

15 June 2023

# NewPeak to acquire a 25-30% interest in Hombre Muerto South lithium project in Argentina

## HIGHLIGHTS

- As a first step in NewPeak's rejuvenation plan, the Company proposes to acquire an initial 25% of the issued capital of mineral exploration company Southern Cross Britannia Ltd (SCB), a private UK-based mineral exploration company with over 1,100 km<sup>2</sup> of exploration licences in the Salta province of Argentina.
- Within this license package is the Hombre Muerto South lithium project a contiguous 600 km<sup>2</sup> lithium exploration opportunity in the Hombre Muerto Drainage Basin.
- Transaction provides, subject to exploration success and successful development, access to the growing lithium market.
- Promising prospectivity for copper and uranium resources has also been identified by SCB and third parties within the licence package.
- NewPeak will transfer (subject to due diligence and initial work programmes satisfactory to NPM) its wholly owned subsidiary Excarb SA and pay US\$1,500,000 for its 25% interest. Excarb holds all NewPeak's mineral interests in Argentina. The funds will be utilised to complete an initial drilling program in the Hombre Muerto South lithium project to identify potential for lithium resources and content of lithium in saline brines. The transaction is subject to SCB completing a geophysics survey to identifying and confirming to NPM the prospectivity of the tenements for lithium.
- NewPeak has identified further copper gold porphyry style mineral exploration opportunities within the tenements and will advise the market in due course.

NewPeak Metals Limited (**NewPeak, NPM, the Company**) (ASX: NPM) is pleased to advise that it has entered into an agreement to acquire an initial 25% of the issued capital of lithium exploration company Southern Cross Britannia Ltd ("**SCB**"), with a consideration payable by the transfer of its 100% interest in NPM's Argentine exploration subsidiary Excarb SA and the payment of US\$1,500,000.

SCB is a private UK-based mineral exploration company with over 1,100 km<sup>2</sup> of mineral exploration licences in the Salta province of Argentina. Previous exploration by SCB and others shows prospectivity for lithium, copper and uranium resources. SCB holds a contiguous 600 km<sup>2</sup> lithium exploration opportunity in the Hombre Muerto South drainage basin draining into the well-known Hombre Muerto lithium salar 50kms to the north. SCB have also identified (conceptual) porphyry copper and uranium targets within the tenements.

The SCB Salta licences are, in NPM's opinion, a large and material opportunity for the discovery of a significant lithium brine resource.

NPM will acquire a 25% interest in SCB by transferring to SCB the ownership of NPM's wholly owned subsidiary Excarb SA, an Argentine company which holds all NewPeak's mineral interests in Argentina (chiefly Las Opeñas 51% and Cachi 35% gold properties) and paying the amount of US\$1,500,000 to complete a drilling program in the Hombre Muerto South lithium Project to determine the lithium concentration, porosity, permeability, downhole geophysics with the goal of ultimately estimating a lithium brine resource.

The transaction is dependent on satisfaction of several conditions, including SCB completing a geophysics survey with the results identifying and confirming, to the sole satisfaction of NPM, the prospectivity of the tenements for lithium. Should NPM be satisfied with the results, and all other conditions are met, it has a period of three months to transfer to SCB the shares of Excarb SA and subscribe US\$1,500,000 to SCB for a 25% interest in SCB.

NPM, at its sole discretion, can acquire a further 5% of SCB for US\$1,500,000 within three months after the drilling is complete on the Hombre Muerto South project to take NPM up to a 30% holding in SCB.

The agreement further allows for NPM to be offered rights to participate in any capital raising to maintain its equity position.

It is planned that SCB will list its shares on a yet to be determined stock exchange within 12 months of completion of the transaction.

The commercial terms of the acquisition are described in more detail below.

MMG Capital Ltd acted as the sole advisor on this Transaction.

**NPM Chairman, Brian Moller said** *“This acquisition will provide the Company with access to a compelling market opportunity in lithium. Southern Cross has a strong leadership and technical team, and we are excited about the potential of this new lithium exploration opportunity. The transaction is the first stage of the Company’s rejuvenation plan in securing new mineral exploration opportunities and we look forward to working together to progress this opportunity in lithium exploration and create value for our collective shareholder base.”*

## **OPPORTUNITY AND ACQUISITION RATIONALE**

NewPeak has a long history of exploration for minerals in Argentina and believes this opportunity strategically leverages that Argentina experience in re-entering the lithium sector. Our opinion is that lithium exploration will continue to outpace other mineral exploration sectors in the near term. SCB presents a compelling opportunity to explore for lithium in a new province, with what Directors believe has great greenfield potential and at an acquisition price that does not reflect the significant premiums being paid for lithium projects today.

Additionally, the copper and uranium potential within the SCB licences combined with NewPeak’s gold projects in Argentina deliver a balanced mineral exploration portfolio.

Both parties see the benefit of combining the exploration assets, including more localised Argentine management and operation of the mineral exploration portfolio. The initial focus will be on assessing the potential of the Hombre Muerto South lithium project and then SCB on the IPO to raise the capital necessary to explore and develop the Hombre Muerto South project and explore the balance of the portfolio.

The transaction is the first stage of NewPeak’s rejuvenation plan in sourcing and securing new mineral exploration opportunities. NewPeak continues its focus on finding partners for its European gold and strategic metals projects and seeking for new exploration opportunities.

## **ABOUT THE HOMBRE MUERTO SOUTH LITHIUM PROJECT**

The SCB licences are in the Salta province of Argentina and are over 1,100 km<sup>2</sup> in size. The licences are outlined in blue in the Figure 1, where the largest licence lies over the Hombre Muerto South lithium project.

The 60,000-hectare (600 sq/km) Hombre Muerto South project lies southeast of the Hombre Muerto salar and is an exciting new lithium exploration target. The Hombre Muerto South project is situated near other successful mining projects and discoveries which are outlined in Figure 2.

The licence lies within the Hombre Muerto Drainage Basin which has a surface cover of 4823 km<sup>2</sup> and an Ignimbrite cover of 2125 km<sup>2</sup>. This is graphically represented in Figure 3.

SCB has identified 600 km<sup>2</sup> of ignimbrite rock that covers the Hombre Muerto South permit and are of the opinion that this is the primary source of lithium in the neighbouring lithium projects. The geological

concept that will be explored relates to the leaching of lithium out of the ignimbrites and accumulating at depth in a saline aquifer prognosed to be below the ignimbrite. Geologically, the permits are bounded to the west by Cerro Galán and to the east by mountain ranges.

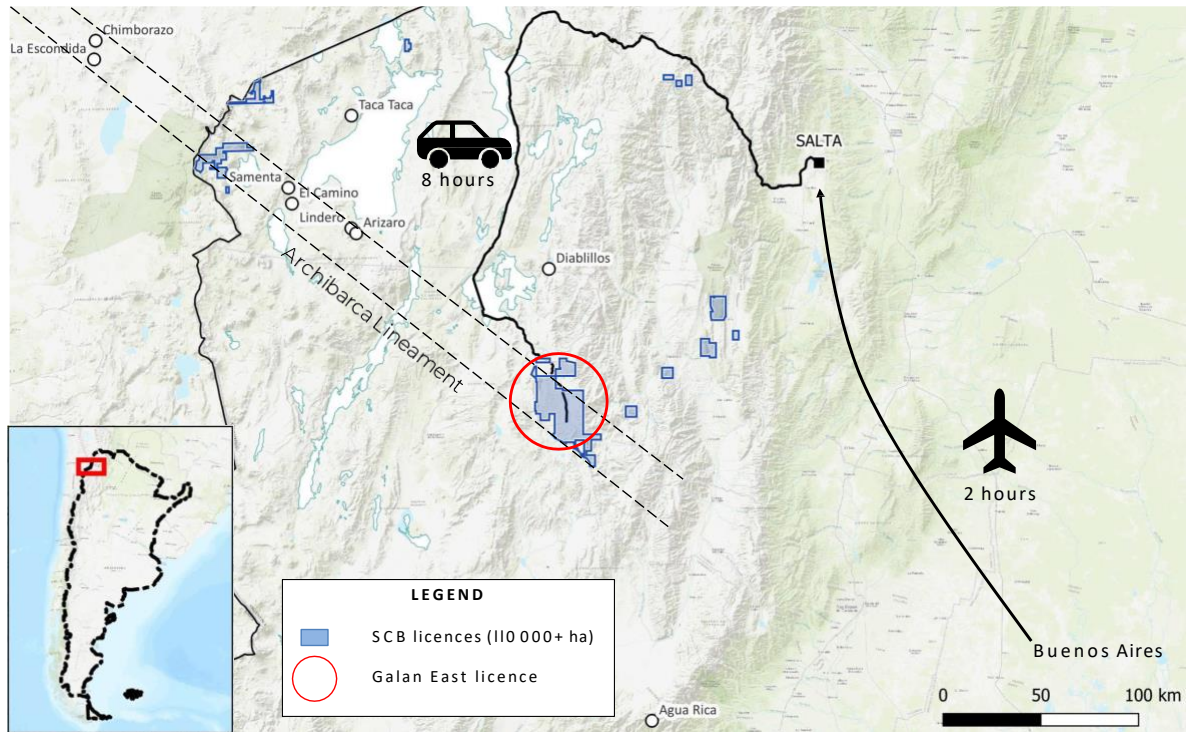


Figure 1 – Location of the SCB licences in the Salta province, Argentina

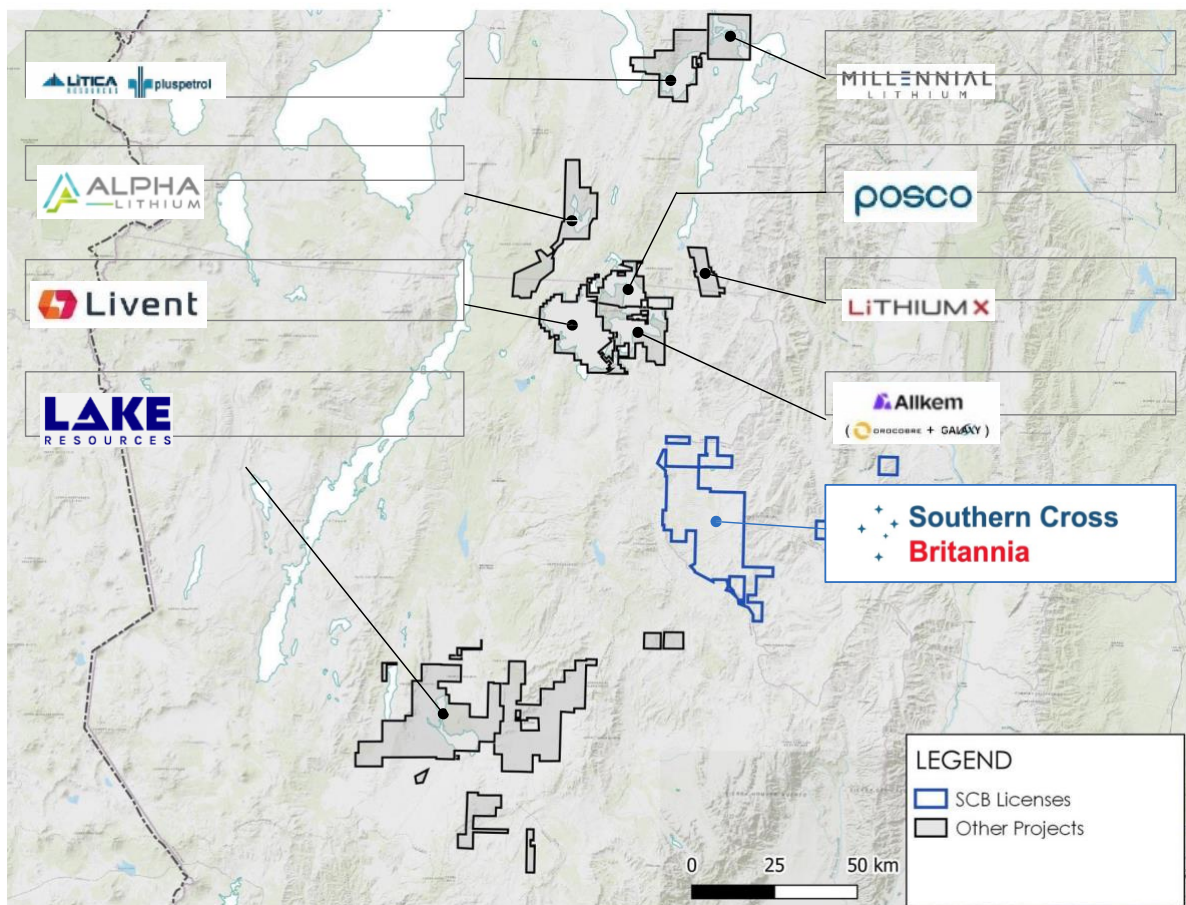


Figure 2 – Location of the Hombre Muerto South project relative to other successful mining projects and discoveries

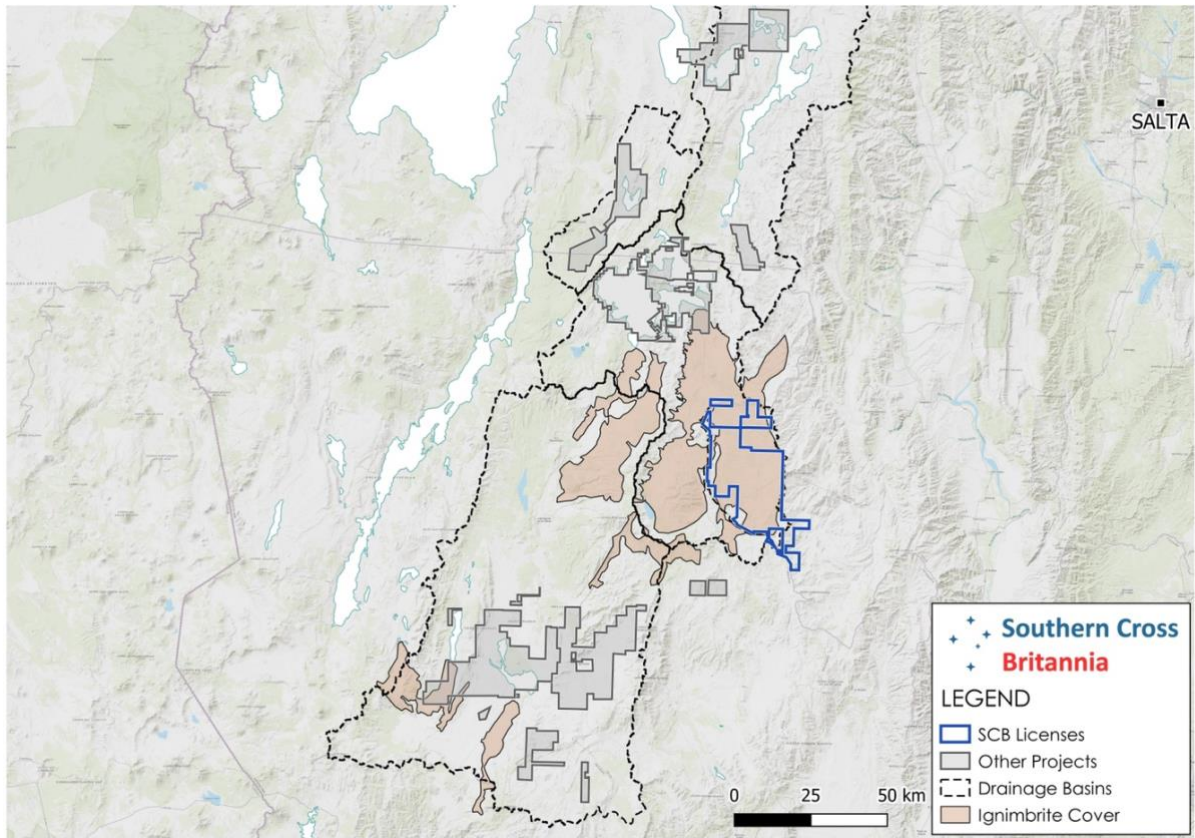


Figure 3 – Location of the Carachi-Pampa and Hombre Muerto Drainage Basins

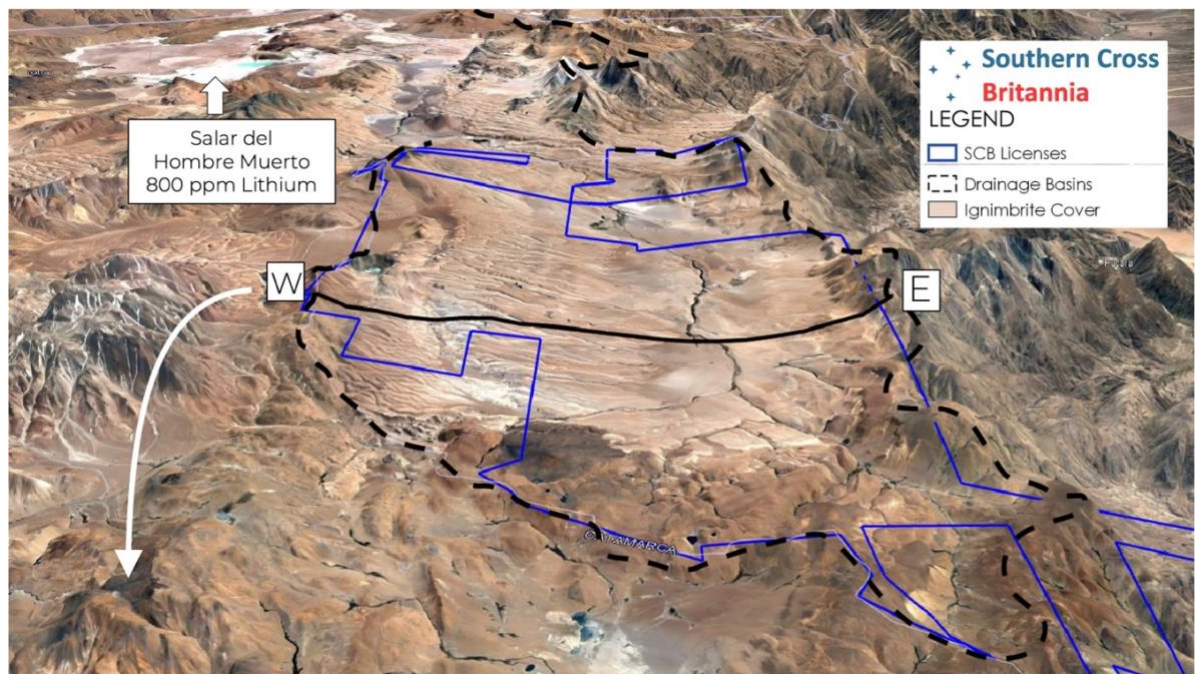
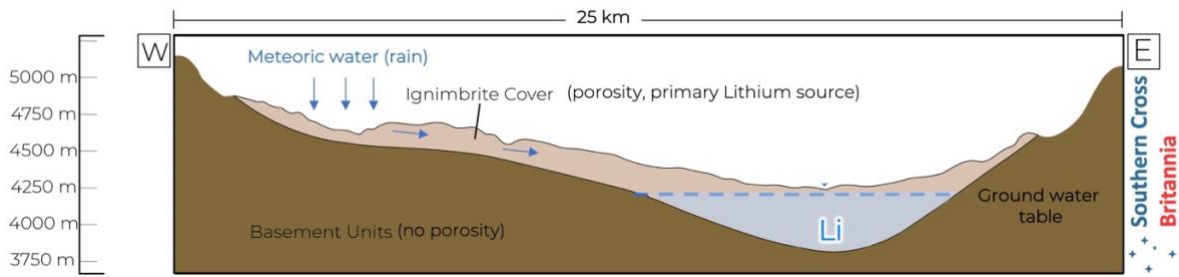
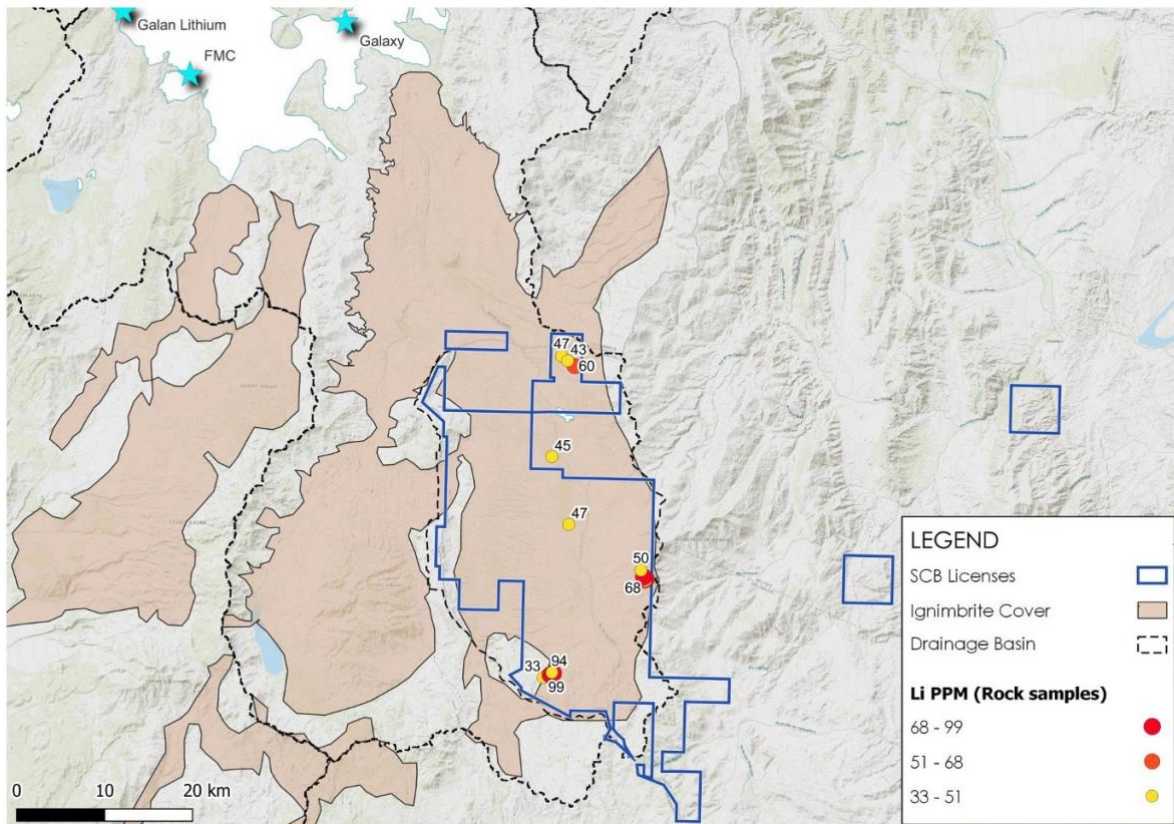


Figure 4 – View of the Hombre Muerto Drainage Basin overlaid with the permit



**Figure 5** – Graphic showing the geologic concept. Lithium is water soluble. When rainwater infiltrates the porous ignimbrite rock, it percolates down, and becomes enriched in Lithium.

SCB has taken samples and identified lithium concentrations at surface as shown in **Figure 6** below.



**Figure 6** – Rock sample results taken from the Ignimbrite cover on the Hombre Muerto South project.

Very limited exploration has occurred on the project to date and the initial focus of further exploration will be to conduct a geophysical survey to identify if there is a concentrated brine of significant volume lying beneath the Ignimbrite.

The survey will test for resistivity of < 100 ohm metre, to ascertain whether there is a brine that is sufficiently concentrated and of sufficient volume. Note that at this stage there will be no guarantee of lithium in the brine, however it is NPM’s opinion that if there is sufficient evidence of high volumes of a concentrated brine, it will warrant a continuation of exploration for lithium.

Expectations are that a geophysical response in Controlled-Source Audio Magnetotellurics (CSAMT) geophysics survey and those of other electrical geophysical methods such as transient electromagnetic method (TEM) will provide sufficient evidence and information to inform a drilling program, which will subsequently test brine salinity, lithium content, porosity and permeability and downhole geophysics and logging. The ultimate objective will be to estimate a lithium rich brine resource.



**Picture 1** - Spring showing metal oxides indicating that this is magmatic water sourced from a deeper intrusion.



**Picture 2** - River running through the property, with high flux, which is necessary for lithium production. Water flow to be in the region of 3 cubic metres per second and picture taken in July, during the driest season.

SCB has concluded that this is a new bona fide lithium exploration opportunity for several reasons as follows:

- (a) There is a significant drainage basin to the southeast of the well understood and prolific lithium producing Hombre Muerto salar. SCB and NPM believe that the Hombre Muerto south project holds a concealed lithium brine salar beneath an Ignimbrite bright capping
- (b) The Hombre Muerto South project is covered by an Ignimbrite, which has rock samples containing lithium and is the primary source of lithium in the system;
- (c) There is geothermal activity present throughout the property similar to many producing salars in the lithium Triangle (a region of the Andes that is rich in lithium reserves, encompassed by the borders of Argentina, Bolivia, and Chile and is thought to hold around 54% of the world's lithium reserves);
- (d) The Hombre Muerto South project is underlain by multiple highly magnetic bodies, and these are thought to present the cores of magmatic intrusions (porphyries), which are potentially the ultimate source of anomalously high values of lithium in the region and potentially copper gold

## **TRANSACTION COMMERCIAL TERMS**

### PROPOSED TRANSACTION

- (a) NPM proposes to sell all of its shares in Excarb SA and SCB proposes to acquire those shares.
- (b) NPM proposes to pay to SCB the amount of one million five hundred thousand united states dollars (USD 1,500,000) to be used by SCB to advance the SCB Tenements including drilling up to 1,140 meters in the SCB Tenements.
- (c) SCB proposes to issue to NPM such number of fully paid shares in SCB, which prior to any further capital raising to complete the SCB Listing, will equate to 25% of the issued capital of SCB
- (d) SCB is to complete a Controlled-Source Audio Magnetotellurics (CSAMT) geophysics survey (or any other type of geophysics survey as may be agreed in writing by the parties) to confirm and enhance the understanding of the interconnectedness of the Hombre Muerto drainage basin and the SCB Tenements.
- (e) SCB is to use its reasonable efforts to list its shares on a yet to be determined stock exchange within 12 months of Completion and parties acknowledge that the SCB Listing may be dependent on factors outside the control of SCB.

### SCB CAPITAL RAISE

NPM to be offered the rights to participate in any further capital raising by SCB in order to maintain its equity position.

### NPM FURTHER INVESTMENT

NPM will have the right, in its absolute discretion, to invest a further amount of one million five hundred thousand united states dollars (USD 1,500,000) by way of a subscription for further shares in SCB within 3 months after completion of the drilling program and which, prior to any further raising to complete the SCB Listing, will equate to a further 5% of the issued capital of SCB.

### CONDITIONS PRECEDENT

Completion of the Transaction will be conditional upon the prior or contemporaneous (as the case may be) satisfaction (or waiver) of the following conditions:

- (a) NPM being provided with the results of the Geophysics Survey and those results identifying and confirming to the satisfaction of NPM, the prospectivity of the SCB Tenements for lithium and providing reasonable grounds to justify SCB applying the NPM Payment to undertaking a subsequent drilling program on the SCB Tenements;
- (b) completion of due diligence by:

- a. NPM on SCB or other SCB Related Body Corporate, as applicable, to the satisfaction of NPM; and
- b. SCB on Excarb, the Excarb Tenements and Las Openas Metals SA, to the satisfaction of SCB;
- (c) the negotiation and execution of the formal Transaction Documentation; and
- (d) the parties obtaining all relevant Authorisations and third-party approvals and consents to the Transaction in accordance with all applicable regulatory requirements.

#### SCB SHARE CAPITAL

Upon completion of the transaction NPM is expected to hold 25% of the undiluted share capital of SCB.

#### SETTLEMENT

Completion of the transaction will occur on that date which is three (3) months after the satisfaction (or waiver by NPM and SCB, respectively) of the last of conditions precedent.

#### NON-REFUNDABLE DEPOSIT

NPM will pay SCB a non-refundable deposit in the amount of twenty thousand united states dollars (US\$ 20,000), which amount will be credited towards the NPM payment of US\$1.5m at completion.

#### TERMINATION

If the conditions precedent are not satisfied or waived by the date falling 3 months from the date of the execution of the agreement, then either party may elect to terminate this agreement.

#### **ABOUT NEWPEAK**

NewPeak Metals is a mineral resource company with a particular focus on discovering a multimillion ounce Gold deposit. Unlike most explorers, NewPeak is a diversified junior. NewPeak has established strong Gold exploration assets in two of the top mining jurisdictions globally – Argentina and Finland. Further, NewPeak has a group of Critical Mineral and Tungsten exploration assets in Sweden. The Company strategically holds a 17% stake in Oil and Gas company, Lakes Blue Energy NL ([ASX:LKO](#)).

#### **ABOUT SOUTHERN CROSS BRITANNIA LTD**

Southern Cross Britannia was founded to take advantage and profit from the global move to renewable energy. The SCB mission is to build a world class mineral exploration portfolio and provide and secure ethically sourced battery raw materials supply. SCB builds this by focusing on areas with high geological potential which have been under-explored in the past due to unfavourable political and fiscal conditions. The Company's exploration projects are located in the Provinces of Salta and Jujuy, Argentina. SCB believes in the application of sound geological principles, thorough observations in the field, and key enabling technology. The Company conducts its activity with utmost corporate social responsibility and respect for the environment in which it operates.

*Authorised for Release by the Company Secretary.*

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## Forward Looking Statement

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