



HIPO Resources Limited

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## ASX ANNOUNCEMENT

31 October 2018

### Quarterly Activities Report for Period Ended 30 September 2018

#### Highlights:

- **Successfully concluded technical and legal due diligence at the highly prospective Kamola Lithium Project, Democratic Republic of Congo (DRC)**
- **Secured strategic partnership with St George Eco Mining Limited to unlock value at the Kamola lithium project**
- **Option to acquire an 80% interest in cobalt and copper exploration projects, DRC**
- **Executed heads of agreement with Next Battery Limited to earn up to 35% of *Next-Battery***
- **Engagement of 1620 Capital Ltd to access their technical and logistical support in the DRC and aid HIP in low-cost exploration and development works**

Hipo Resources Limited (**ASX: HIP**) (**HIPO** or the **Company**) provides its Quarterly Activities Report for the period ended 30 September 2018.

#### **Kamola Lithium Project, DRC**

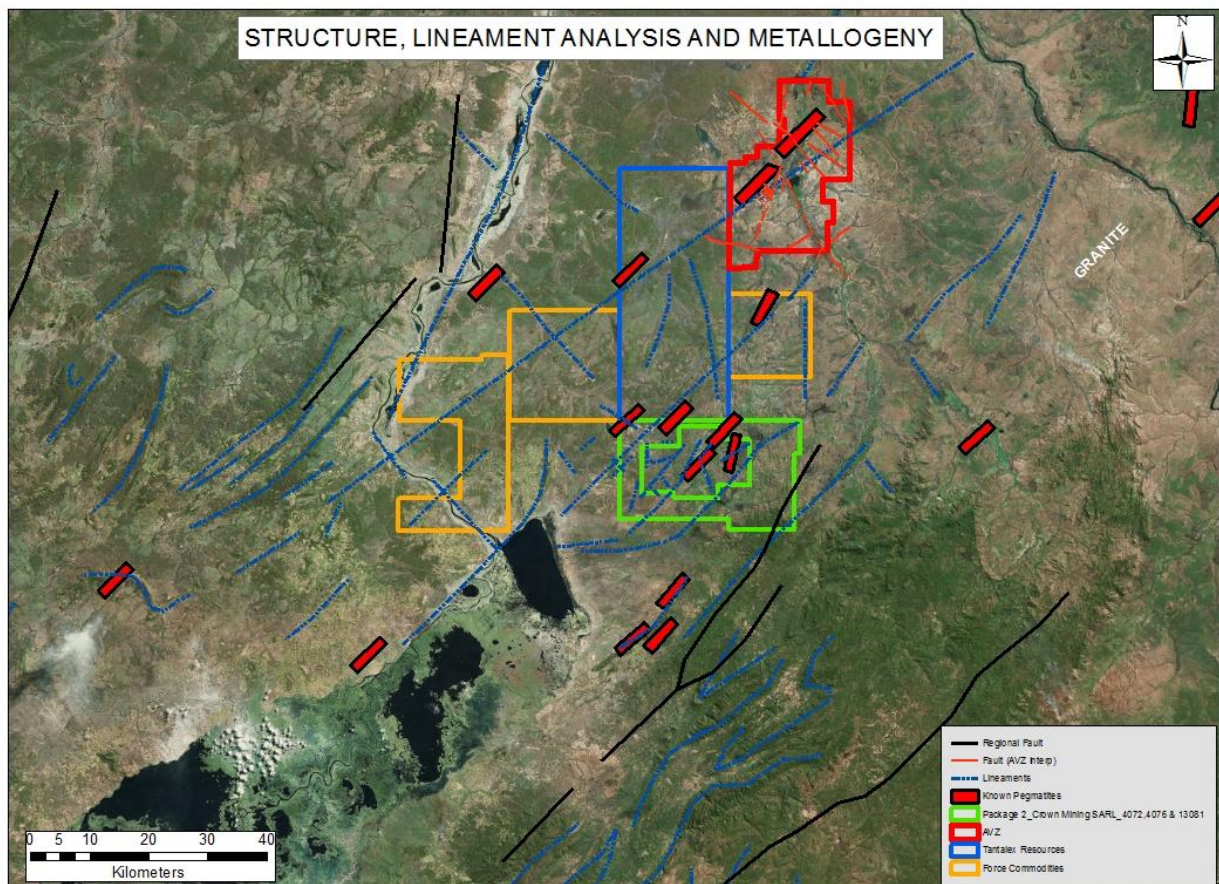
On 13 July 2018, the Company announced the successful completion of technical and legal due diligence of the Kamola lithium project, DRC.

The Kamola Lithium Project Joint Venture, to be held 60% by HIPO and 40% by Crown, will focus on the contiguous Mining License PE 13081 and Exploration Licenses PR 4072 and 4076. The licenses are located in the prolific, proven and world class Manono and Kitolo Lithium pegmatite belt. Other companies with assets in the area are AVZ Minerals Limited (ASX: AVZ), Force Commodities Limited (4CE.AX) and Tantalex Resources Corp (TSX: TTX).

The Company's joint venture partner, Crown Mining, is an established tin and tantalum mining company in the DRC. Crown acquired the mining and exploration licenses in 2008 that make up the Kamola Lithium Project.



Crown employs conventional open pit mining operations within alluvial sand layers that host cassiterite and columbite (minerals that are typically found as part of concurrent lithium mineralisation). Crown produces tin and tantalum concentrates from its Kamola operations that are exported to international markets.



**Image 1: Location of the Company's Kamola Lithium Project and mapped pegmatites**

Terms of the Kamola Lithium Project Joint Venture (JV) have been agreed and both parties will shortly execute necessary documentation. The JV is the catalyst for a more intensive exploration program to better test the known pegmatites located on the project.

Upon formal JV completion, the Company will immediately send geologists on site to complete, amongst other things:

- A further evaluation of surface geology over as much of the PR permit as possible and adjacent PE4072 and PE4076, including the extent and type of cover;
- Map the known pegmatite/s at a scale of 1:2000 or 1:5000 as appropriate;
- Take grab or chip sample outcrops and pitting as appropriate; and



- Discern the nature of lithium mineralisation as much as possible and the structure of the pegmatite. This will allow planning to proceed for a comprehensive drilling programme.

An independent report (available December 2018) will summarize all aspects of the work above with an emphasis on drill planning.

### **Cobalt project, DRC**

On 22 August 2018, the Company announced that it had secured an exclusive option over an 80% interest in two highly prospective cobalt and copper licenses in the DRC. PR 13283 and 13284 are located along the Mesoproterozoic Kibarian belt, constituted of metasedimentary and plutonic rocks hosted Ta-Nb-Li-W-Sn and Au mineralisations and the Neoproterozoic Katangan sediments hosted Cu-Co mineralisation. In the region of Kolwezi, the contact between these two belts is visible and is marked by a basal conglomerate. The strike of this contact is NE-SW and dipping toward SE. Each PR licence is approximately 24km<sup>2</sup>. The licenses have been subject to historical work undertaken by a number of groups in prior years. As part of its advanced exploration works, HIPO will be further analysing this historical data.

### **Strategic Partnership with St George Eco Mining Limited**

On 9 August 2018, the Company announced that it had entered into a strategic partnership and memorandum of understanding (“MOU”) with St George Eco Mining Limited (“St George”) where St George has agreed to provide exclusive research and development services, utilising products, extraction methods and proprietary technology to develop HIPO’s Kamola lithium project in respect of the separation, recovery, and purification of lithium from its identified lithium bearing pegmatites.

The St George technology, research and development package looks at developing innovative lithium recovery techniques which optimise project economics.

### ***Next-Battery***

On 29 August 2018, the Company announced that it had entered into an earn-in agreement with Next-Battery Limited. Pursuant to the agreement with Next Battery, the Company would acquire an initial 25% interest in *Next-Battery* by funding US\$500,000 towards an agreed budget for the development of the *Next-Battery* technology. The Company has the ability to acquire an additional 10% of *Next-Battery* through the meeting of an additional US\$1,000,000 in expenditure. The *Next-Battery* technology has the potential to demonstrate a (minimum) 100% increase in the specific energy of its commercial battery prototype, which could potentially double the EV driving range, assuming the same weight of battery.



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After the September quarter, on 4 October the Company provided an update on *Next-Battery's* progress. *Next-Battery's* Ukrainian laboratory has commenced production of the first Cathode for the battery prototype using its thin film technology to create a unique lattice structure. Production and testing of the Cathode are key stages for *Next-Battery* as it develops its superior battery prototype.

*Next-Battery* is well advanced with demonstrating a state-of-the-art prototype battery that will aim to show a minimum 50% increase in specific energy along with a faster charge rate, then target a minimum 100% increase in specific energy from the best commercial lithium-ion batteries today, such as the new Tesla/Panasonic 2170 cell used in the Model 3 battery pack. This should double driving range, assuming the same weight of battery.

The Company has a cash balance of \$1.15 million at quarter-end.

Value catalysts this quarter include:

- Formal JV terms with Crown on the Kamola Lithium Project announced;
- Early stage exploration results from the Kamola Project; and
- *Next-Battery* milestones being delivered and reported.

-ENDS-

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**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



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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.

### Competent Person Statement

*The information in this report that relates to exploration results and geological interpretation has been compiled by Mr Willard Matola Mbalaka. Mr Mbalaka is a full-time employee and Principal Consultant at South African geological consultancy and advisory firm, Kweneng Group and an independent consultant to the Company. A member of the Geological Society of South Africa (GSSA) and the South African Institute of Mining and Metallurgy, Mr Mbalaka is registered as Professional Scientist with the South African Council for Professional Natural Scientific Professions (SACNASP) which is a Recognised Professional Organisation (RPO). Mr Mbalaka has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code (2012)). Mr Mbalaka consents to the disclosure of this information in this report in the form and context in which it appears.*

In accordance with Listing Rule 5.3.3 HIPO Resources Limited (ASX Code: HIP) advises the details of the tenements held by the Company or its subsidiaries as at 30 September 2018.

Tenements	Acquired during the quarter	Disposed during the quarter	Held at end of quarter	Country
Mining License 4651	-	100% <sup>1</sup>	Nil	Uganda
Exploration License 1534	-	100%	Nil	Uganda

<sup>1</sup> The Company retains a 75% farm-in right in the Busumbu Phosphate Project (refer announcement 15 June 2018), which sits within ML 4651 and EL 1534. As announced on 15 June 2018, HIPO and Namekara Mining Company reached an agreement with African Minerals Ventures Ltd to earn 51% of the Busumbu Phosphate Project ("project") by spending US\$3m over 3 years. HIPO's residual 24% interest is carried during the earn in period.