated		Total Resource	
Area km^2	18.88		6.76		14.38$^\wedge$		25.64		25.64	
Aquifer volume km^3	3.06		1.35		0.72		4.41		5.13	
Brine volume km^3	0.15		0.14		0.06		0.30		0.36	
Mean drainable porosity % (Specific yield)	5.02		10.65		8.99		6.75		7.06	
Element	Li	K	Li	K	Li	K	Li	K	Li	K
Mean grade g/m^3 of aquifer	56	409	114	801	114	869	74	529	79	577
Mean concentration mg/l	1,174	8,646	1,071	7,491	1,289	9,859	1,143	8,292	1,163	8,512
Resource tonnes	170,000	1,250,000	155,000	1,100,000	80,000	630,000	325,000	2,350,000	405,000	2,980,000
Lithium Carbonate Equivalent tonnes	900,000		820,000		430,000		1,720,000		**2,150,000**	
Potassium Chloride tonnes	2,400,000		2,100,000		1,200,000		4,500,000		**5,700,000**	

Lithium is converted to lithium carbonate (Li_2CO_3) with a conversion factor of 5.32. Values may not add due to rounding. No cut-off grade is applied in the resource.
Potassium is converted to potassium chloride (KCl) with a conversion factor of 1.91
^ Inferred underlies the Measured in the Litio properties

An exploration target* of 1.0 to 2.5 Mt of lithium carbonate equivalent (LCE) and 2.9 to 6.6 Mt of potassium chloride (KCl) is defined below the base of the resource at 200 m, to a depth up to 400 m (Table 2). With the exploration target* there is significant potential for resource expansion. Figure 1 illustrates the comparison of the 2012 resource estimate and the updated July 2017 estimate. Figure 2 shows growth of the Maricunga resource and exploration target* and how Maricunga, with very high grades, compares to other lithium brine projects.

**It must be stressed that an exploration target is not a mineral resource. The potential quantity and grade of the exploration target is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource in the volume where the Exploration Target is outlined. It is uncertain if further exploration drilling will result in the determination of a Mineral Resource in this volume. The relationship of the exploration target to key technical and economic factors is presented in Figure 12*

Table 2: Maricunga Exploration Target* The target is based on limited drilling and geophysical data suggesting continuation of lithium and potassium mineralised brine below the updated resource

EXPLORATION TARGET ESTIMATE MARICUNGA										
Subarea	Area km^2	Thickness m	Mean drainable porosity %	Brine volume million m^3	Lithium Concentration mg/L	Contained Lithium tonnes	Lithium Carbonate LCE tonnes	Potassium Concentration mg/L	Contained Potassium tonnes	Potassium Chloride KCl tonnes
UPPER RANGE SCENARIO										
Western	4.23	100	10%	42.3	1,000	40,000	200,000	6,500	270,000	500,000
Central	21.41	200	10%	428.0	1,000	430,000	2,300,000	7,500	3,200,000	6,100,000
	Continues from directly below the resource					**470,000**	**2,500,000**		**3,470,000**	**6,600,000**
LOWER RANGE SCENARIO										
Western	4.23	100	6%	25.4	600	15,000	80,000	5,000	130,000	240,000
Central	21.41	200	6%	257.0	700	180,000	950,000	5,500	1,400,000	2,700,000
	Continues from directly below the resource					**195,000**	**1,030,000**		**1,530,000**	**2,940,000**

Lithium is converted to lithium carbonate (Li_2CO_3) with a conversion factor of 5.32. Numbers may not add due to rounding.
Potassium is converted to potassium chloride (KCl) with a conversion factor of 1.91

Figure 1: Relationship between the 2012 resource estimate, the new expanded 2017 resource and the deeper exploration target

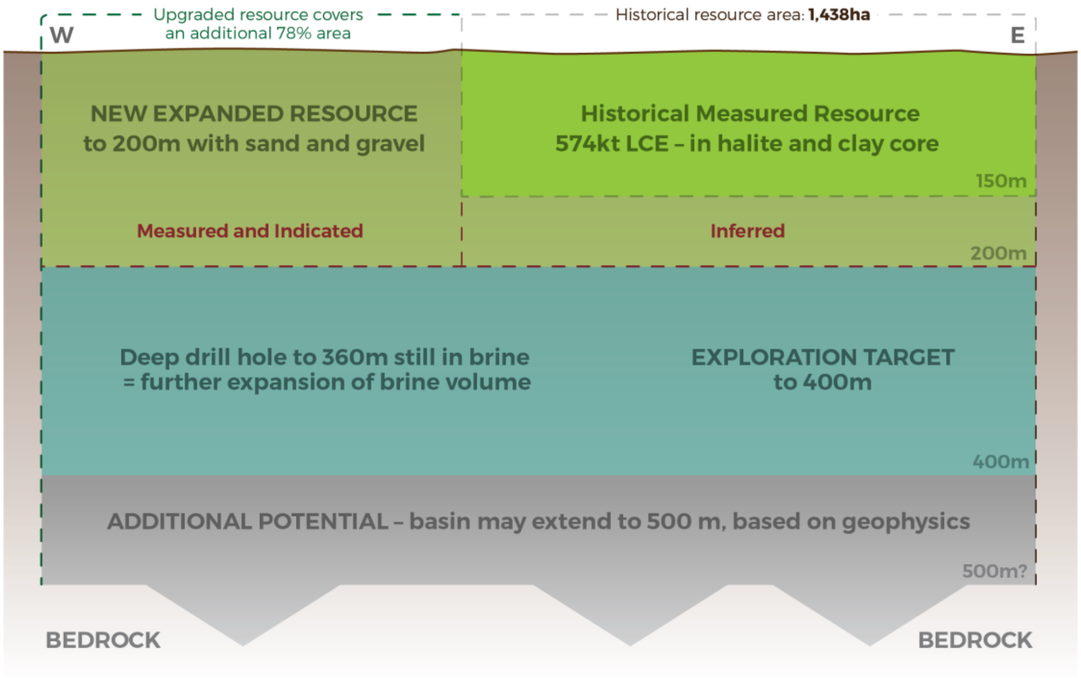

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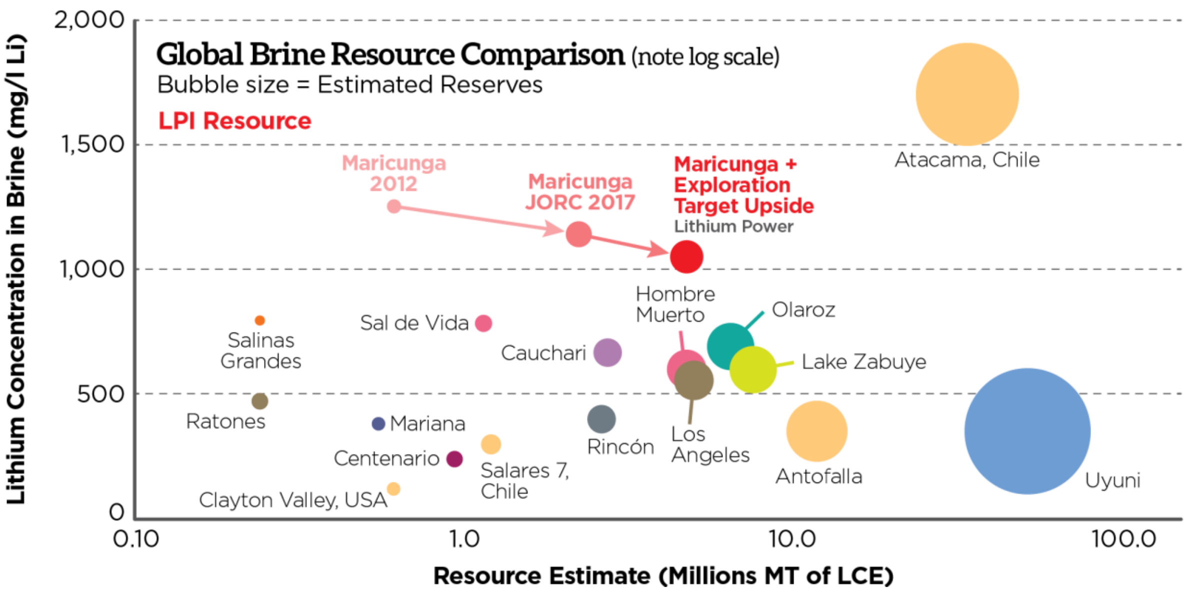
Figure 2: Project lithium brine concentration and resource estimates - showing the previous Maricunga resource, the new Measured+Indicated+Inferred resource and the addition of the high case for the exploration target. Diagram modified after Albemarle (March 2017 presentation).



The size of the LPI bubble is proportional to the project resources

Lithium Power International's Chief Executive Officer, Martin Holland, commented:

"It is of great pleasure for me as CEO to announce this significant Maricunga resource upgrade. The project team has worked very hard to deliver the upgraded mineral resource estimate in accordance with the JORC Code (2012). Not only is the resource much larger than defined in 2012 but there is a very significant exploration target beneath the resource with reasonable expectation that deeper drilling would add further resources to the project. In addition to a favourable resource base our technical team has also confirmed the positive porosity and permeability characteristics of sediments hosting the brine for future extraction. All this is in addition to the very high lithium and potassium grades contained in the brine. With these excellent characteristics we look forward to completing the project feasibility studies and moving forward to production as a low cost lithium producer. The LPI board would like thank all shareholders for your continued support".

Project Background

The Maricunga Lithium Project (Figure 3) consisted originally of the *Litio 1 - 6* mining properties and covered 1,438 hectares in the North of Salar de Maricunga. Minera Li Energy / Li3 Energy carried out an initial resource evaluation program on *Litio 1-6* in 2011 and prepared an initial NI 43-101 lithium resource estimate in 2012. Between 2013 and 2015 the property holding was expanded to 2,563 ha with the outright purchase of the adjacent *Cocina, San Francisco, Salamina and Despreciada* mining properties (Figure 4 and 9). These properties are located immediately to the west and northwest of the *Litio 1-6 mining properties*. These more recently purchased mining properties were constituted under the “old 1932 mining code” and are not subject to the same government permitting conditions for lithium extraction as properties constituted under the current mining code.

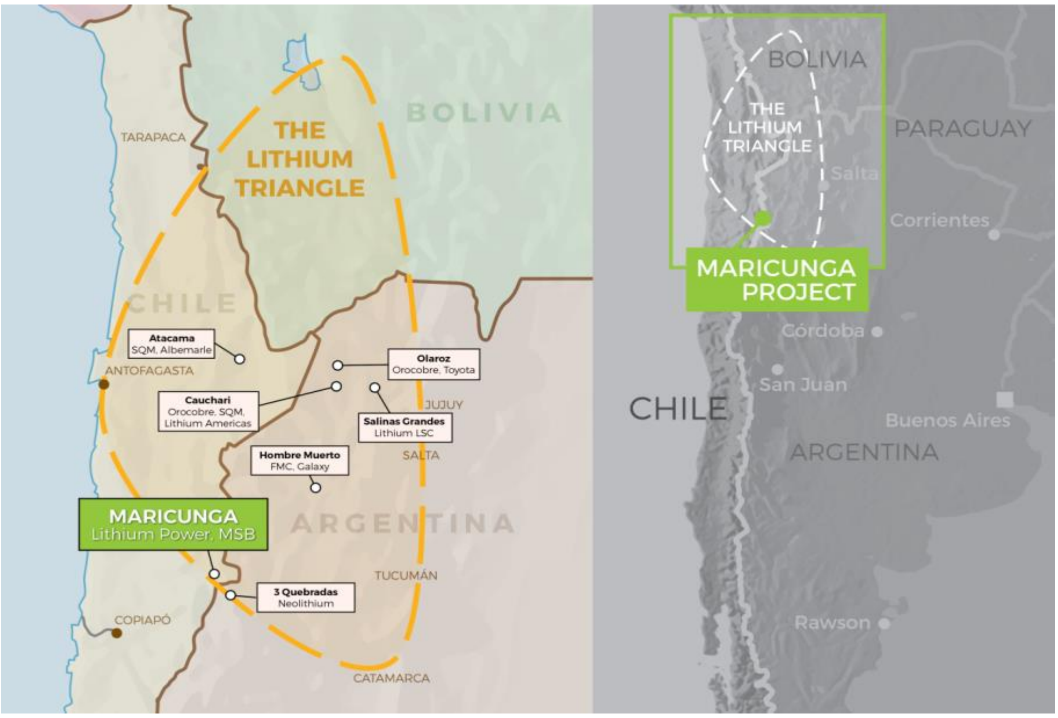
Drilling in the 2016-17 campaign was designed to explore the newly acquired mining properties as well as deeper in the salar, with target drilling depths ranging from 200 m to 400 m, compared to 150 m drilling on which the 2012 resource was based.

The mineralisation style of the Maricunga lithium brine project is that of a dry salt lake where lithium (Li, for battery production) and potassium (Potassium, for production of potassium chloride fertiliser) are dissolved in brine hosted in pore spaces within the lake sediments. There are fundamental differences between salt lake brine deposits and hard rock metal deposits. Brine is a fluid hosted in a porous sediment or rock and has the ability to flow in response to pumping (or to a natural hydraulic gradient). A resource estimate is based on knowledge of the geometry of the sediments, the variations in the drainable porosity of the sediments and the brine concentration within the host sediments. Drainable porosity is defined as the volume of brine that can potentially be drained from the host sediments during pumping, expressed as a percentage of the sediment volume (i.e. 10%). This differs from total porosity, which refers to the total volume of brine contained within the sediments, much of which is not drainable.

As with hard rock resources only a portion of the lithium and potassium can be converted to a reserve and extracted, in this case by pumping rather than excavation and mining. Lithium and potassium are classified as industrial minerals with respect to the JORC code (2012).

Brines are fundamentally different to solid resources, and they are not specifically addressed in mineral resource reporting codes such as the JORC code. However, the Canadian Institute of Mining (CIM) has developed “best practice” guidelines for the resource and reserve estimation of lithium brines. These guidelines could be considered applicable to estimation of brine resources in compliance with the JORC code and have been taken in consideration for the resource estimation work carried out for the MJV (refer to CIM Guidelines[1] and Houston et. al., 2011[2] for further details).

Figure 3: Maricunga project location in the Lithium Triangle in Chile



1. CIM Best Practice Guidelines for Resource and Reserve Estimation for Lithium Brines

2. Houston, J; Butcher, A; Ehren, E, Evans, K and Godfrey, L. The Evaluation of Brine Prospects and the Requirement for Modifications to Filing Standards. Economic Geology. V 106 pp 1225-1239.

A pre-feasibility study is currently underway on the Maricunga project by Tier-1 engineering consultancy WorleyParsons, who have excellent experience in design and construction of lithium and potash projects, together with responding to operational issues. This study is to be completed in 4Q17, and includes initial project engineering, site infrastructure investigations and environmental baseline monitoring for the project environmental impact assessment.

Project Geology

Geological Setting

The Maricunga Salar is located within a large drainage basin of approximating 2,200 km^2 located to the west of the western Andes cordillera. The basin enclosing the Maricunga Salar has surrounding mountain ranges that have been raised by inverse faults that expose a basement sequence ranging in age from Upper Paleozoic to Lower Tertiary. The mountains and volcanoes have elevations from 4,463 m (Cerro los Corrolos) to 6,052 m (Cerro Copiapo). To the southeast, the basin limit coincides with the Chilean-Argentine frontier, which is defined by a line of modern volcanoes. The eastern limit of the basin is marked by the north-south trending Claudio Gay mountain range, with a maximum elevation of 5,181 m (Cerro Colorado). This consists of Middle to Upper Paleozoic rocks and deformed volcanoclastic sequences of Upper Oligocene to Lower Miocene, which represent remnants of the volcanic arc preserved on the margins of the Maricunga Basin. Deformed terraces and sub-horizontal gravels, ranging in age from 12 Ma to 4 Ma, are deposited on this sequence and form the alluvial plain that extends toward the salar.

The Salar de Maricunga has an ellipsoidal, shape covering an area of approximately 140 km^2 in the northern sector of the Maricunga basin, with a NNE-SSW trending axis approximately 23 km long and an approximately east-west axis of 10 km long. The salar proper is surrounded on the northwest, north, northeast, east and south by Quaternary and Miocene-Cenozoic alluvial deposits and on the west and southwest by volcanic rocks of Upper Miocene age. The asymmetric shape of the salar suggests the importance of faulting in the basin, with movement along faults trending north to northeast during Quaternary time.

The clastic sediments bordering the salar on the north, northwest and west sides are composed of fluvial Quaternary sands and gravels of mixed size and composition. In addition to drilling undertaken by the joint venture there are a number of historical drill holes outside the salar which provide useful information on the distribution of the clastic sediments outside the salar.

Geological Interpretation

Correlation between Maricunga drill holes has allowed recognition of different sediment units, which vary in thickness and lateral extent. These represent variations between lithologies originally deposited in a dry salt lake environment (salt, clays) and those deposited by flooding and transportation of coarser grained material (sands, gravels, volcaniclastic). The distribution of these units is shown in Figures 4 and 5. Interpretation is based on the 2016-17 drilling (S and M-holes) and the 2011 C-series (sonic) and P-series (Reverse circulation) drill holes. The general distribution of units from top to bottom consists of the:

- Upper Halite unit (salt) with salt+clay intervals. This unit is present at surface in the north of the salar. The upper halite unit thickness is up to ~55 m and thins to the east, west and north through the project area. This upper halite unit has relatively high drainable porosity and permeability (discussed in subsequent sections), with clay interbeds reducing the drainable porosity and permeability at different depths;
- Clay Core – This clay unit is located predominantly beneath the *Litio 1-6* properties and thickens towards the south and east, extending to a depth of approximately 100 m in C1 and C2 and to a depth of 170 m in S18. This unit is absent in the western properties, which contain dominantly coarser material. The clay unit has low drainable porosity and was the predominant unit intersected in the 2012 drilling campaign;
- Deeper halite – This localized deeper halite (salt) unit within the clay core was intersected in holes S18 and C3. It has a thickness of approximately 20 m and represents a previous salar

surface and has relatively lower drainable porosity than the upper halite unit due to compaction;

- Eastern Gravel unit - This unit consists of clean gravels to clayey gravels, and has moderate drainable porosity. This unit is present to the east of the *Litio 1-6* properties and becomes interbedded with sediments of the clay core and sands within the salar. The unit is heterogeneous, with gravel fragments in a matrix of sand, silt and clay;

- Northwest Gravel – This unit consists of a well sorted gravel and sandy gravel (Figure 6) in the north and west of the project area and is part the of alluvial / fluvial fan system entering the salar from the west and northwest. The unit may locally contain sub-rounded fragments and sand. The northwest gravel unit has a high drainable porosity.

- Lower Alluvial – This unit consists dominantly of sands and is spatially interpreted as the distal part of Northwest gravel alluvial/fluvial system that enters the salar from the northwest. This unit is interbedded with the clay core further east in the salar;

- Upper Volcaniclastic – This upper volcaniclastic unit (Figure 7) is very friable and matrix supported, with sub angular fragments including pumice material. A maximum thickness of 139 m was intersected in hole M2 and it is interpreted to thin further east in the salar. The Upper Volcaniclastic have a high drainable porosity;

- Lower Sand - A lower sand unit is recognised separating the upper and lower volcaniclastic units and is interpreted as reworked material from the lower volcaniclastic unit. This unit consists of medium to fine sand which has moderate sorting and a moderate porosity due to the presence of a finer grained matrix; and

- Lower Volcaniclastic - A lower volcaniclastic unit has been intersected to the base of the current drilling including in deep hole (S-19) to a depth of 360 m. The unit is homogeneous and friable with a fine to medium sand texture and some silt, also containing some pumice fragments. The Lower Volcaniclastic has a high drainable porosity.

Observations

The 2016-17 drilling program by the MJV established the presence of coarser grained sediments with relatively high drainable porosity in the more recently acquired *Cocina, San Francisco, Salamina and Despreciada* properties and beneath the clay core in the *Litio 1-6* properties. These sediments have significantly higher drainable porosities than the materials encountered in the 2012 drilling program, which was primarily within the clay core. From the point of view of brine extraction the porosity and permeability characteristics of the upper halite, sand, gravel and volcaniclastic units are very positive and are discussed in more detail below with regard to test methodologies and values.

Figure 4: Figure 4: Geological map of the Maricunga Basin showing the section line of Figure 5. Litio properties are in yellow and more recently acquired properties in red

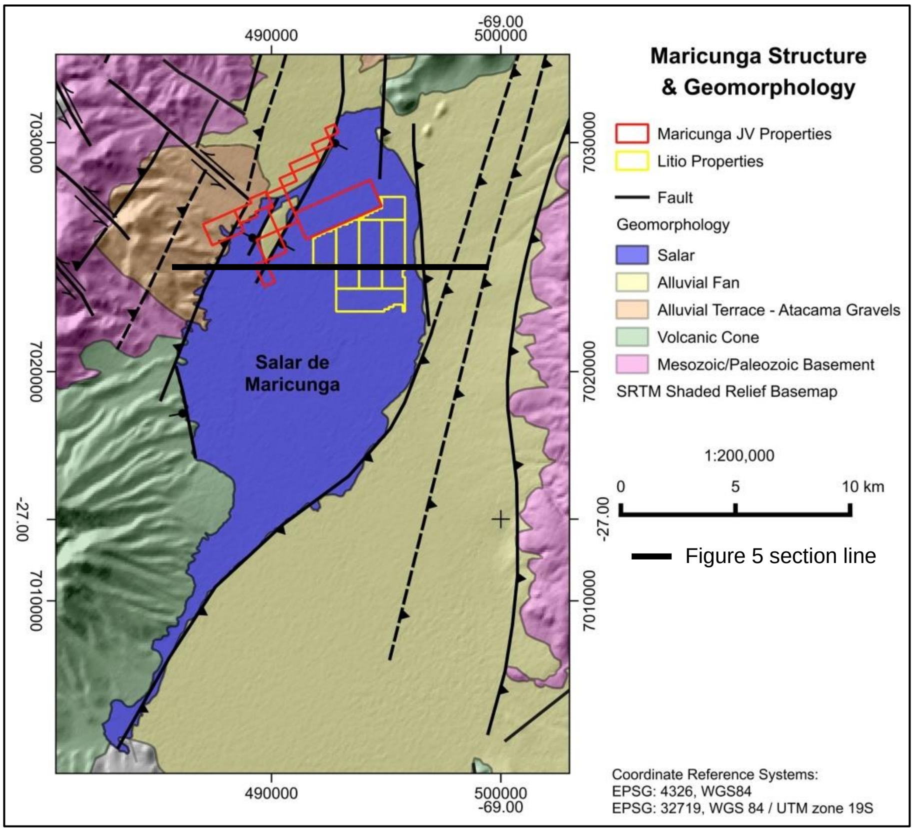


Figure 5: East-West cross section looking north, showing the major geological units

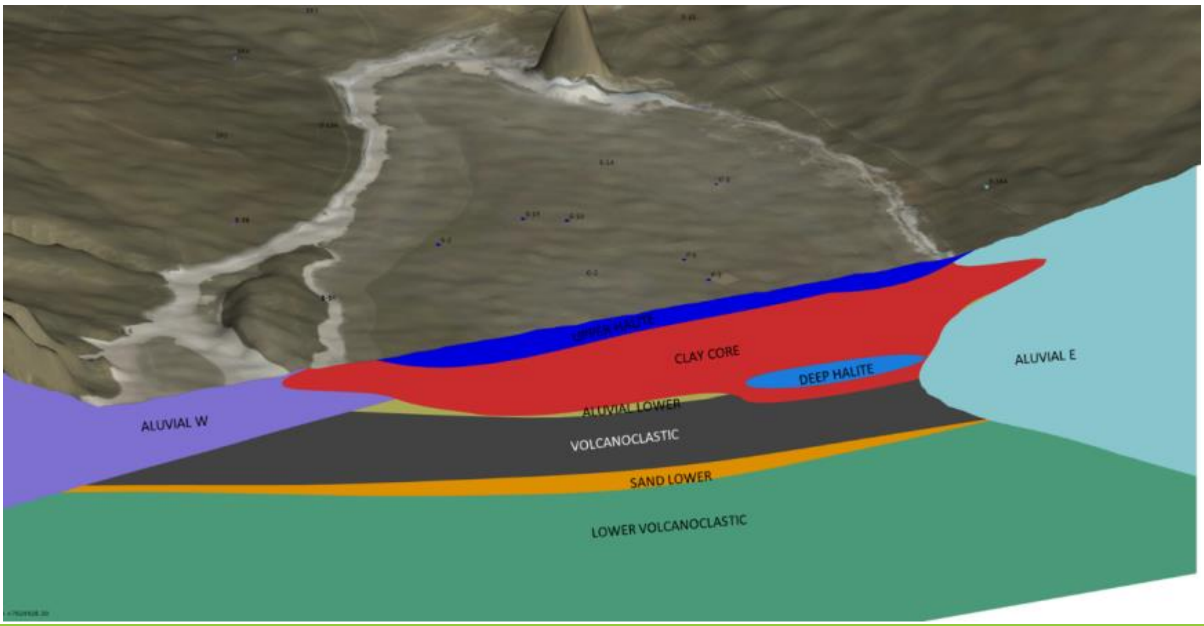


Figure 6: Coarse gravel in the west of the properties

Figure 7: Volcaniclastic unit which underlies the project area

Climate

The climate at the property is that of a dry, cold, high altitude desert, which receives irregular rainfall (+/-snow) from storms during the seasonal wet period from December to March annually and which receives snowfalls during the winter months of late May to September. The average annual temperature at Salar de Maricunga is estimated at 5 to 6°C.

Conventional salt lake lithium brine operations rely on the sun to evaporate brine pumped into shallow ponds to maximize the evaporation, increasing the concentration of lithium and other elements dissolved in the brine. Solar radiation is one of the most important controls on the evaporation of brine. The JV began operating a weather station at the project in September 2016 to measure this and other climatic variables.

The MJV is carrying out evaporation testing on site with a series of trial evaporation ponds where brine from production well P1 is supplied to evaluate evaporation and concentration of the brine.

Surface Water Hydrology

The catchment which comprises the Maricunga salar covers an area of 2,200 km^2, with the salar the low point to which water flows within the catchment. The catchment is entirely closed and there is no surface water outflow from the basin. Evaluation of flow patterns within the catchment show that water flows towards the north of the salar, with seasonal flooding around the margin of the *Litio 1-6* and *Cocina* properties from summer rain and some winter snowfall, balanced by evaporation of this surface water. Seasonal flooding is more extensive further south in the salar. The salt crust on the *Litio 1-6* and *Cocina* properties is stable and does not undergo seasonal dissolution.

Groundwater Hydrology

The salar is the topographic low point within the Maricunga Basin. The Salar itself is surrounded by alluvial fans which drain into the salar. In the north of the salar the water table can be within approximately 5 cm of the surface, promoting evaporation of shallow groundwater in the marginal sediment surrounding the salar and the salar nucleus, resulting in hyper-saline brine (6 times more concentrated than sea water) which contains elevated concentrations of lithium and potassium. Interpretation of drilling and testing results in the salar and the surrounding alluvial fans by the MJV and other companies previously exploring for fresh water resources suggests the occurrence of several hydrogeological units of importance that can be summarized as follows:

- Alluvial fans surrounding the salar. These are coarse grained and overall highly permeable units that drain towards the salar. Groundwater flow is unconfined to semi-confined; specific yield (drainable porosity) is high. Water quality in the fans on the east side of the salar is fresh to brackish;
- An unconfined to semi-confined Upper Halite+Clay aquifer can be identified in the northern center of the salar. This unit is limited in areal extent to the visible halite nucleus of the salar observed in satellite images. This upper brine aquifer is highly permeable and has a medium drainable porosity. This upper brine aquifer contains high concentration lithium brine;
- The clay core. This clay unit underlies the upper halite aquifer in the centre of the salar and extends to the east below the alluvial fans. This clay unit has a very low permeability and forms a hydraulic barrier for flow between the upper halite aquifer and the underlying clastic units (deeper sand gravel and volcaniclastic aquifers). On the eastern side of the salar fresh water in the alluvial fans sits on top of this clay core; while brine is encountered in the clastic sediments underlying the clay. In the nucleus of the salar the clay unit contains high concentration lithium brine; and
- A deeper brine aquifer occurs in the gravel, sand and volcaniclastic units underlying the clay core. Below the nucleus of the salar this deeper aquifer is overlain by the clay core and groundwater conditions are confined. On the west side of the salar, in absence of the clay

core, groundwater conditions become semi-confined to unconfined. The deeper brine aquifer is relatively permeable (well P4/S-10 pumping test results) and has a relatively high drainable porosity.

A groundwater monitoring network has been installed across the Maricunga basin and is part of the baseline monitoring program. A conceptual hydrogeological model, including a water balance, is being completed for the Maricunga basin. This conceptual model will form the basis for the development of the three-dimensional numerical groundwater / brine flow model to estimate brine reserves, optimize the configuration of the future brine wellfield and evaluate potential effects of the future proposed brine abstraction for the project EIA.

2016-17 Drilling program

Between September 2016 and the end of January 2017 the MJV conducted the drilling of 9 rotary drill holes and 4 sonic drill holes on the project for a total number of 1,815 m and 613 m, respectively. The resource drilling program consisted of 200 m deep drill holes for brine sampling (excluding production well P4). Drilling rigs were truck mounted machines (Figure 8) driven to the drill sites on or immediately surrounding the salar. Drill holes were located by a qualified surveyor at the end of the drilling program (Figure 9 and Table 3 for locations).

Resource Drilling Methods

Sonic drilling

Sonic drilling was utilized to provide high quality drill core samples as diamond drilling (originally planned for the program) was unable to successfully recover acceptable core samples of the predominantly granular and coarser grained lithologies encountered in the west of the project area and beneath the clay core unit. The same sonic drilling equipment was used for six of the holes drilled during the 2011 campaign in the *Litio 1-6* properties.

The sonic drilling method recovers core samples with minimal disturbance and achieved a close to 100% core recovery overall, a key characteristic of the sonic drilling method which makes it ideally suited for drilling on salars. The Boart Longyear sonic drill rig (SR-162 SRF 600T) used for the program was unable to reach 200 m in hole S18 in halite and stiff clay and this hole was terminated at 173 m (having reached what appears to be the upper volcaniclastic unit), demonstrating the limitations of this sonic drilling rig. The sonic rig also drilled a short twin hole S20 in gravel and it is unlikely the sonic drill would have been able to drill core holes to 200 m in the predominantly gravel and volcaniclastic material in the west of the project area.

The sonic drilling recovered 100 mm (4 inch) diameter cores, collected alternately into 1.5 m length plastic liners and tubular plastic bags. Sonic drill holes used in the resource were M1A, S2 and S18 drilled in the *Cocina* and *Litio 1-6* properties. The fourth (40 m) sonic drill hole (S20) was used to twin the upper part of hole M2, to provide lithological samples for comparison of core and drill cuttings and evaluation of the potential for loss of fine material during rotary drilling.

Figure 8: Sonic drilling rig operating at the Maricunga salar

Rotary Drilling

Rotary drilling with HWT casing was substituted for most of the planned diamond drill holes as sonic drilling equipment was not available when required and rotary drilling is a more economical form of drilling. Rotary drilling was carried out using a 3-7/8 inch tricone bit, with sample recovery through the HWT casing to surface. The rotary drilling provided information on the lithologies encountered, but the drill cuttings provided less complete lithological information that the sonic cores. Drill cuttings were recovered from drilling fluid at the mouth of the hole and stored in plastic bags, with representative samples stored in labelled chip trays. The cuttings were generally noted to have less fine sediment content than corresponding sonic cores, despite collection of samples in cloth bags that allow water to drain but retain fine material.

Exploration Drilling

In addition to the holes drilled to 200 m for the resource estimation a deep rotary hole (S19) was drilled in the *Cocina* property to 360 m depth, to evaluate the sediment types and brine chemistry below 200 m. This drill hole intersected the volcaniclastic units and sand below 200 m, which suggests excellent potential for resource expansion below 200 m.

Table 3: Details of drill hole locations & assay results at the Maricunga project. All coordinates are in WGS84 Zone 19 South

Exploration Hole Number/Name		Total Depth (m)	Assay Interval (m)	Lithium (mg/l avg)	Potassium (mg/l avg)	Drilling method	Elevation mean sea level (m)	Coordinates (WGS 84 zone 19S)		Azimuth	Dip
								UTM mN	UTM mE		
1	M1	77	66	1,447	9,903	Rotary	3,791	7,028,205	494,225	0	-90
2	M1A	200	192	822	6,104	Sonic	3,791	7,028,201	494,220	0	-90
3	M2	198	190	931	6,605	Rotary	3,799	7,028,215	490,569	0	-90
4	S2	200	192	954	6,580	Sonic	3,790	7,027,141	492,143	0	-90
5	S3	200	186	1,040	7,708	Rotary	3,793	7,026,306	490,563	0	-90
6	S5	200	186	1,005	6,934	Rotary	3,792	7,026,366	488,590	0	-90
7	S6	200	186	1,368	9,468	Rotary	3,791	7,023,913	489,964	0	-90
8	S13	200	186	999	7,294	Rotary	3,797	7,029,964	492,213	0	-90
9	S18	173	168	1,382	11,041	Sonic	3,790	7,024,141	494,054	0	-90
10	S19	360	336	975	7,273	Rotary	3,790	7,027,381	493,104	0	-90
11	S20	40	N/A	N/A	N/A	Sonic	3799	7,028,217	490,569	0	-90
12	M10	200	40	1,239	8,611	Rotary	3,790	7,027,242	493,172	0	-90
13	P4	180	Pumping well 24-25 l/s			Rotary	3,790	7,027,250	493,160	0	-90

Drill Hole Spacing and Density

Drill holes are located within the MJV properties with a hole spacing from drilling is between 1.3 km and 2.1 km. The overall drill hole density is 1 bore per 1.4 km^2. The drill hole density is considered adequate to support Indicated and Measured resource categories.

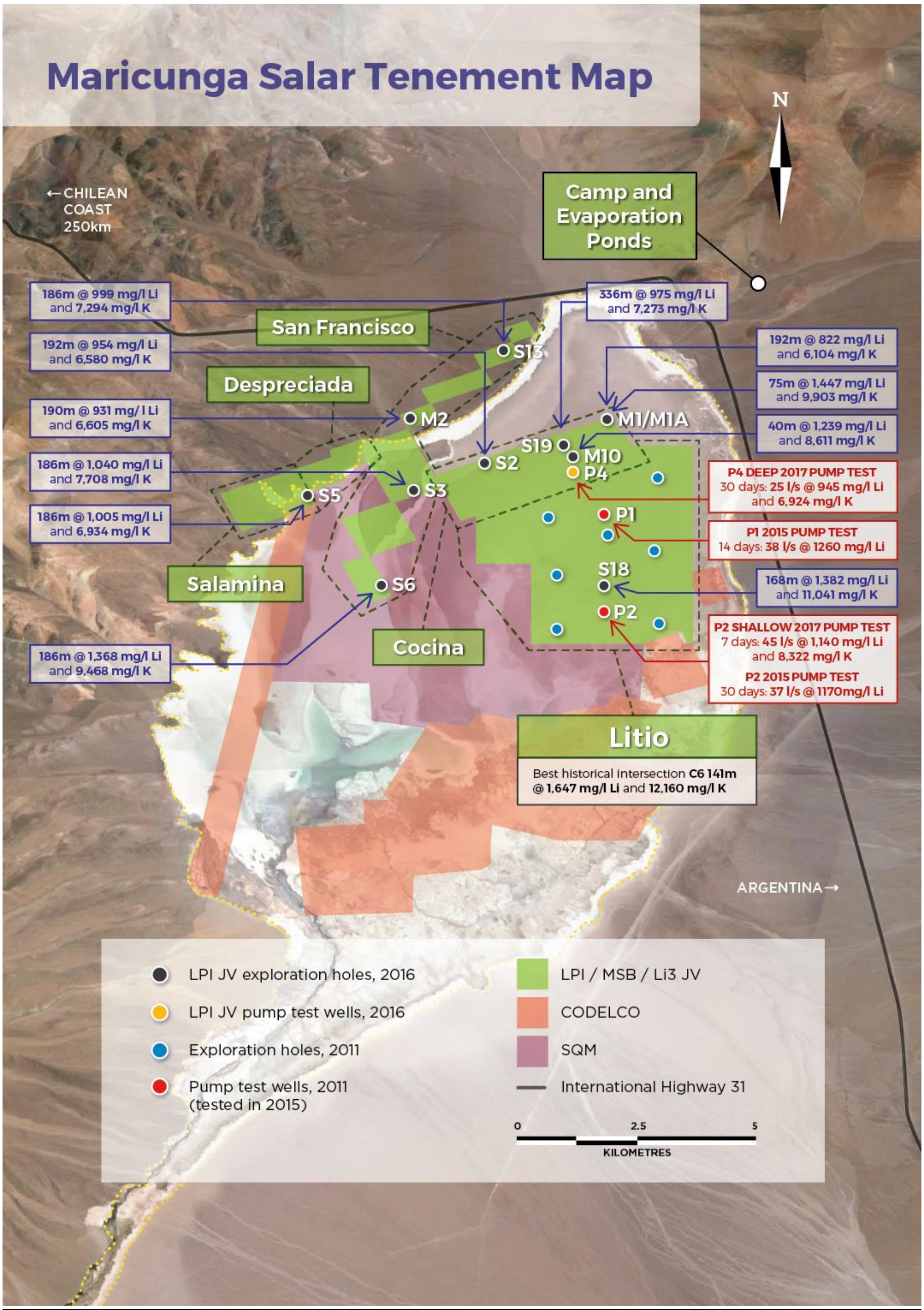
Installation of wells - construction

All resource drill holes were converted to 50 mm diameter monitoring wells on completion of drilling. The monitoring wells have a single 6 m length screen section installed to selected depths.

Six additional monitoring wells were installed to selected depths around the salar for long-term monitoring of groundwater levels and brine chemistry. All holes during the 2011 program were also completed as monitoring wells at the time and had pressure transducers installed for water level monitoring.

Production well P4 was drilled at 17-1/2 inch diameter using the flooded reverse drilling method (rotary drilling) to a depth of 180 m and completed with 12-inch diameter PVC blank and screened casing and gravel pack.

Figure 9: Maricunga drill hole locations and summarised results



Brine Sampling and Analysis

Lithium brine projects are fundamentally different to hard rock mining projects, in that the lithium is dissolved in brine, which is hosted in pore spaces in sediments. During the exploration stage brine must be sampled for resource estimation in a representative way to minimize the potential for contamination between sample intervals. Brine will flow into the drill hole as it is advanced. In the Maricunga project the brine sampling was carried out using a different methodology for each of the types of drilling, with different levels of confidence in the sampling. Sampling was carried out every six metres vertically, which is generally less than the thickness of the lithological units defined in the geological model, although individual beds of sediments (sands, silts, clays and halite) are generally thinner than six metres.

Sonic Drill Hole Sampling

High-frequency vibration generated by a sonic oscillator creates vibration known as "resonance" which is transferred to the drill rods, which reduces friction and allows the drill bit to penetrate the sediments with minimal disturbance. Once the sampling depth is reached 6 inch drill casing is advanced around the 4 inch drilling rods, effectively preventing vertical flow between the walls of the hole and the base of the drill hole, so that only the bottom of the hole is open for brine inflow. Sonic drilling was conducted dry without the use of drilling fluids and additives, except in rare cases in stiff clays (at the base of hole S18, which did not reach the 200 m target depth).

Sampling of brine in the hole used a 6 m long bailer device, which is a steel drilling rod with a non-return valve at the base, to prevent leakage of brine when the bailer is raised to the surface. The bailer is suspended from the drill rig wire line and lowered into the hole to fill with brine. The objective is to remove/purge a volume of brine equivalent to three times the saturated volume of the drill hole annulus (the 4 inch diameter drill rods) at each sample depth – as removal of the brine causes inflow of new brine to the hole. The brine was discarded until three well volumes were purged from the hole prior to taking brine samples in new, clean 1 litre unpreserved bottles. Brine samples were collected in duplicate at every sampling interval and in triplicate at every fifth sampling interval.

In some cases, notably in the lower permeability clay sediments, it was not possible to purge three well volumes and the hole was purged dry and following a period waiting for new inflows of brine to the hole inflow brine was sampled. Based on the hydrogeological conditions in the salar and previous experienced gained from the 2011 drilling campaign, a brine sampling interval of 6 m was deemed appropriate (brine sampling during the 2011 drilling program was carried out at 3 m depth intervals). The physical parameters of the brine were measured, such as the conductivity, pH, and density when the sample was taken.

Rotary Drill Hole Sampling

During the rotary drilling a similar methodology was applied, although there are some important differences. A plug-type device connected to the wireline cable was used to purge the hole, rather than using a bailer. This consists of a very stiff rubber plug on a steel tool which is lowered down the hole. When this tool is pulled up from the base of the hole the rubber plug expands to flush with inside of the drill rods, drawing brine up the drill rods above the plug, with the brine flowing out of the rods at surface. This works in a similar fashion to the bailer, but in a continuous mode, rather than numerous repetitions of lowering and raising a bailer.

In the case of the rotary drilling it was not possible to lower the HWT casing to a metre above the base of the hole in many cases and consequently inflows from around the sides to the base of the hole could occur. The raising of the plug is likely to have had a suction effect around the base of the hole, stimulating inflows into the hole over a larger area than with the sonic drill holes.

Drilling fluids (in this case brine) are required during the rotary drilling to lift the cuttings out of the hole. The drilling fluid was mixed with a rhodamine / Fluorescein tracer dye in portable tanks adjacent to the rig to distinguish the drilling fluid from the natural formation brine. The drilling fluid was circulated from the tanks into the drill hole. Purging of the drill hole was continued until no tracer dye was observed in the brine removed from the hole (the tracer dye has a very high visibility even in very low concentrations). Any trace of dye observed in brine samples was noted to indicate the potential for contamination with drilling fluid. Brine samples were collected in duplicate at every sampling interval and in triplicate at every fifth sampling interval.

Brine Assays and QA/QC Measures

Brine samples were submitted to the primary laboratory (University of Antofagasta in Chile) accompanied by blind QA/QC samples comprising field duplicates, laboratory certified standard samples and blank (distilled water) samples.

Two laboratory certified standard samples were prepared at an independent laboratory in the USA. These standard samples were then submitted to five different analytical laboratories in South America, including the University of Antofagasta, to check the performance of these laboratories. This laboratory “round robin” confirmed the University of Antofagasta had the highest level of accuracy and precision of all the laboratories. Check samples comprising duplicates of primary samples, standards and blanks were sent to the selected check laboratory based on the round robin results.

The University of Antofagasta laboratory in Chile is not a NATA certified laboratory, unlike other commercial laboratories used in the round robin. However the laboratory has extensive experience and a long history of analysing brine samples for industrial mineral mining clients (potash and lithium projects) in South America, including SQM, Albemarle, Lithium Americas and Orocobre.

A total of 343 primary brine samples were analyzed from the 2016-17 drilling campaign. An additional 133 brine samples were analysed from pumping tests and baseline monitoring. These primary analyses were supported by a total 159 QA/QC analyses consisting of 47 standard samples, 85 duplicates and 27 blank samples. This is a rate of 13% duplicates, 7% for standards and 4% for blanks. A summary of the brine results is presented in Table 3 and Figure 9.

In addition to evaluation of standards, field duplicates and blanks the ionic balance (the difference between the sum of the cations and the anions) was evaluated for data quality. Balances are generally considered to be acceptable if the difference is <5% and were generally <1%. No samples were rejected as having > 5% balances. The results of standard, duplicate and blank samples analyses are considered to be adequate and appropriate for use in the resource estimation described herein.

Pumping Tests

The MJV conducted pumping tests on production wells P1, P2 and P4 between 2015 and 2017, all at significant flow rates. Constant rate (30 day) pumping tests were carried out on production wells P1 and P2 at 37 and 38 l/s, respectively, from the upper halite aquifer, the clay core and underlying sand, gravel and volcaniclastic units (the deeper brine aquifer). A second constant rate test was carried out on Well P2 in 2017, pumping only from the upper halite unit, at a flow of 45 l/s, confirming the high hydraulics conductivity values for the upper halite aquifer. Well P4 (completed in the deeper brine aquifer) was tested at 25 l/s over 30 days, confirming this unit has very prospective permeability and porosity characteristics.

<u>Brine Chemistry</u>

Variations in Brine Concentration

Evaluation of variations in brine chemistry confirms that the highest brine concentrations are generally present in the halite+clay unit at the top of the holes on the salar. The highest lithium concentration of 3,376 mg/l was encountered in the upper halite aquifer in hole S6 at 12 m depth. This high concentration lithium brine facilitates the initial evaporation process and shortens the project payback period. Potassium displays a similar distribution to lithium, with the highest near surface concentrations in the southern *San Francisco* property block (hole S6). Higher lithium concentrations at depth are found in the south and west of the *Litio 1-6* properties (hole S18). The brine concentrations show a slight decline with depth in some holes and below 200 m depth in rotary hole S19 the average lithium and potassium concentrations are 928 mg/l and 7,481 mg/l, respectively.

Chemistry and Deleterious Elements

In addition to lithium and potassium, elements of economic interest in the brine, there are other elements which must be removed as part of the brine processing and which are considered deleterious elements. Principally these consist of magnesium and calcium, which are represented by the magnesium/lithium (Mg/Li) and calcium/lithium (Ca/Li) ratios respectively. The Maricunga salar has the highest reported lithium concentrations outside of the Salar de Atacama in Chile, the largest lithium producing salt lake globally. Maricunga has a moderate Mg/Li ratio of 6.5, comparable to Atacama (6.6). Maricunga also has a very low sulphate/lithium ratio of 0.8 however; the calcium concentration is relatively high, represented by a Ca/Li ratio of ~12, with calcium removal also necessary for lithium production.

A highly experienced process engineer is overseeing the test work for the chemical process, with test work well advanced with major international engineering suppliers. Several alternatives are under investigation to determine the most cost effective process steps to maximize lithium recovery and remove magnesium and calcium. Progress will be reported as the company advances to the preliminary feasibility study.

Porosity Data Collection

Core Sampling and Laboratory testing

Sonic core samples were collected in 100 mm diameter transparent lexan core tubes of 1.5m length and capped with plastic caps immediately after the tubes were extracted from the core barrel. Flexible duct tape was used to seal the caps to the core tubes, which were oriented with the depths of the start and finish of each tube and the drill hole number. Samples of 15 cm length were cut and capped (prior to logging) from the bottom of each 1.5 m core tube and shipped to the GeoSystems Analysis (GSA) laboratory in the USA for specific hydraulic core testing. The remaining length of the core tube was then split open and the sediments were logged (visually) and photographed.

GSA carried out the following laboratory analyses as part of the 2017 program:

- 164 core samples for specific yield (drainable porosity);
- 213 core samples for dry bulk density;
- 40 core samples for particle size distribution (PSD);
- 20 tri-cone samples for PSD; and
- 28 duplicate core samples were analyzed by Core Laboratories in Houston for drainable porosity as a QA/QC check on the GSA results;

Daniel B Stephens and Associates (DBSA) laboratory carried out the following laboratory analyses as part of the 2012 program:

- 279 core samples for specific yield;
- 30 core samples for grain size analysis; and
- 30 duplicate core samples were analysed by the British Geological Survey (BGS) for specific yield (drainable porosity) as a QA/QC check on the DBSA results.

The drainable porosity database used for the lithium resource estimate reported herein consists of a total of 503 drainable porosity analyses.

Porosity Definitions

Porosity is one of the key variables in estimating brine resources for salt lakes. As discussed by Houston et., al. (2011) there is considerable misunderstanding of the terminology related to porosity. Total porosity (Pt) relates to the volume of brine contained within a volume of aquifer material. Except in well-sorted sands some of these pores are not connected to others, and only the interconnected pores may be drained. Interconnected porosity is referred to as the effective porosity (Pe). If the effective porosity is totally saturated with brine only some of this brine will be drained during pumping. This is because of considerations such as capillary forces in the pores. The porosity that freely drains is known as the specific yield (Sy) or drainable porosity. Brine retained in the pores is referred to as specific retention (Sr).

Pt > Pe and Pe = Sy + Sr

In fine grained sediments, such as clays and silts much of the water is 'bound water' in small pores or held by clays and capillary forces, with specific retention greatly exceeding specific yield, whereas in coarser grained sediments specific yield exceeds specific retention. The appropriate porosity metric for resource estimation, as described in the Canadian CIM guidelines (and by Houston et. al., 2012) is the specific yield (drainable porosity). However, determination of the specific yield (drainable porosity) is challenging, due to the unconsolidated nature of the sediments. It is also important to note that specific yield is a concept, not an analytical technique and there is no standard analytical method, with different laboratories using different methods and equipment.

Specific Yield Test Methodology

Between the 2012 and 2016-17 sampling campaigns specific yield (drainable porosity) testing has been conducted at four different reputable laboratories (one primary laboratory and one check laboratory for each campaign). In the 2016-17 campaign the GSA laboratory, in the USA was used as the primary laboratory. This laboratory has developed the Relative Solution Release Capacity (RSRC) methodology in which sediment samples are re-saturated with a synthetic brine based on the composition of Maricunga Salar brine and then tested over a period of 6 days, to drain brine from the samples under conditions considered to simulate gravity drainage conditions of a well (equivalent to 1/3 bar pressure). Grain size analyses were completed on 40 core samples to understand the particle size distribution and correlate these results with the main geological units and the grain size results of the tri-cone drill holes, and to develop a relationship to permeability.

Porosity check sampling was carried out by sending 30 samples to Core Laboratories in Houston, USA for low-pressure centrifuging testing (equivalent to 5 psi; 1/3 bar) to simulate gravity drainage of the brine samples. This lab operated as the check laboratory and uses a different and independent methodology to that used by the GSA lab. A very similar methodology was also used in 2012 by the BGS laboratory which was used then as the check laboratory for the results of the DBSA laboratory. The centrifuge method has been widely used for determination of specific yield on salt lake projects in South America.

Based on all the results collected for the project to date average drainable porosity values have been assigned to each of the geological units, reflecting their composition of different sediment types. The results used for resource estimation are consistent with reasonable values for drainable porosity used on other brine projects globally projects.

Reasonable Prospects for Resource Extraction

Porosity testing of sediment samples by four reputable laboratories and pumping tests carried out by the MJV indicate that the porosity and permeability characteristics of the sediments in the resource area are favourable for brine extraction by pumping (refer to announcements by the company on the 23 February and 17 May 2017 regarding pumping test results and in this announcement for details of drainable porosities). Process test work completed to date on extracting lithium and potassium from the Maricunga brine has also been positive and the CP considers there are reasonable grounds for future economic extraction of the resource, considering the necessary modifying factors and using wells installed to and beyond the depth of current drilling. Lithium brine has been extracted from salars in Chile and Argentina for over 34 years for production of lithium chemicals.

It should be noted that even considering the brine volume corresponding to the drainable porosity applied to each sediment unit it is not possible to recover all of a brine resource during a mining operation, due to considerations such as changes in the water levels and lithium concentrations, brine flow, environmental effects, and third party property ownership. The conversion of the resource to a reserve requires building a numerical groundwater flow model that takes account of these different variables and will indicate what volume of brine can be extracted from the resource and the level of any possible dilution in brine grade that can be expected over the life of the mining operation. The reserve volume, which has yet to be determined, could differ significantly from the resource.

No cut-off grade was applied to the resource estimation, as Maricunga is characterized by high lithium concentrations to the boundaries of the properties and initial mineral process information suggests the lithium and potassium concentrations to date are economic for processing. Monitoring of brine chemistry over time will be required to evaluate potential changes in the lithium and potassium concentrations during the life of the mining operation.

Industrial Minerals

Lithium and potassium are industrial minerals and as such the prices for sale of these products may not be readily quoted in financial media. The lithium market is growing very strongly through the use of lithium in electronic applications and the predicted very significant expansion of electric vehicles and batteries for large scale energy storage. Both these applications will include demand for a significant volume of lithium products and consequently the quoted long term and spot prices for lithium have increased significantly in the last 2 years.

However, traditional users of lithium such as glass and grease manufacturers remain a viable market sector for sales. Potash (KCl) fertilizer has a much larger and more established market than lithium. Production is dominated by a small number of large global companies and prices have varied significantly in recent years. At this stage the company has not completed a detailed market study specifically for the project but previously commissioned CRU to provide information on the lithium market, which confirms the potential to supply this growing market.

It should be noted that the lithium and potash markets have a high degree of producer concentration and the value of lithium and potash products is a function of product quality, volume of supply to the market, production costs and transport and handling. As lithium products are high value products transportation and sales make up much less of the total production cost than for potash (KCl). The productions cost of will be very low, as the salt harvesting is subsidized by the lithium operation and the flotation recovery process is very cheap and energy efficient. The production of lithium is independent from that of potash, and a decision regarding potash production could be taken in the future following commencement of the lithium project and subject to potash pricing. Potash is expected to be produced about 3 years after lithium production.

The concentrations of lithium and potassium through the mineral deposit show a relatively low level of variability and have been characterized along with magnesium, calcium and trace elements, which will be removed as part of the lithium production process.

Mineral Resource Estimation

The mineral resource is defined as the tonnage of lithium and potassium dissolved in brine within porous sedimentary units identified in drilling by the MJV. The product of the area covered by the JV properties x the thickness of brine in drilling x the drainable porosity (Sy) of the sediment units x the concentration of lithium and potassium in the brine = the brine resource.

Resource Inputs

Area

The JV properties cover a total area of 2,563 hectares. Drilling has been conducted across the properties and observations of the surficial geology and the drilling results suggest the entire property area hosts brine resources, including where this is in gravel and volcaniclastic on the western margin of the salar.

Thickness

The brine resource begins within 0.05 m from the surface of the salar and continues to the total depth of the drilling, with all drill holes saturated in brine to total depth. The hydrogeological units containing brine are considered to be essentially flat lying within the MJV properties. Deep drill hole S19 continued 160 m beneath the brine resource to a total depth of 360 m, providing the information to define potential underlying 200 m depth. All the drill holes are vertical and perpendicular to the aquifers.

Porosity

Drainable porosity (specific yield) measurements were used to estimate the brine volume in the resource estimate. The drainable porosity measurements were made on all the different sediment types encountered during drilling. The units in the geological model contain a mixture of the different sediment types. A total of 503 specific yield measurements have been made at four different physical properties laboratories between the 2012 and 2016-17 programs and have been incorporated into the resource estimate.

Sonic drilling was predominantly carried out in the *Litio and Cocina* properties (S18, M1A, S2) with sonic drilling in the western properties limited to hole S20 in the San Francisco property, at the site of rotary hole M2. Drainable porosity values show greater variation within units having higher drainable porosity, such as the volcaniclastic unit. Consequently the actual drainable porosity measurements within each geological unit have been averaged to provide porosity values assigned to each unit, with outlying high and low drainable porosity values excluded from calculation of the average values. The drainable porosities assigned to each model unit, ranged from a low of 2% for the clay core to 10% and 15%, respectively for the volumetrically important upper volcaniclastic and NW alluvium units. These latter units with higher proportions of sand and gravel size material (Table 4).

Brine Concentrations

Brine concentrations vary laterally and vertically throughout the properties, with the highest lithium concentrations in the upper halite unit and a slight decrease in brine concentration noted with depth.

Lithium and potassium concentrations were kriged across the resource model domain independently of the porosity values.

Table 4: Summary of porosity results by resource model lithological unit

Geological Model Unit	Drainable Porosity (Sy)
Upper Halite	6.5%
Clay Core	2.2%
Deeper Halite	5.3%
NW Gravel	14.8%
Lower Alluvium	6.3%
Lower Sand	6.0%
Upper Volcaniclastic	10.3%
Lower Volcaniclastic	10.3%

It should be noted that hole M1 drilled at the beginning of the drilling program reported very high lithium and potassium concentrations (1,447 mg/l lithium and 9,903 mg/l potassium) from near surface to a depth of 75 m deep, where it was abandoned due to drilling difficulties. This hole was subsequently re-drilled nearby as M1A using the sonic drilling rig, which was used to complete the drilling program. Analyses from M1A reported an average of 822 mg/l lithium and 6,104 mg/l potassium over 192 m. Fluorescein dye was noted in the deeper brine samples from M1 and consequently M1 has been removed from the database used for resource estimation.

Resource Estimation Methodology

The resource estimate was carried out using SgeMS software. This Stanford University Geostatistical Modeling Software is an open-source computer package that provides geostatistics capabilities, interactive 3-D visualization, and a wide selection of algorithms. The software was used to estimate the contained lithium and potassium resources across the JV properties.

Exploratory data analysis was carried out on the lithium, potassium and drainable porosity data sets, generating histograms, probability and box plots of the data, which shows well defined distributions for the elements estimated. Data analysis indicates that lithium and potassium concentrations are not correlated with porosity and can be estimated independently in the block model. Consequently co-kriging or co-simulation was not required. The spatial correlation of lithium and potassium were reviewed using experimental variograms. Spatial variability was modelled in three directions, adjusted to a 3D ellipsoidal model. No cut-off grade was applied to the resource estimation, as Maricunga is characterized by high lithium concentrations to the boundaries of the properties and initial mineral process information suggests the lithium and potassium concentrations to date are economic for processing.

The lithium and potassium distribution is shown in Figure 10 below.

Model Domain Constraints

The block model was constructed with a Cartesian north-south grid defined in the UTM WGS84 coordinate system, with 50 m square blocks and a 1 metre vertical thickness. Estimation was carried out using ordinary kriging for the chemical and the drainable porosity data. The estimate of each was carried out independently. The model domain is constrained by:

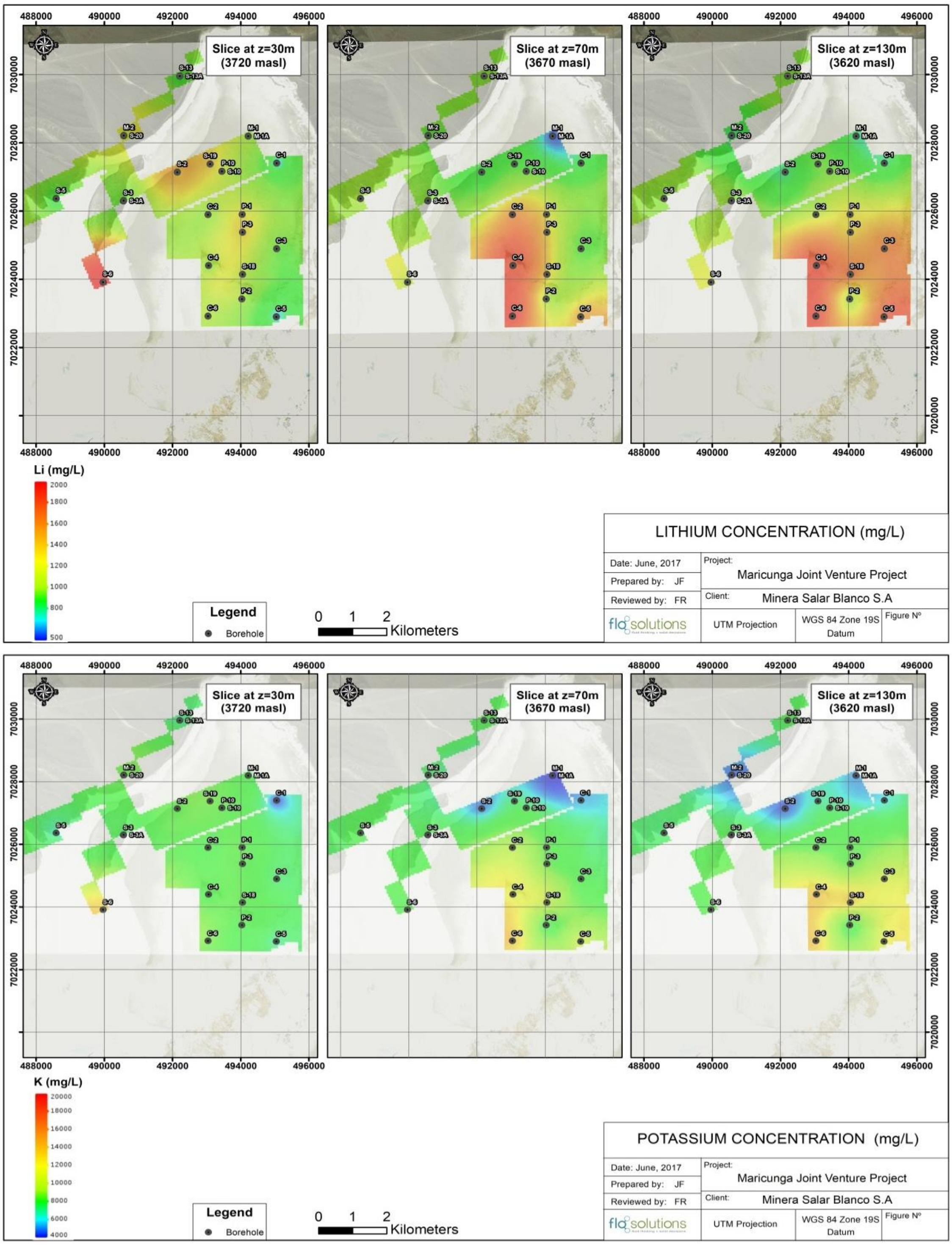
- The area of the MJV properties;
- The elevation from the NASA Advanced Space-borne Thermal Emission and Reflection Radiometer (ASTER) Global Digital Elevation Model, which has been local adjusted for each hole collar coordinates and elevation.; and
- The bottom of the resource model is constrained to 200 m depth across the model domain.

Within the model the individual lithological units were treated as having hard boundaries for estimation of porosity, with estimation occurring within each of the units independently.

The search ellipsoids have the shortest distance in the Z direction (vertical). No outlier restrictions, such as capping the values, were applied as the elements estimated (lithium and potassium) were not considered to warrant treatment in this way. A minimum of 5 and a maximum of 80 values were used to inform each block.

The block model estimation was validated using a series of checks, including comparison of univariant statistics for global estimation bias, visual inspection against samples on plans and sections and swath plots in the north-south direction and vertically to detect spatial bias. An independent nearest neighbor model was generated for each parameter, to verify that the estimate honours the drilling and sampling data. This nearest neighbour model provides a de-clustered distribution of hole data that was used for validation. An independent estimate of the resource was completed using a nearest-neighbour estimate and the comparison of the results with the ordinary kriging estimate is below 0.3% for measured resources and below 3% for indicated resources, which is considered to be acceptable.

Figure 10: The distribution of lithium and potassium concentrations at different depth



Resource Output

The resource output is summarized in the following Table 5.

Table 5: Resource estimate outputs

RESOURCE ESTIMATE MARICUNGA										
	Measured		Indicated		Inferred		Measured+Indicated		Total Resource	
Area km^2	18.88		6.76		14.38^		25.64		25.64	
Aquifer volume km^3	3.06		1.35		0.72		4.41		5.13	
Brine volume km^3	0.15		0.14		0.06		0.30		0.36	
Mean drainable porosity % (Specific yield)	5.02		10.65		8.99		6.75		7.06	
Element	Li	K	Li	K	Li	K	Li	K	Li	K
Mean grade g/m^3 of aquifer	56	409	114	801	114	869	74	529	79	577
Mean concentration mg/l	1,174	8,646	1,071	7,491	1,289	9,859	1,143	8,292	1,163	8,512
Resource tonnes	170,000	1,250,000	155,000	1,100,000	80,000	630,000	325,000	2,350,000	405,000	2,980,000
Lithium Carbonate Equivalent tonnes	900,000		820,000		430,000		1,720,000		**2,150,000**	
Potassium Chloride tonnes	2,400,000		2,100,000		1,200,000		4,500,000		**5,700,000**	

Lithium is converted to lithium carbonate (Li_2CO_3) with a conversion factor of 5.32. Values may not add due to rounding. No cut-off grade is applied in the resource.
Potassium is converted to potassium chloride (KCl) with a conversion factor of 1.91
^ Inferred underlies the Measured in the Litio properties

The updated resource estimate contains a total resource of 2.15 million tonnes of lithium carbonate, which is calculated from the metallic lithium content using a conversion factor of 5.32. The resource is based on the drainable porosity, and represents the portion of the resource volume which could potentially be extracted using wells across the properties.

Sensitivity Analysis

A sensitivity analysis was carried out on the resource model parameters and indicates that the model is most sensitive to changes in drainable porosity. Differences in the drainable porosity, particularly of the more voluminous resource units, such as the volcaniclastic, can result in important changes to the overall contained lithium and potassium estimate. Porosity parameters used in the resource estimate are considered to be conservative.

Resource Classification (JORC)

The resource estimate consists of Measured, Indicated and Inferred resources (Figure 11). The resource which is classified as Measured is in the *Litio 1-6* and *Cocina* properties, where drilling has been predominantly sonic core drilling, providing high quality porosity and brine samples. The resource classified as Indicated is in the western properties (*San Francisco, Salamina* and *Despreciada*) where rotary drilling has been carried out without porosity samples and brine sampling is considered of lower quality than that achieved with sonic drilling (sonic hole S20 was drilled as a partial twin of hole M2 to provide core samples and porosity information).

The Inferred resource is defined between 150 and 200 m depth, underlying the *Litio 1-6* properties, where sonic drill hole S18 did not reach the target depth of 200 m (reaching 173 m) and RC drill hole P3 (from 2011) reached 192 m.

This information, together with information from S19 (drilled to 360m in the *Cocina* property) suggests an Inferred resource can be reasonable defined in the *Litio 1-6* properties. The Inferred resource has the highest lithium concentration of the three classifications, reflecting the very high lithium concentrations encountered in S18.

An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade continuity. The Inferred resource is extrapolated for a maximum distance of 2.9 km from drill hole P3. The reader is referred to Houston et. al., 2011, where it is suggested in immature (clastic) salars such as Maricunga a drill hole spacing of up to 7-10 km could be used to define Inferred resources. The Inferred resource has been extrapolated to the limits of the property using ordinary kriging.

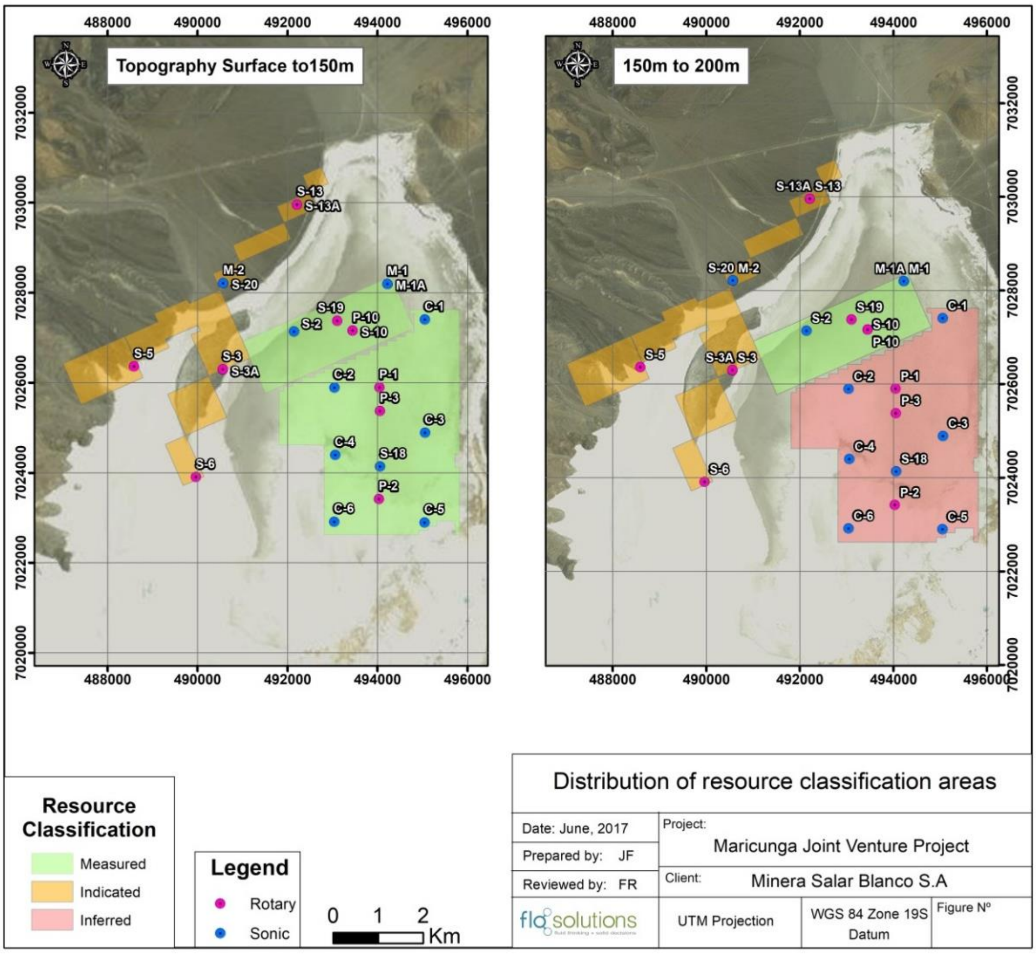
An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. The Indicated resources are defined on the basis that the brine and lithological sampling are of lower confidence than that in *the Litio 1-6* and *Cocina* properties.

A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Houston et. al., 2011 suggest a spacing of 2.5 km is suitable for defining Measured resources, with drilling at Maricunga having a slightly smaller spacing than this.

Exploration Target (JORC)

In addition to the resource drilling to 200 m deep an exploration hole (S19) was completed to 360 m depth in the *Cocina* property. The hole intersected a thick sequence of the lower volcaniclastic unit beneath 200 m, to the end of the hole. This is extremely significant, as it shows the thick high porosity volcaniclastic sequence continues below 200m in the JV properties. It is noted that due to the difficulties of drilling this rotary drill hole through the volcaniclastic sediments (without a drilling mud, but using biodegradable drilling additives and brine for lifting the cuttings from the hole) brine sampling was reduced to taking a sample every 12 metres (drill cuttings continued to be sampled as 2 metres composites). Although the brine samples are broadly spaced and there is the possibility of contamination between samples, due to difficulties lowering the HWT casing, the continuation of brine at depth below the new resource is consistent with observations from other salars with which the CP is familiar.

Figure 11: The resource classification for Indicated areas of the salar



A gravity geophysical survey recently completed by the JV over the properties compliments earlier AMT and seismic geophysical surveys and suggests sediments in the western properties extend to at least 300 m below surface, whereas those in the nucleus of the salar extend to at least 400 m (and potentially more than 500 m deep). Consequently the exploration target is based on actual exploration (drill hole S19 and geophysical surveys) and has been defined between **200 and 400 m below the surface on the salar and between 200 and 300 m deep in the west**. This is summarized in the following Table 6 and presented in Figures 1 and 12 below.

It must be stressed that a JORC exploration target is not a mineral resource. The potential quantity and grade of the exploration target is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource in the volume where the Exploration Target is outlined. It is uncertain if further exploration drilling will result in the determination of a Mineral Resource in this volume. The relationship of the exploration target to key technical and economic factors is presented in Figure 12.

The exploration target is where, based on the available geological evidence, there is the possibility of defining a mineral resource. The timing of any drilling with the objective of defining resources in the exploration target area has not been decided at this stage. In keeping with Clause 18 of the JORC Code and CIM requirements the exploration target defined at Maricunga is:

- Not to be considered a resource or reserve; and
- Based on information summarized below.

It is a requirement of stating an exploration target that it is based on a range of values, which represent the potential geological conditions. Values have been selected to present an upper and a lower exploration target size. It is likely that the lithium and potassium contained in the exploration target lies somewhere between the Upper and Lower Cases. The following parameters have been used to estimate an Upper Assumption and Lower Assumption case for lithium and potassium

Area

The exploration target covers 25.64 km^2 (2,563 hectares) beneath the area of all the exploration properties (effectively the area of the properties extending downward beneath the resource).

Thickness

- The western area of the exploration target is assigned a thickness of 100 m; and
- The central area of the exploration target is assigned a thickness of 200 m.

The difference in thickness is treated simplistically as a change from 200 to 100 m across the line shown in Figure 13.

Porosity

- For the Upper Assumption 10% is used as the specific yield for the volcaniclastic unit in the western and eastern properties; and
- For the Lower Assumption 6% is used as the specific yield, allowing for the presence of a much finer matrix, reducing the specific yield.

Lithium and Potassium Concentrations

- A value of 1,000 mg/l for lithium and 6,000 and 7,500 mg/l potassium (in the Western and Central parts) is used in the upside case for the central and western properties; and
- A value of 700 mg/l lithium and 5,500 mg/l potassium is used in the Lower Assumption case in the central area with 600 mg/l lithium and 5,000 mg/l potassium in the western properties.

Table 6: The Maricunga Exploration Target - showing the range of volume and concentration applied and the potential tonnage of lithium and potassium. The exploration target is defined based on limited drilling and geophysical data which suggests the continuation of lithium and potassium mineralised brine below the resource

EXPLORATION TARGET ESTIMATE MARICUNGA											
Subarea	Area km^2	Thickness m	Mean drainable porosity %	Brine volume million m^3	Lithium Concentration mg/L	Contained Lithium tonnes	Lithium Carbonate LCE tonnes	Potassium Concentration mg/L	Contained Potassium tonnes	Potassium Chloride KCl tonnes
UPPER RANGE SCENARIO											
Western	4.23	100	10%	42.3	1,000	40,000	200,000	6,500	270,000	500,000
Central	21.41	200	10%	428.0	1,000	430,000	2,300,000	7,500	3,200,000	6,100,000
	Continues from directly below the resource					**470,000**	**2,500,000**		**3,470,000**	**6,600,000**
LOWER RANGE SCENARIO											
Western	4.23	100	6%	25.4	600	15,000	80,000	5,000	130,000	240,000
Central	21.41	200	6%	257.0	700	180,000	950,000	5,500	1,400,000	2,700,000
	Continues from directly below the resource					**195,000**	**1,030,000**		**1,530,000**	**2,940,000**

Lithium is converted to lithium carbonate (Li_2CO_3) with a conversion factor of 5.32. Numbers may not add due to rounding.
Potassium is converted to potassium chloride (KCl) with a conversion factor of 1.91

Figure 12: The relationship of an exploration target to the JORC resource definitions.

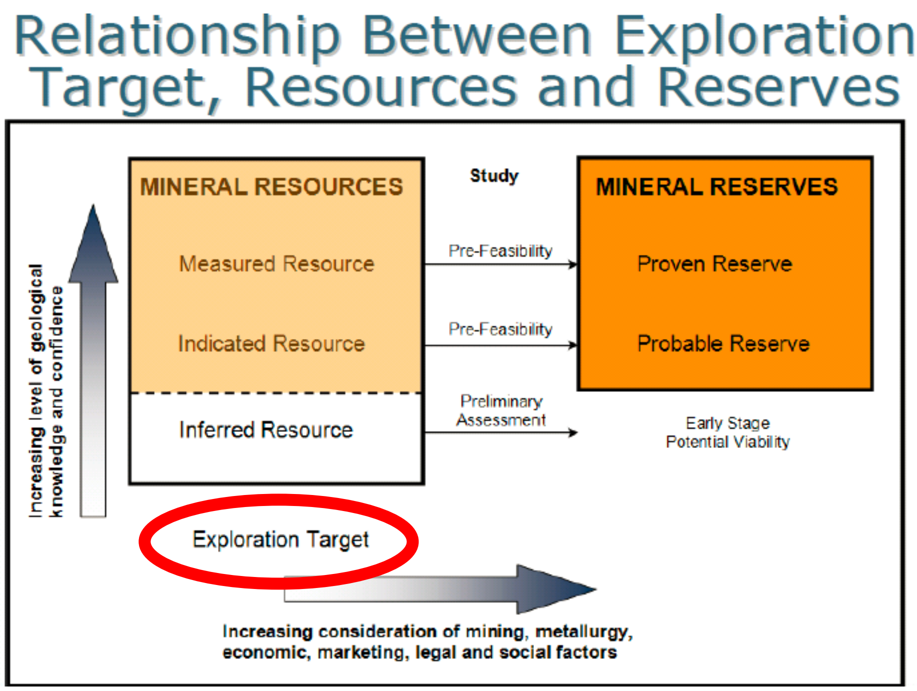
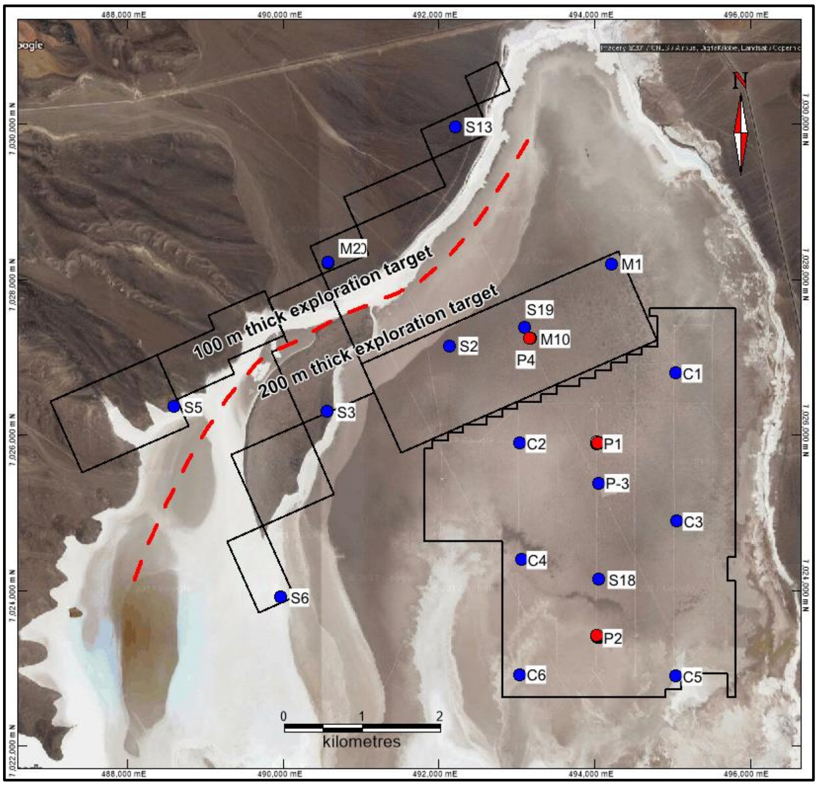


Figure 13: Central and Western parts of the exploration target



Additional Reporting and Progress

Lithium Power International is an ASX listed company and this resource announcement is provided to meet the Company's reporting obligations. As LPI is a 50% owner (32.5% paid to date) of the Maricunga joint venture with a minority Canadian listed company in addition to the JORC a report prepared in accordance with the requirements of NI 43-101 will be provided on the Company's website when it has been filed by the Canadian listed company.

The Company continues to advance with the process test work and project engineering for the Preliminary Feasibility study, together with environmental monitoring for the project environmental impact assessment. The Company will provide updates on these activities as information becomes available.

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Competent Person's Statement – MARICUNGA LITHIUM BRINE PROJECT

The information contained in this ASX release relating to Exploration Targets, Exploration Results and resources has been compiled by Mr Murray Brooker. Mr Brooker is a Geologist and Hydrogeologist and is a Member of the Australian Institute of Geoscientists (AIG) and the International Association of Hydrogeologists (IAH). Mr Brooker has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a competent person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. He is also a "Qualified Person" as defined by Canadian Securities Administrators' National Instrument 43-101.

Mr Brooker is an employee of Hydrominex Geoscience Pty Ltd and an independent consultant to Lithium Power International. It should be noted that Mr Brooker was awarded a number of shares and options at the 2016 lithium Power International AGM and Mr Brooker hereby declares this ownership. Mr Brooker consents to the inclusion in this announcement of this information in the form and context in which it appears. The information in this announcement is an accurate representation of the available data from initial drilling at the Maricunga project.

Table 7: Maricunga 2016-17 exploration results for lithium and potassium

Hole M1A			Hole M2			Hole S2			Hole S3			Hole S5		
Depth m	**Li mg/l**	**K mg/l**	**Depth m**	**Li mg/l**	**K mg/l**	**Depth m**	**Li mg/l**	**K mg/l**	**Depth m**	**Li mg/l**	**K mg/l**	**Depth m**	**Li mg/l**	**K mg/l**
5	1,854	12,470	8.6	1700	11820	5	1,940	13,210	12	953	7,423	14	1,260	8,980
11	2,006	12,990	12	1697	11960	11	1,772	11,540	18	853	6,290	20	513	3,580
17	1,820	11,120	18	860	6090	17	1,263	8,330	24	1,100	7,920	26	883	6,650
23	706	5,960	24	707	4870	23	1,186	7,370	30	980	7,100	32	873	6,770
29	610	5,360	30	1313	9430	29	1,123	7,070	36	1,137	8,500	38	840	6,110
35	743	6,600	36	1480	10880	35	1,150	7,210	42	1,163	8,780	44	860	6,210
47	640	5,590	42	1110	8440	41	1,586	10,230	48	903	6,310	50	1,010	7,230
53	516	3,800	48	1290	9620	47	1,106	6,560	54	837	5,990	56	1,026	7,180
59	523	2,940	54	1130	8490	53	946	6,260	60	890	6,550	62	1,010	7,070
65	683	4,060	60	1165	8520	59	940	6,220	66	637	4,460	68	1,067	7,330
71	540	3,270	66	1193	8810	65	930	5,590	72	1,073	7,970	74	1,183	8,470
77	533	3,420	72	883	6370	71	860	4,950	78	1,043	7,710	80	1,270	8,490
83	540	3,860	78	830	6020	77	776	5,520	84	1,223	9,240	86	1,217	8,230
89	676	5,450	84	1040	7540	83	640	5,060	90	1,207	9,240	92	1,210	8,470
95	776	6,310	90	1017	7250	89	660	4,690	96	1,193	9,040	98	1,250	8,570
101	806	6,460	96	930	6590	95	720	4,890	102	1,217	9,290	104	1,077	7,220
107	766	6,020	102	890	6240	101	770	4,870	108	1,153	8,950	110	1,100	7,530
113	680	5,460	108	810	5700	107	776	4,840	114	997	7,320	116	883	5,930
119	696	5,400	114	837	5700	113	770	4,910	120	1,055	7,700	122	1,103	7,490
125	730	5,430	120	733	5050	119	770	4,910	126	1,093	7,880	128	1,060	6,950
131	756	5,660	126	777	5230	125	743	5,050	132	1,073	7,540	134	1,020	6,730
137	736	5,620	132	780	5360	131	710	4,950	138	1,113	8,020	140	1,030	7,100
143	746	5,610	138	750	5070	137	670	5,070	144	1,100	8,000	146	1,000	6,610
149	746	5,690	144	740	5940	143	700	5,670	150	963	6,710	150	940	6,080
155	870	6,260	150	643	4270	149	693	5,790	156	1,020	7,270	158	956	6,220
161	810	5,910	156	700	4490	155	716	5,910	162	1,197	9,300	164	950	6,080
167	813	6,130	162	660	4520	161	723	5,940	168	1,150	8,770	170	1,030	6,840
173	686	6,140	168	707	4710	167	743	6,140	174	1,240	9,870	176	806	5,580
179	720	6,160	174	700	4810	173	763	6,500	180	873	6,430	182	1,203	8,620
185	900	6,940	180	707	5110	179	820	6,780	186	817	5,840	188	793	5,430
191	850	6,720	186	707	5020	185	913	8,940	192	1,217	9,420	194	783	5,490
197	816	6,520	192	637	4250	191	1,310	7,350	198	807	5,830	200	956	6,650
			198	590	3810	197	1,310	8,820						
Average	**822**	**6,104**	**Average**	**1,114**	**8,036**	**Average**	**954**	**6,580**	**Average**	**1,040**	**7,708**	**Average**	**1,005**	**6,934**
Hole S6			**Hole S13**			**Hole S18**			**Hole S19**			**Hole S19**		
Depth m	**Li mg/l**	**K mg/l**	**Depth m**	**Li mg/l**	**K mg/l**	**Depth m**	**Li mg/l**	**K mg/l**	**Depth m**	**Li mg/l**	**K mg/l**	**Depth m**	**Li mg/l**	**K mg/l**
12	3,375	20,640	12	1,167	7,930	5	1,170	8,500	18	1,614	10,610	228	983	7,810
18	2,840	16,580	18	1,143	7,630	11	1,170	8,550	24	1,287	9,540	240	977	8,080
24	1,390	10,210	24	1,030	7,890	17	1,093	8,040	30	1,170	7,430	252	990	8,220
30	1,273	9,700	30	1,007	7,630	23	1,160	8,350	36	1,197	7,050	264	980	7,890
36	2,006	11,480	36	657	4,630	29	1,233	9,000	42	927	7,370	276	910	7,320
42	1,216	9,280	42	697	4,920	35	1,103	8,120	48	920	6,440	288	903	7,210
48	1,040	6,910	48	973	7,540	41	1,067	8,540	54	910	5,780	300	840	7,440
54	1,173	7,740	54	807	5,920	47	1,450	11,590	60	913	6,740	312	913	7,200
60	1,260	9,590	60	990	7,700	53	1,734	13,200	66	923	7,090	324	906	7,090
66	1,243	9,540	66	877	6,780	59	1,267	10,270	72	843	6,670	336	920	7,070
72	1,123	7,880	72	1,137	8,460	65	1,740	13,260	78	927	7,250	348	887	6,880
78	930	6,940	78	1,213	8,960	71	1,167	10,580	84	920	7,050	354	877	6,910
84	1,246	9,460	84	1,180	8,630	77	1,163	10,500	90	940	7,130	**Average**	**975**	**7,273**
90	970	7,430	90	987	7,150	83	1,167	10,710	96	936	7,180	**Hole M10**		
96	1,440	10,050	96	753	5,200	89	1,173	10,710	102	870	6,460	Depth m	Li mg/l	K mg/l
102	1,220	8,870	102	1,260	9,480	95	1,197	10,850	108	863	6,560	150	990	7500
108	1,770	11,970	108	1,107	8,220	101	1,187	10,410	114	857	6,540	160	1571	11090
114	1,200	8,260	114	1,163	8,870	107	1,207	10,530	120	877	6,230	170	1450	10097
120	1,193	8,180	120	1,117	8,360	113	1,526	12,200	126	1,050	6,120	180	1033	7120
126	1,247	8,950	126	1,237	9,290	119	1,640	12,960	132	1,193	6,330	190	1150	7250
132	1,150	8,073	132	1,187	8,740	125	1,654	13,210	138	1,000	7,020	**Average**	**1,239**	**8,611**
138	1,213	9,010	138	830	5,860	131	1,680	13,160	144	1,140	6,720	-	-	-
144	1,080	7,690	144	783	5,490	137	1,640	13,240	150	1,150	6,630	-	-	-
150	1,060	7,340	150	773	5,160	143	1,706	13,490	156	1,077	6,960	-	-	-
156	983	6,870	156	807	5,380	149	1,620	13,160	162	960	7,110	-	-	-
162	1,407	9,870	162	1,197	8,960	155	1,626	12,620	168	1,140	7,070	-	-	-
168	1,547	10,620	168	1,030	7,350	161	1,574	12,030	174	1,020	7,160	-	-	-
174	1,590	10,900	174	870	6,100	167	1,620	12,280	180	987	7,360	-	-	-
180	1,177	8,470	180	760	5,270	173	1,343	10,140	186	1,053	8,000	-	-	-
186	1,117	8,120	186	793	5,490	-	-	-	192	977	7,520	-	-	-
192	1,120	8,000	192	1,227	9,210	-	-	-	198	810	7,510	-	-	-
198	1,167	8,350	198	1,213	9,200	-	-	-	204	987	7,850	-	-	-
Average	**1,368**	**9,468**	**Average**	**999**	**7,294**	**Average**	**1,382**	**11,041**	216	923	7,770	-	-	-

Table 8: Maricunga 2011 exploration results for lithium and potassium

HOLE	FROM	TO	Li mg/l	K mg/l	HOLE	FROM	TO	Li mg/l	K mg/l	HOLE	FROM	TO	Li mg/l	K mg/l	HOLE	FROM	TO	Li mg/l	K mg/l
C1	0	3	1,556	10,969	C3	0	3	1,125	7,666	C5	0	9	691	7,522	P1	0	3	1,255	8,880
C1	3	6	1,581	11,138	C3	3	6	1,130	7,803	C5	9	21	631	5,809	P1	3	6	1,285	8,775
C1	15	18	470	4,020	C3	6	9	1,130	7,816	C5	21	24	558	5,638	P1	6	12	1,310	9,095
C1	18	21	460	4,043	C3	9	12	1,055	7,497	C5	24	30	603	7,175	P1	12	15	1,280	9,080
C1	21	24	470	3,868	C3	12	15	1,050	7,331	C5	30	33	605	7,409	P1	15	21	1,180	8,135
C1	27	30	470	3,853	C3	15	21	965	6,631	C5	33	36	813	6,844	P1	21	24	1,285	9,075
C1	30	33	480	3,928	C3	21	45	595	4,820	C5	36	39	822	6,944	P1	24	54	1,305	8,975
C1	42	45	593	4,258	C3	45	48	990	8,113	C5	39	42	847	7,288	P1	54	60	1,285	8,930
C1	45	48	590	3,973	C3	48	51	950	7,716	C5	42	45	900	7,759	P1	60	123	1,315	8,975
C1	48	51	630	4,400	C3	51	54	950	7,772	C5	45	48	1,135	8,888	P1	123	126	1,280	8,985
C1	51	54	633	4,400	C3	54	105	1,519	10,570	C5	48	51	1,115	8,647	P1	126	129	1,330	8,875
C1	54	57	809	5,490	C3	105	108	1,538	10,365	C5	51	54	1,110	8,245	P1	129	132	1,290	8,915
C1	57	60	806	5,473	C3	108	111	1,550	11,115	C5	54	57	1,015	7,985	**AVERAGE**			**1,283**	**8,891**
C1	60	63	735	4,843	C3	111	114	1,525	11,150	C5	57	60	1,210	9,380	P2	0	3	1,125	8,409
C1	63	66	763	5,105	C3	114	117	1,506	11,195	C5	60	63	1,005	7,935	P2	3	6	1,190	8,641
C1	66	69	695	4,523	C3	117	120	1,494	11,330	C5	63	66	1,000	8,070	P2	6	9	1,120	8,291
C1	72	75	919	6,538	C3	120	123	1,519	11,820	C5	66	69	1,669	12,238	P2	9	12	1,095	8,194
C1	75	78	884	6,238	C3	123	132	1,500	10,835	C5	69	72	1,345	12,500	P2	12	24	1,140	7,894
C1	78	81	872	6,506	C3	132	141	1,506	11,870	C5	72	75	1,340	12,494	P2	24	27	1,135	7,734
C1	81	84	859	6,406	C3	141	144	1,538	13,506	C5	75	78	1,669	12,719	P2	27	30	1,135	7,959
C1	84	87	834	6,113	C3	144	147	1,519	14,669	C5	78	81	1,713	12,731	P2	30	33	1,135	8,053
C1	87	90	800	6,128	C3	147	150	1,469	13,875	C5	81	84	1,700	12,955	P2	33	36	1,140	8,047
C1	90	93	769	6,100	**AVERAGE**			**1,278**	**9,794**	C5	84	87	1,725	12,988	P2	36	39	1,165	8,338
C1	96	99	775	6,166	C4	0	3	593	4,550	C5	87	90	1,706	12,956	P2	39	42	1,130	7,947
C1	99	102	769	6,100	C4	3	6	669	5,248	C5	90	105	1,863	13,425	P2	42	45	1,185	8,141
C1	108	111	794	6,091	C4	6	9	700	5,460	C5	105	108	1,900	13,719	P2	45	48	1,140	8,434
C1	111	114	791	5,994	C4	9	12	825	6,188	C5	108	111	1,863	13,363	P2	48	51	1,125	8,175
C1	114	117	800	6,103	C4	12	15	919	6,766	C5	111	114	1,825	12,906	P2	51	54	1,110	8,163
C1	117	120	791	6,138	C4	15	18	863	6,391	C5	114	117	1,600	11,580	P2	54	57	1,135	8,284
C1	120	123	710	5,928	C4	18	21	822	6,144	C5	117	120	1,519	11,180	P2	57	60	1,160	8,544
C1	123	126	685	5,800	C4	21	24	831	6,156	C5	120	123	1,525	11,385	P2	60	63	1,175	8,284
C1	126	129	705	5,869	C4	24	36	1,800	13,319	C5	123	126	1,588	11,790	P2	63	66	1,130	8,253
C1	129	132	668	5,822	C4	36	39	1,819	13,294	C5	126	129	1,425	10,860	P2	66	69	1,130	8,119
C1	132	135	668	5,675	C4	39	45	2,050	13,625	C5	129	132	1,506	11,015	P2	69	72	1,135	8,297
C1	135	138	1,180	8,420	C4	45	48	1,963	13,531	C5	132	135	1,381	10,365	P2	72	75	1,125	8,200
C1	138	141	653	5,435	C4	48	69	1,975	13,556	C5	135	138	1,556	11,675	P2	75	78	1,180	8,309
C1	141	144	655	5,553	C4	69	81	638	4,995	C5	138	141	1,519	11,200	P2	78	81	1,130	8,266
C1	144	147	683	5,390	C4	81	84	1,769	12,413	C5	141	144	1,594	11,660	P2	81	84	1,170	8,294
C1	147	150	703	5,440	C4	84	87	1,938	13,506	C5	144	147	1,650	12,345	P2	84	87	1,195	8,234
AVERAGE			**762**	**5,750**	C4	87	90	1,963	13,513	C5	147	150	1,681	11,920	P2	87	90	1,145	8,084
C2	0	3	870	7,055	C4	90	93	1,950	13,256	**AVERAGE**			**1,323**	**10,338**	P2	90	93	1,155	8,038
C2	3	6	880	7,060	C4	93	102	1,925	13,513	C6	0	6	741	9,200	P2	93	96	1,155	8,281
C2	6	9	1,050	7,675	C4	102	105	1,850	12,988	C6	6	9	1,260	9,000	P2	96	99	1,140	8,175
C2	9	12	1,156	7,684	C4	105	108	1,594	11,280	C6	9	12	1,270	9,144	P2	99	102	1,120	8,088
C2	12	15	1,106	7,650	C4	108	114	1,631	12,656	C6	12	57	1,763	12,644	P2	102	105	1,120	8,219
C2	15	18	1,094	7,630	C4	114	117	1,606	12,500	C6	57	60	1,750	12,550	P2	105	108	1,165	8,181
C2	18	42	1,000	7,050	C4	117	120	1,650	12,600	C6	60	63	1,850	13,713	P2	108	111	1,180	8,294
C2	42	45	1,169	9,010	C4	120	123	1,813	13,344	C6	63	66	1,844	13,538	P2	111	114	1,145	8,222
C2	45	48	1,506	11,713	C4	123	129	1,831	13,238	C6	66	69	1,800	13,131	P2	114	117	1,145	8,178
C2	48	66	1,594	10,710	C4	129	132	1,838	13,281	C6	69	99	1,800	13,300	P2	117	120	1,145	8,281
C2	66	69	1,550	10,865	C4	132	141	1,825	13,206	C6	99	102	1,694	12,431	P2	120	123	1,155	8,350
C2	69	78	1,356	10,150	C4	141	144	1,875	13,263	C6	102	105	1,831	13,294	P2	123	126	1,175	8,116
C2	78	81	1,369	10,470	C4	144	147	1,650	12,744	C6	105	120	1,725	12,975	P2	126	129	1,090	8,144
C2	81	90	1,256	10,270	C4	147	150	1,469	12,269	C6	120	123	1,800	12,894	P2	129	132	1,125	8,153
C2	90	144	1,169	8,838	**AVERAGE**			**1,504**	**10,929**	C6	123	129	1,781	12,769	P2	132	135	1,125	8,163
C2	144	147	1,206	8,181	-	-	-	-	-	C6	129	132	1,800	12,938	P2	135	138	1,130	8,038
C2	147	150	1,219	7,981	-	-	-	-	-	C6	132	135	1,763	12,781	P2	138	141	1,130	7,997
AVERAGE			**1,209**	**8,823**	-	-	-	-	-	C6	135	138	1,813	13,044	P2	141	144	1,165	8,128
-	-	-	-	-	-	-	-	-	-	C6	138	141	1,806	12,938	P2	144	147	1,135	8,209
-	-	-	-	-	-	-	-	-	-	C6	141	144	1,700	12,088	P2	147	150	1,140	7,978
-	-	-	-	-	-	-	-	-	-	**AVERAGE**			**1,673**	**12,335**	**AVERAGE**			**1,143**	**8,188**

APPENDIX 1 - JORC Code, 2012 Edition - Table 1 Report: Maricunga Salar

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Considerations for Mineral Brine Projects
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Drill cuttings were taken during rotary drilling. These are low quality drill samples, but provide sufficient information for lithological logging and for geological interpretation. • Drill core was recovered in lexan polycarbonate liners and plastic bags alternating every 1.5 m length core run during the sonic drilling. • Brine samples were collected at 6 m intervals during drilling (3 m in 2011 drilling). This involved purging brine from the drill hole and then taking a sample corresponding to the interval between the rods and the bottom of the hole. Brine samples below 204 m in hole S19 were taken every 12 m. Fluorescein tracer dye was used to distinguish drilling fluid from natural formation brine. • The brine sample was collected in a clean plastic bottle and filled to the top to minimize air space within the bottle. Each bottle was marked with the sample number and details of the hole.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Rotary drilling (using HWT size casing) – This method was used with natural formation brine for lubrication during drilling, to minimize the development of wall cake in the holes that could reduce the inflow of brine to the hole and affect brine quality. • Rotary drilling allowed for recovery of drill cuttings and basic geological description. During rotary drilling, cuttings were collected directly from the outflow from the HWT casing. Drill cuttings were collected over two metre intervals in cloth bags, that were marked with the drill hole number and depth interval. Sub-samples were collected from the cloth bag by the site geologist to fill chip trays. • Sonic drilling (M1A, S2, S18 and S20) produced cores with close to 100% core recovery. This technique uses sonic vibration to penetrate the salt lake sediments and produces cores without the rotation and drilling fluid cooling of the bit required for rotary drilling – which can results in the washing away of more friable unconsolidated sediments, such as sands
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse*	• Rotary drill cuttings were recovered from the hole in porous cloth bags to retain drilling fines, but to allow brine to drain from the sample bags (brine is collected by purging the hole every 6 m and not during the drilling directly, as this uses recirculated brine for drilling fluid). Fluorescein tracer dye was used to distinguish drilling fluid from natural formation brine.

Criteria	JORC Code explanation	Considerations for Mineral Brine Projects
	material.	• Sonic drill core was recovered in alternating 1,.5m length lexan liners, and 1,5 m length BLY tubular plastic bags.
Geologic Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Rotary (using HWT size casing) drilling was carried out for the collection of drill cuttings for geologic logging and for brine sampling. Drill cuttings were logged by a geologist. • Sonic holes are logged by a geologist who supervised cutting of samples for porosity sampling then splits the plastic tube and geologically logs the core.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Core samples were systematically sub-sampled for laboratory analysis, cutting the lower 15 cm of core from the core sample tube and capping the cut section and taping the lids tightly to the core. This sub-sample was then sent to the porosity laboratory for testing. Sampling was systematic, to minimize any sampling bias. • Brine samples collected following the purging of the holes are homogenized as brine is extracted from the hole using a bailer device. No sub-sampling is undertaken in the field Fluorescein tracer dye was used to distinguish drilling fluid from natural formation brine. • The brine sample was collected in one-litre sample bottles, rinsed and filled with brine. Each bottle was marked with the drill hole number and details of the sample. Prior to sending samples to the laboratory they were assigned unique sequential numbers with no relationship to the hole number.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and the derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The University of Antofagasta in northern Chile is used as the primary laboratory to conduct the assaying of the brine samples collected as part of the drilling program. They also analyzed blanks, duplicates and standards, with blind control samples in the analysis chain. The laboratory of the University of Antofagasta is not ISO certified, but it is specialized in the chemical analysis of brines and inorganic salts, with extensive experience in this field since the 1980s, when the main development studies of the Salar de Atacama were begun. • The quality control and analytical procedures used at the University of Antofagasta laboratory are considered to be of high quality and comparable to those employed by ISO certified laboratories specializing in analysis of brines and inorganic salts. • Duplicate and standard analyses are considered to be of acceptable quality • Samples for porosity test work are cut from the base of the plastic drill tubes every 3 m. • Down hole geophysical tools were provided by a geophysical contractor and these are believed to be calibrated periodically to produce consistent results.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• A full QA/QC program for monitoring accuracy, precision and to monitor potential contamination of samples and the analytical process was implemented. Accuracy, the closeness of measurements to the “true” or accepted value, was monitored by the insertion of standards, or reference samples, and by check analysis at an independent (or umpire) laboratory.

Criteria	JORC Code explanation	Considerations for Mineral Brine Projects
	• *Discuss any adjustment to assay data.*	• Duplicate samples in the analysis chain were submitted to the University of Antofagasta as unique samples (blind duplicates) following the drilling process. • Stable blank samples (distilled water) were inserted to measure cross contamination during the drilling process. • The anion-cation balance was used as a measure of analytical accuracy and was always considerably less than +/-5%, which is considered to be an acceptable balance.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The hole was located with a hand held GPS in the field and subsequently located by a surveyor on completion of the drilling program • The location is in WGS84 Zone 19 south.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Lithological data was collected throughout the drilling. Drill holes have a spacing of approximately 2 km. • Brine samples have a 6 m vertical separation and lithological samples are on 1 m intervals (in 2011 drilling samples were taken every 3 m). Porosity samples were taken every 3 m in sonic core holes.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The salar deposits that host lithium-bearing brines consist of sub-horizontal beds and lenses of halite, sand, gravel and clay. The vertical holes are essentially perpendicular to these units, intersecting their true thickness.
Sample security	• *The measures taken to ensure sample security.*	• Samples were transported to the University of Antofagasta (primary, duplicate and QA/QC samples) for chemical analysis in sealed 1-litre rigid plastic bottles with sample numbers clearly identified. • The samples were moved from the drill site to secure storage at the camp on a daily basis. All brine sample bottles are marked with a unique label.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been conducted at this point in time.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Considerations for Mineral Brine Projects
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Maricunga property is located approximately 170 km northeast of Copiapo in the III Region of northern Chile at an elevation of approximately 3,800 masl. • The property comprises 1,438 ha in six mineral properties known as *Litio 1 -6*. In addition the *Cocina 19-27* properties, *San Francisco,* *Salamina* and *Despreciada* properties (1,125 ha) were purchased between 2013 2013 and 2015. • The properties are located in the northern section of the Salar de Maricunga. • The tenements/properties are believed to be in good standing, with payments made to relevant government departments.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• SLM Litio drilled 58 vertical holes in the *Litio* properties on a 500 m x 500 m grid in February, 2007. Each hole was 20 m deep. The drilling covered all of the *Litio 1 – 6* property holdings. • Those holes were 3.5” diameter and cased with either 40 mm PVC or 70 mm HDPE pipe inserted by hand to resistance. Samples were recovered at 2 m to 10 m depth and 10 m to 20 m depth by blowing the drill hole with compressed air and allowing recharge of the hole. • Subsequently, samples were taken from each drill hole from the top 2 m of brine. In total, 232 samples were collected and sent to Cesmec in Antofagasta for analysis. • Prior to this the salar was evaluated by Chilean state organization Corfu, using hand dug pit samples.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The sediments within the salar consist of halite, sand, gravel and clay which have accumulated in the salar from terrestrial sedimentation and evaporation of brines within the salar. These units are interpreted to be essentially flat lying, with unconfined aquifer conditions close to surface and semi-confined to confined conditions at depth • Brines within the salar are formed by solar concentration, with brines hosted within the different sedimentary units • Geology was recorded during drilling of all the holes.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  o *easting and northing of the drill hole collar*
	  o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  o *dip and azimuth of the hole*
	  o *down hole length and interception depth*
	  o *hole length.*
		• Lithological data was collected from the holes as they were drilled as drill cuttings, and at the geological logging facility for sonic cores, with the field parameters (electrical conductivity, density, pH) Measured on the brine samples taken on 6 m intervals.
		• Brine samples were collected at 6 m intervals and sent for analysis to the University of Antofagasta, together with quality control/quality assurance samples

Criteria	JORC Code explanation	Considerations for Mineral Brine Projects
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Drill hole collars, surveyed elevations, dip and azimuth, hole length and aquifer intersections are provided in tables within the text.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Brine samples taken from the holes every 6 m represent brine over the sample interval. • No outlier restrictions were applied to the concentrations, as distributions of the different elements do not show anomalously high values
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• The lithium-bearing brine deposits extend across the properties and over a thickness of > 150 to 200 m (depending on the depth of drilling), limited by the depth of the drilling. Mineralisation in brine is interpreted to continue below the depth of the resource. • The drill holes are vertical and essentially perpendicular to the horizontal sediment layers in the salar (providing true thicknesses of mineralisation)
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Diagrams are provided in the text of this announcement and diagrams were provided in Technical report on the Maricunga Lithium Project Region III, Chile NI 43-101 report prepared for Li3 Energy May 23, 2012. See attached location map.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• This announcement presents representative data from drilling at the Maricunga salar, such as lithological descriptions, brine concentrations and chemistry data, and information on the thickness of mineralisation.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Refer to the information provided in Technical report on the Maricunga Lithium Project Region III, Chile. NI 43-101 report prepared for Li3 Energy May 23, 2012 for previous geophysical and geochemical data. • Information on pumping tests has been provided by the company following the completion of pumping tests at holes P4 and P2.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• The company will consider additional drilling. The brine body is open at depth and there is an exploration target defined in this area which could potentially be incorporated into the resource subject to positive drilling results.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation	Considerations for Mineral Brine Projects
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Data was transferred directly from laboratory spreadsheets to the database. • Data was checked for transcription errors once in the database, to ensure coordinates, assay values and lithological codes were correct • Data was plotted to check the spatial location and relationship to adjoining sample points • Duplicates and Standards have been used in the assay process. • Brine assays and porosity test work have been analysed and compared with other publicly available information for reasonableness. • Comparisons of original and current datasets were made to ensure no lack of integrity.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person visited the site multiple times during the drilling and sampling program. • Some improvements to procedures were made during visits by the Competent Person
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• There is a high level of confidence in the geological model for the Project. There are relatively distinct geological units in essentially flat lying, relatively uniform, clastic sediments and halite. • Any alternative interpretations are restricted to smaller scale variations in sedimentology, related to changes in grain size and fine material in units. • Data used in the interpretation includes sonic, rotary and reverse circulation drilling. • Drilling depths and geology has been used to separate the deposit into different geological units. • Sedimentary processes affect the continuity of geology, whereas the concentration of lithium and potassium and other elements in the brine is related to water inflows, evaporation and brine evolution in the salt lake.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The lateral extent of the resource has been defined by the boundary of the Company's properties. The brine mineralisation consequently covers 25.64 km^2. • The top of the model coincides with the topography obtained from the Shuttle Radar Topography Mission (SRTM). The original elevations were locally adjusted for each borehole collar with the most accurate coordinates available. The base of the resource is limited to a 200 m depth. The basement rocks underlying the salt lake sediments have not yet been intersected in drilling. • • The resource is defined to a depth of 200 m below surface, with the exploration target immediately underlying the resource.

Criteria	JORC Code explanation	Considerations for Mineral Brine Projects
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	• The resource estimation for the Project was developed using the Stanford Geostatistical Modeling Software (SGeMS) and the geological model as a reliable representation of the local lithology. Generation of histograms, probability plots and box plots was conducted for the Exploratory Data Analysis (EDA) for lithium and potassium. Regarding the interpolation parameters, it should be noted that the search radii are flattened ellipsoids with the shortest distance in the Z axis (related to the variogram distance). No outlier restrictions were applied, as distributions of the different elements do not show anomalously high values. • No grade cutting or capping was applied to the model. The very high lithium concentration values obtained near surface during the drilling and sampling are considered to be representative of the upper halite unit locally. • Results from the primary laboratory GSA were compared with those from the check laboratory Core Laboratories, and historical porosity results when assigning porosity results and historical results were normalized within the complete data set based on the results from the total data set. • Potassium is the most economically significant element dissolved in the brine after lithium. Potassium can be produced using the evaporative process as for lithium. However, the final production of potassium requires independent processing from the lithium brine. The potassium recovery process is well understood and could be implemented in the project. Potassium has been estimated as a by-product of the lithium extraction process. As a resource this makes no allowance for losses following brine extraction, in evaporation ponds and the processing plant. • Interpolation of Lithium and Potassium for each block in mg/l used ordinary kriging. The presence of brine is not necessary controlled by the lithologies and lithium and potassium concentrations are independent of lithology. Geological units had hard boundaries for estimation of porosity. • Estimation of resources used the average drainable porosity value for each geological unit, based on the drill hole data. • The block size (50 x 50 x 1m) has been chosen for being representative of the thinner units inside the geological model. • No assumptions were made regarding selective mining units and selective mining can be difficult to apply in brine deposits, where the brine flows in response to pumping. • No assumptions were made about correlation between variables. Lithium and potassium were estimated independently. • The geological interpretation was used to define each geological unit and the property limit was used to enclose the reported resources. The lithium and

Criteria	JORC Code explanation	Considerations for Mineral Brine Projects
		potassium concentration is not necessary related to a particular lithology. • The Inferred resource was extrapolated in this area on the basis that it is within the salt lake and occupies the same geological unit as Measured resource in the adjacent Cocina property. • Validation was perform using a series of checks including comparison of univariate statistics for global estimation bias, visual inspection against samples on plans and sections, swath plots in the north, south and vertical directions to detect any spatial bias. • An independent nearest-neighbor (NN) model was generated for each parameter in order to verify that the estimates honor the borehole data. The NN model also provides a de-clustered distribution of borehole data that can be used for validation. • Visual validation shows a good agreement between the samples and the OK estimates. A global statistics comparison shows relative differences between the ordinary kriging results and the nearest-neighbor is below 0.3% for measured resources and below 3% for indicated resources which is considered acceptable.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• Moisture content of the cores was not Measured (porosity and density measurements were made), but as brine will be extracted by pumping not mining this is not relevant for the resource estimation. • Tonnages are estimated as metallic lithium and potassium dissolved in brine.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• No cut-off grade has been applied as the highest grades are present within the upper halite unit and are considered to be real and consistent and a relatively small volume of the total resource.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• The resource has been quoted in terms of brine volume, concentration of dissolved elements, contained lithium and potassium and their products lithium carbonate and potassium chloride. • No mining or recovery factors have been applied (although the use of the specific yield = drainable porosity is used to reflect the reasonable prospects for economic extraction with the proposed mining methodology). • Dilution of brine concentrations may occur over time and typically there are lithium and potassium losses in both the ponds and processing plant in brine mining operations. However, potential dilution will be estimated in the groundwater model simulating brine extraction. • The conceptual mining method is recovering brine from the salt lake via a network of wells, the established practice on existing lithium and potash brine projects. • Detailed hydrologic studies of the lake are being undertaken (groundwater

Criteria	JORC Code explanation	Considerations for Mineral Brine Projects
		modelling) to define the extractable resources and potential extraction rates
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• Assessment of the preferred brine processing route is underway utilizing major global chemical engineering companies to conduct test work under the supervision of the project process engineer • Lithium and potassium would be produced via conventional brine processing techniques and evaporation ponds to concentrate the brine prior to processing • Process test – work (which can be considered equivalent to metallurgical test work) is being carried out on the brine following initial test work initiated under Li3 Energy in 2012
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• Impacts of a lithium and potash operation at the Maricunga project would include; surface disturbance from the creation of extraction/processing facilities and associated infrastructure, accumulation of various salt tailings impoundments and extraction from brine and fresh water aquifers regionally.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• Density measurements were taken as part of the drill core assessment. This included determining dry density and particle density as well as field measurements of brine density. Note that no mining is to be carried out as brine is to be extracted by pumping and consequently sediments are not mined but the lithium and potassium is extracted by pumping. • However, no bulk density was applied to the estimates because resources are defined by volume, rather than by tonnage. • The salt unit can contain fractures and possibly vugs which host brine and add to the drainable porosity
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The resource has been classified into the three possible resource categories based on confidence in the estimation. • The Measured resource reflects the predominance of sonic drilling, with porosity samples from drill cores and well constrained vertical brine sampling in the holes • The Indicated resource reflects the lower confidence in the brine sampling in the rotary drilling and lower quality geological control from the drill cuttings • The Inferred resource underlying the Measured resource in the *Litio* properties reflects the limited drilling to this depth together with the likely geological continuity suggested by drilling on the adjacent *Cocina* property and the geophysics through the property • In the view of the Competent Person the resource classification is believed to adequately reflect the available data and is consistent with the suggestions of Houston et. al., 2011

Criteria	JORC Code explanation	Considerations for Mineral Brine Projects
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• This Mineral Resource was estimated by independent consultancy Flosolutions, who are contracted by the Maricunga JV for hydrological services. This work has been reviewed by the Competent Person.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• An independent estimate of the resource was completed using a nearest-neighbour estimate and the comparison of the results with the ordinary kriging estimate is below 0.3% for measured resources and below 3% for indicated resources which is considered to be acceptable. • Univariate statistics for global estimation bias, visual inspection against samples on plans and sections, swath plots in the north, south and vertical directions to detect any spatial bias shows a good agreement between the samples and the ordinary kriging estimates. .

References

Houston, J., Butcher, A., Ehren, P., Evans, K., and Godfrey, L. The Evaluation of Brine Prospects and the Requirement for Modifications to Filing Standards. Economic Geology. V 106, p 1225-1239.

CIM Best Practice Guidelines for Resource and Reserve Estimation for Lithium Brines.