

# Lightning Expands Lithium Potential in Brazil with Option Agreement South of Sidrônio Project

ASX Announcement  
14 August 2024

Lightning Minerals Limited (L1M or the **Company**) is pleased to announce the signing of a binding exclusive call option agreement (**Option Agreement**), providing the Company with the option to acquire the Esperança project (**the Project** or **Esperança Project**) from BRS Hill Stones Mineração e Transportes Ltda (BRS). The Project is located 5km south of the recently acquired Caraíbas and Sidrônio lithium projects in Minas Gerais, Brazil. The Project is a potentially exciting addition to the Company's portfolio as the Company looks to increase and consolidate its land position in the highly prospective Lithium Valley region of Minas Gerais. The Project is located in the prolific Salinas Formation which hosts multiple lithium deposits across the region.

The Option Agreement gives the Company a 24-month low-cost option to acquire the Project.

The signing of the Option Agreement comes following a recent site trip by Managing Director, Alex Biggs who conducted a site visit across the Esperança Project area while visiting the recently acquired Caraíbas and Sidrônio lithium projects. The site visit yielded positive indications including verification of previously outcropping pegmatites at the Caraíbas and Sidrônio lithium projects (ASX Announcement 14 June 2024)<sup>1</sup> as well as gaining significant insight into the prospectivity of the region as a whole.

## HIGHLIGHTS

- **Esperança Project location consolidates the existing land package in Brazil with identified pegmatite outcrops at Caraíbas and Sidrônio lithium projects and located along clearly identified geophysical trends<sup>1</sup>**
- **Acquisition is based on a 24-month option which allows for low-cost, phase 1 exploration strategies to prove prospectivity**
- **On-ground works have begun at the Caraíbas and Sidrônio projects<sup>2</sup> including ground reconnaissance, geophysics and soil sampling with a view to defining drill targets. Work programs will be extended to the Esperança Project area**

Lightning Minerals Managing Director Alex Biggs said, "The signing of the Option Agreement and potential acquisition of the Esperança Project is another positive step forward for the Company in Brazil. Following a successful site visit to Brazil we were introduced to this opportunity which is a positive move to consolidating our land position around the Caraíbas and Sidrônio lithium projects which we acquired in June. The location of the Esperança Project in highly prospective geology of the Salinas Formation adds to the potential of our land package which we are now beginning a focused exploration campaign on. The ability to complete low-cost option deals such as this presents significant opportunity to the Company as it allows us to minimise our downside and maximise the upside potential by having multiple

<sup>1</sup> Further exploration work to verify historically mapped pegmatites is necessary. The scale of the pegmatite remains unknown and the presence of pegmatitic lithologies does not necessarily indicate the presence of lithium, tantalum or caesium mineralisation

<sup>2</sup> ASX Announcement 22 April 2024, <sup>3</sup> ASX Announcement 24 July 2024

targets and projects. As we begin to evolve our business and works in Brazil we look forward to the potential that lies ahead for the Company supported by our presence in Lithium Valley, one of the most prolific lithium regions globally”.

## The Esperança Project

The Esperança Project is located approximately 3km south-east of the Company’s Sidrônio project along the same geophysical trend that runs north-east to south-west as shown in Figure 3 below. These structural trends are analogous to the trends present at Latin Resources’ (ASX: LRS) Colina deposit approximately 25km to the north-east. During a recent site visit in June 2024 multiple areas of interest were identified that will be the focus of further investigation. The Project is located in the prolific Salinas Formation which is thought to provide adequate rheological conditions suitable for the emplacement of late hydrothermal fluids and has proven to host multiple lithium Minerals Resources in the region. In similar geological settings, proximal to S-type granites, the Salinas Formation is known to host fertile lithium mineral bearing pegmatites. The Project also presents the opportunity for the Company to begin consolidation of its land position around the Caraíbas and Sidrônio lithium projects.

**Figure 1: Esperança Project site trip in June 2024**

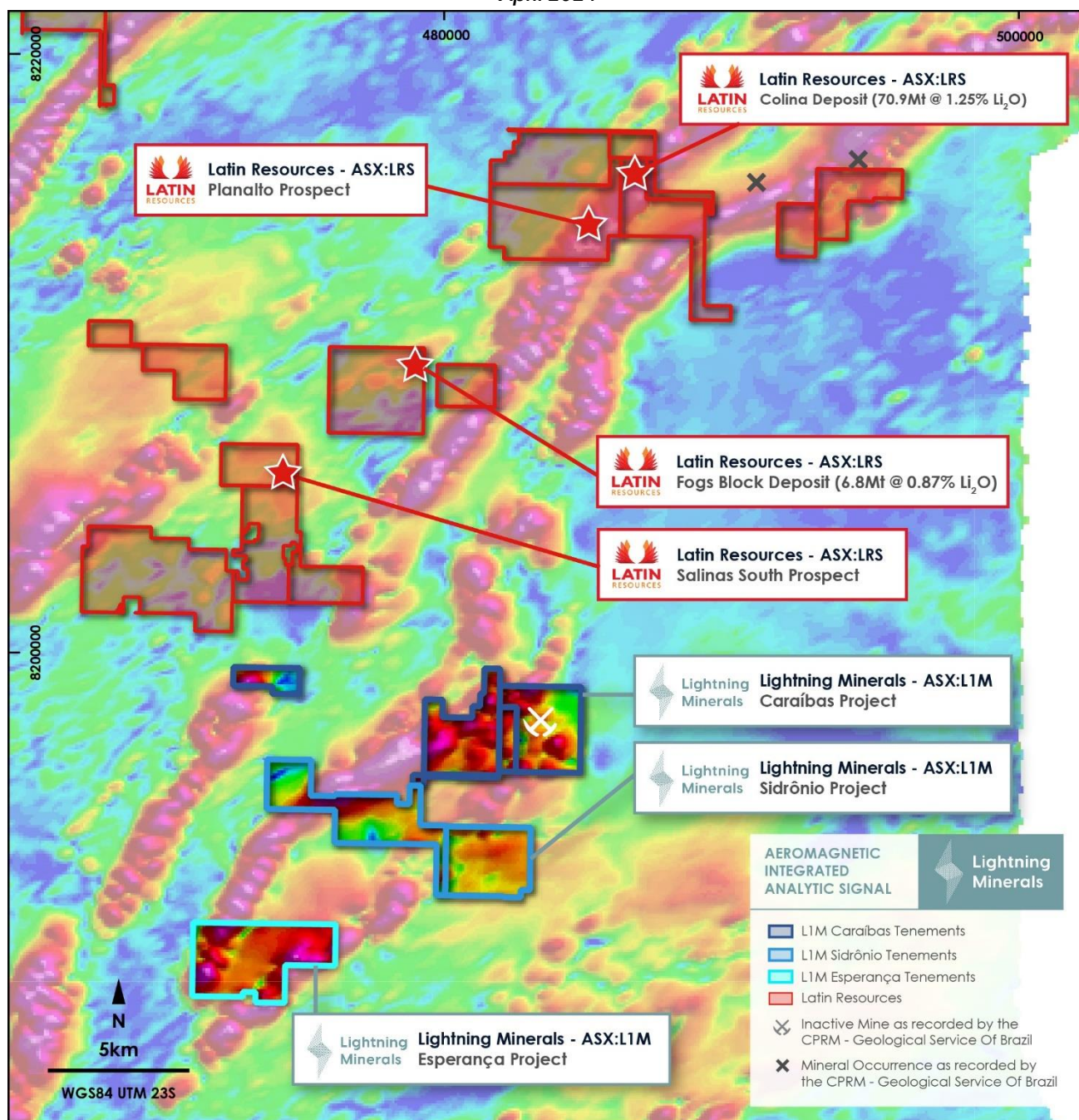


**Figure 2: Geology team at the Esperança Project during site trip in June 2024**





**Figure 3: Esperança, Caraíbas and Sidrônio projects location and tenements plotted against publicly available analytic signal aeromagnetic image from Serviço Geológico do Brasil (Geological Service of Brazil), as first announced on 22 April 2024**

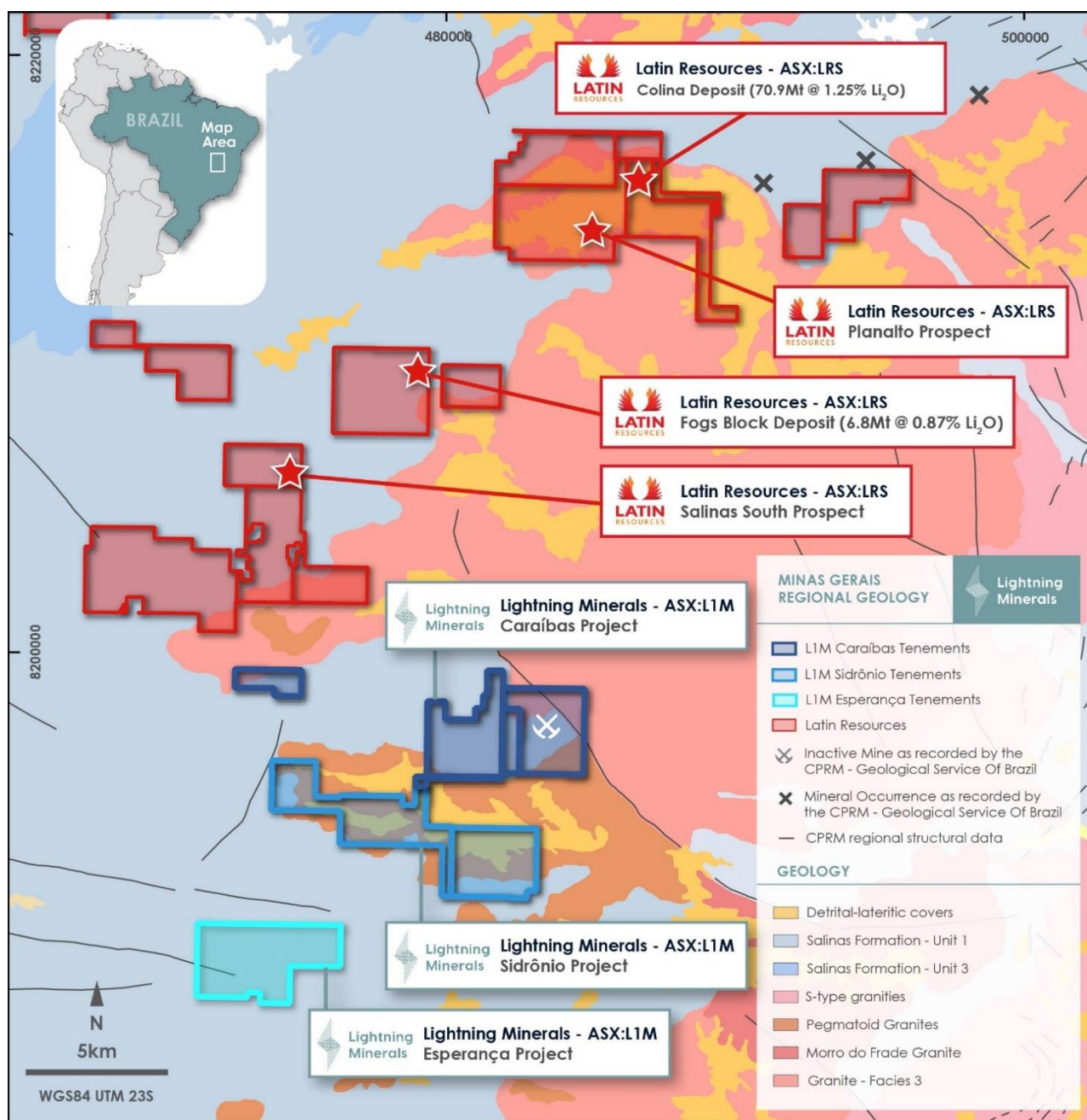


## The Eastern Brazilian Pegmatite Province - Lithium Valley

The Esperança Project is located in the Lithium Valley region of Minas Gerais, Brazil. The region hosts Latin Resources' (ASX: LRS) Colina lithium project hosting 70.9Mt @ 1.25%  $\text{Li}_2\text{O}$  (Measured + Indicated 67.27Mt @ 1.27%  $\text{Li}_2\text{O}$ , Inferred 3.6Mt @ 1.10%  $\text{Li}_2\text{O}$ ). Also in the region is Signa Lithium's (NASDAQ: SGML) Grota do Cirilo project hosting 108.9Mt @ 1.41%  $\text{Li}_2\text{O}$  (Measured and Indicated 94.3Mt @ 1.40%  $\text{Li}_2\text{O}$ , Inferred 14.6Mt @ 1.37%  $\text{Li}_2\text{O}$ ). The region has emerged as one of the world's premier lithium districts over the past few years and presents significant exploration potential.

The Company will benefit from access to a seasoned ground team, providing invaluable fieldwork expertise and insights, enhancing the Company's strategic approach to exploration. Relationships the Company already has in the region will help facilitate project growth and advancement. Due to location the Project will benefit from current works being carried out at the Company's Caraíbas and Sidrônio lithium projects which began in July 2024 (ASX Announcement 24 July 2024). Minas Gerais is Brazil's third largest economy with over 300 mines operating in the state with tier-1 operators including Vale, BHP and Rio Tinto. The state boasts a strong mining labour pool and presents a cost competitive jurisdiction for exploration and project development with mature infrastructure, hydro power and road access.

**Figure 4: Regional project location of Lightning Minerals' Brazilian lithium projects**





## Summary of Key Terms

The Company, via its wholly owned subsidiary Tigre Mineracao Ltda (**Tigre**), has entered into the Option Agreement with BRS pursuant to which BRS has granted the Company an option to acquire 100% of the rights over the Esperança Project held by BRS for a period of 24 months from the date of the Option Agreement (**Option**).

If the Company elects to proceed with the Option Exercise (defined below), it will acquire, via Tigre, a 100% interest in the Esperança Project. If the Company elects not to exercise the Option and terminate the Option Agreement, the Company will forfeit all amounts paid to BRS to date and will not acquire any interest in the Esperança Project.

For the exclusive right until the 24-month anniversary of the Option Agreement to acquire the Esperança Project, the Company is to pay to BRS:

- a fixed amount of BRL\$100,000, with BRL\$50,000 paid upon signing of the Option Agreement (**Stage 1 Payment**) and BRL\$50,000 to be paid within 12 months from the start of the Option Agreement term (**Stage 2 Payment**); and
- a monthly amount of BRL\$5,000 for the 24-month term of the Option Agreement (**Monthly Payments**). If the Company elects to exercise the Option or terminates the Option at any time prior to the payment of all Monthly Payments, no remaining Monthly Payments shall be paid.

In the event that the Company elects to exercise the Option and proceed with the acquisition of the Esperança Project at any time prior to the 24-month anniversary of the Option Agreement (**Option Exercise**), the Company is required to pay to BRS:

- an amount of BRL\$1,000,000 (**Option Exercise Payment**) within 30 days of the Option Exercise; and
- a deferred milestone amount of BRL\$2,000,000 upon and subject to Tigre reporting a mineral resource estimate (of inferred or greater confidence) on the Esperança Project of at least 10Mt, reported in accordance with the JORC Code, with a grade of at least 1.3% of Li<sub>2</sub>O (**Milestone Consideration**).

*Table 1: Acquisition terms for the Esperança Project*

Deal Terms	Quantity	Amount (BRL)	TOTAL (BRL)	TOTAL (AUD) <sup>1</sup>	Percentage of Total Deal Value (%)
Stage 1 Payment	1	50,000	50,000	13,500	1.6%
Stage 2 Payment (12 Months)	1	50,000	50,000	13,500	1.6%
Monthly Payment	24	5,000	120,000	32,400	3.7%
Option Exercise Payment	1	1,000,000	1,000,000	270,000	31.1%
Milestone Consideration - 10Mt @ 1.3% Li <sub>2</sub> O	1	2,000,000	2,000,000	540,000	62.1%
			<b>3,220,000.00</b>	<b>869,400.00</b>	

**Notes:**

1. Based on a BRL:AUD exchange rate of 1.00:0.27 as at 8 August 2024.

### Net Smelter Royalty

In the event that the Company elects to proceed with the Option Exercise, a 2.0% Net Smelter Royalty (NSR) is granted to BRS (**Royalty**). Half of the Royalty (1.0%) can be purchased at any time by the Company for BRL\$3,000,000 (~A\$800,000). The remaining 1.0% may be purchased at fair market terms, as determined by an independent auditing firm contracted by the Company.

### Facilitator Shares

Subject to shareholder approval, 1,000,000 fully paid ordinary shares in the Company are intended to be issued to the transaction facilitator, Mr Leandro Gobbo for services provided in connection with the Option Agreement.

### Program of Works and Use of Funds

The Option Agreement allows for clear identification of drill targets prior to the potential full acquisition of the Project areas, either in full or in part (at the Company's election). The planned works for the Caraíbas and Sidrônio projects will naturally overlap with works on the Esperança Project meaning that IP gathered during work on each project will further allow thesis development across all tenements. This also means that an economy of scale can be shared between projects due to their close proximity to each other.

Specific works on the Esperança Project will focus on further ground reconnaissance, rock chip sampling and soil sampling (if required) to identify appropriate drill targets. Areas of interest will be sampled and mapped and incorporated into the geological thesis and model. Current ongoing works at the Caraíbas and Sidrônio projects will be expanded to incorporate the Esperança Project area. An allocation of A\$100,000 has been made for these works over the next 12-months.

***Approved for release by the Board of Directors***

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**More information at [www.lightningminerals.com.au](http://www.lightningminerals.com.au)**

## ABOUT LIGHTNING MINERALS

Lightning Minerals is a mineral exploration company, listed on the Australian Securities Exchange (ASX:L1M) and focused on the exploration of critical minerals and lithium at its tenements across Western Australia. The Company's flagship Dundas project is located in the prolific Dundas region of Western Australia. The recent acquisition of the Caraíbas and Sidrônio projects in Minas Gerais, Brazil are potentially transformational to the Company's success in the lithium sector. The Company also owns the Dalmas and Hiver lithium projects in Quebec, Canada, another significant and evolving lithium region globally as well as other projects in Western Australia which include Mt Jewell, Mt Bartle and Mailman Hill which are prospective for base metals and critical minerals.

## FORWARD LOOKING STATEMENTS

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

## REFERENCES TO PREVIOUS ANNOUNCEMENTS

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and that all material assumptions and technical parameters have not materially changed. The Company also confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. The announcement does not contain any new exploration results or data.