

20 September 2016

## **GREENPOWER ENERGY SIGNS AGREEMENT TO ACQUIRE UP TO A 74% INTEREST IN GUYANESE LITHIUM AND TANTALUM PROJECT**

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### **HIGHLIGHTS**

- **GPP signs Binding Heads of Agreement with Guyana Strategic Metals Inc. to acquire up to a 74% interest in the Guyanese Morabisi Project, prospective for lithium and tantalum.**
- **Opportunity to move into the highly sought after lithium and tantalum sector in a stable mining friendly nation.**
- **District scale Lithium, Tantalum + Rare Earth Elements within LCT type pegmatites**
  - **Over 40 km of pegmatite vein/dyke network identified**
  - **Widespread Ta/Nb alluvial deposits identified historically**
- **Subject to due diligence, the Company may elect to earn-in to the Morabisi Project over four specific phases and, if successful, establish an unincorporated joint venture.**
- **The Company has the ability to withdraw from the earn-in at any time.**
- **Located within the southern margin of the Guiana Greenstone Belt and access by road from Georgetown. Associated with major continental shear zone.**

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Greenpower Energy Limited (ASX: GPP) (**GPP** or **Company**) is pleased to announce that it has executed a binding Heads of Agreement to acquire up to a 74% interest in the Morabisi Project located in Guyana, prospective for lithium and tantalum (**Morabisi Project**). The Morabisi Project is currently under application in the name of Guyana Strategic Metals Inc., a private Canadian company established by a group of mining professionals with significant Guyanese experience and in-country expertise (**GSM**) (the **Transaction**).

## Background

GSM was established to pursue strategic mineral opportunities in Guyana, a mining-friendly jurisdiction whose commitment to the industry is evidenced by the recent commissioning of three substantial gold mines (Guyana Goldfields' Aurora Gold Mine, Troy Resources' Kaburi Gold Mine and Goldsource's Eagle Mountain Gold Mine).

GSM has applied for a 950,000-acre Permission for Geological and Geophysical Survey (**PGGS**) which covers historically documented, wide spread, alluvial tantalum and niobium deposits.

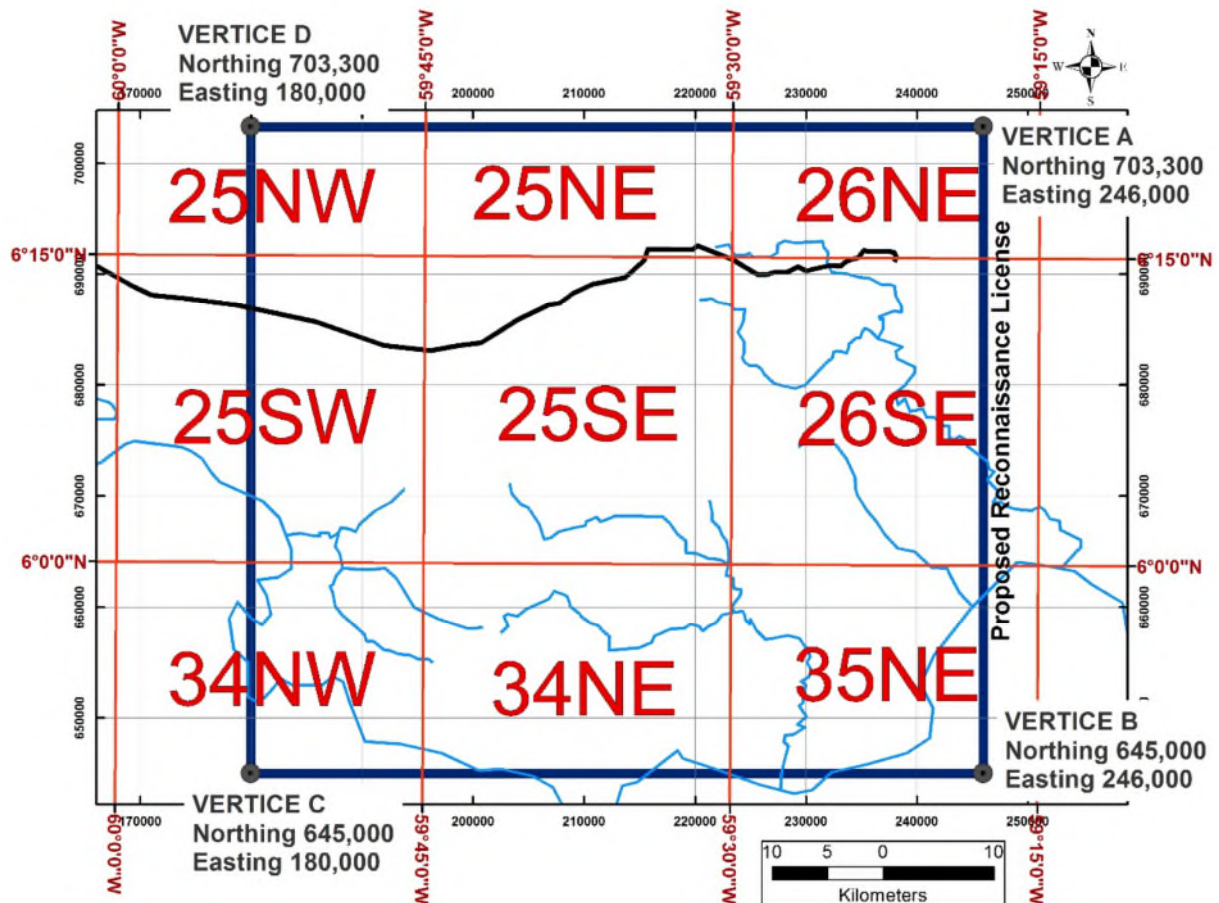
## The Opportunity

The recent global rise in demand for lithium for use in the mobile telecommunications and computer batteries industries, as well as the recent development of fully electric cars, has rendered lithium a strategically important commodity which is presently fiercely sought after. At the same time, tantalum also represents a high potential mineral in Guyana, due to the country's "non-conflict" status, which may represent a strategically important point of difference as compared with other sources of the mineral.

Over the past two years, GSM has undertaken a substantial amount of work in terms of identifying areas within Guyana which are prospective for lithium and tantalum (including compiling, interpreting and undertaking desktop work in relation to historical information).

The Morabisi Project area, in respect of which GSM has lodged an application for a reconnaissance licence with the Guyanese Minister of Governance & Natural Resources and Environment (**Project Area**), is believed by GSM to contain a favourable geological setting for lithium, with widespread presence of LCT Type Pegmatites. Further, historical exploration results also support the possibility that the Project Area may host district-scale tantalum mining potential.

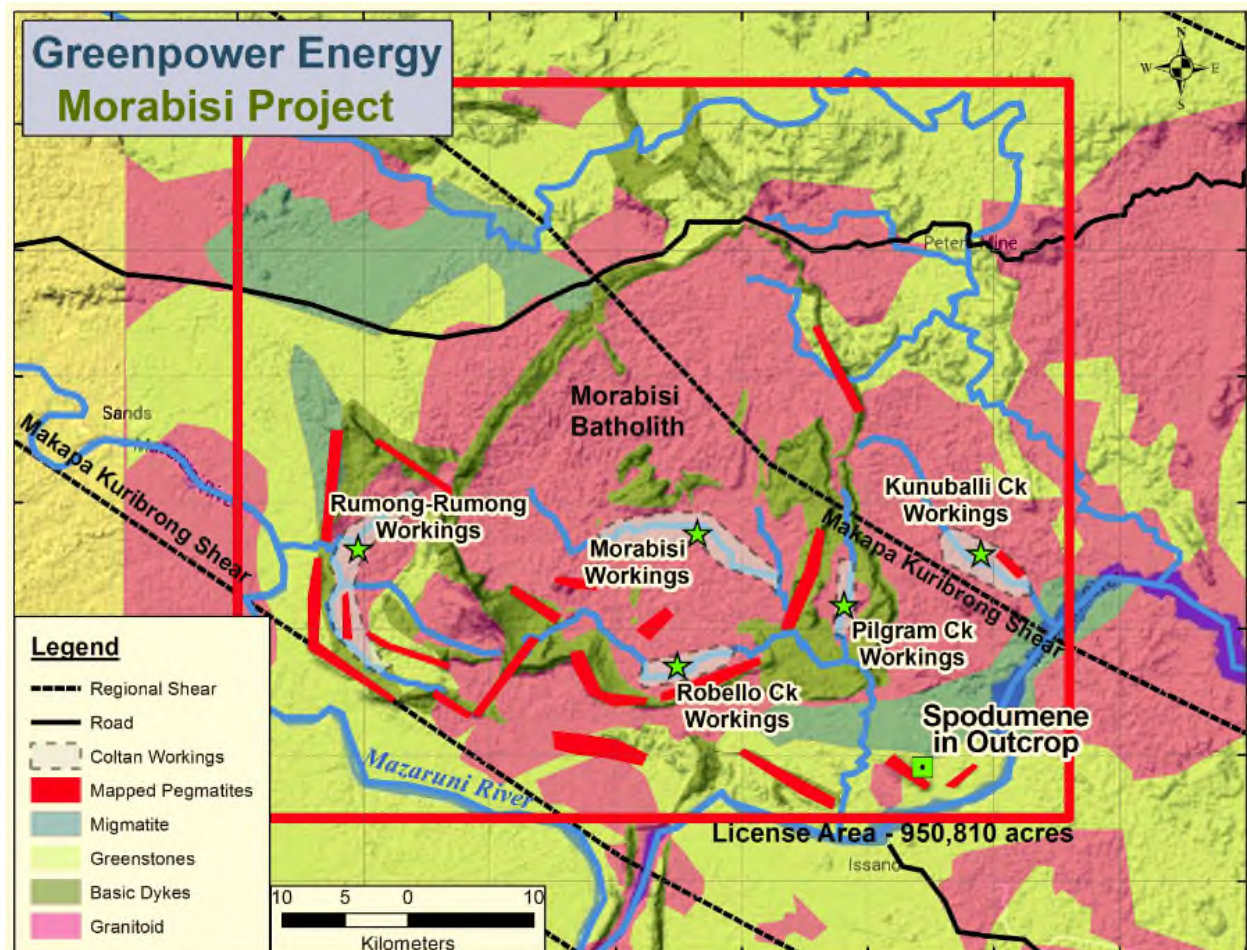
The Project Area is located in Guyana, in the Morabisi River area, a tributary of the Mazaruni River, Mining District number 3, Region 1. It encompasses a polygonal area of 950,810.1 acres, the coordinates of which are shown in the figure below:



**Figure 1:** Location of Permission for Geological and Geophysical Survey with Guyana Geology and Mines Commission's Guyana Mineral Property Status maps (25NE, 25NW, 25SE, 25SW, 26NW, 26SW, 34NE, 34NW, and 35 NW 1:50,000 scale sheet articulation) in the background.

GSM's reconnaissance licence application has lithium as top priority, with tantalum, niobium, rare earth elements (REE) and gemstones as second priorities, since they occur together in LCT Type Pegmatites, which are the ultimate focus of the intended project. Other strategic metals and minerals are also expected to occur in association with these, according to the geological literature studied in detail by GSM (including Caesium, Zirconium, Hafnium, Yttrium, Rubidium, Beryllium and REEs (Rare Earth Elements)). These strategic and rare metals are expected to be produced as by-products in a future mining project, whilst gemstones such as beryl, topaz, quartz and others are also known to occur in pegmatites and may also be the subject of the reconnaissance program to be undertaken upon grant of the tenement under application.





**Figure 2:** LCT type Pegmatite veins/dykes identified on margin of batholith with over 40 km of combined strike length. Spodumene has been identified in outcrop within quartz-microcline-tourmaline zone.

## Terms of the Transaction

The Transaction is subject to completion of due diligence to the satisfaction of the Company over a period of 45 days by way of payment of a \$40,000 option fee. If the Company is satisfied with the results of its enquiries, the Company will, subject to satisfying all required shareholder and regulatory approvals, proceed with a staged earn-in to the Morabisi Project as follows:

- **(Phase 1 Earn-in):** upon electing to proceed with the Phase 1 Earn-in, the Company will issue to GSM 12,500,000 fully paid ordinary shares in the capital of the Company (having a deemed issue price based on the then-applicable 30 day VWAP) (**Shares**). The Company must spend \$200,000 on the Morabisi Project within 6 months to earn an interest of 10% in the Morabisi Project;

- **(Phase 2 Earn-in):** upon electing to proceed to the Phase 2 Earn-in, the Company must issue to GSM 17,500,000 Shares (having a deemed issue price based on the then-applicable 30 day VWAP). The Company must spend a further \$500,000 on the Morabisi Project within a further period of 12 months to earn a further 25% interest in the Morabisi Project (giving GPP an aggregate interest of 35%);
- **(Phase 3 Earn-in):** upon electing to proceed to the Phase 3 Earn-in, the Company must make a cash payment of \$50,000 and issue to GSM 12,500,000 Shares (having a deemed issue price based on the then-applicable 30 day VWAP). The Company must spend a further \$1,000,000 on the Morabisi Project within a further period of 12 months to earn a further 16% interest in the Morabisi Project (giving GPP an aggregate interest of 51%); and
- **(Phase 4 Earn-in):** upon electing to proceed to the Phase 4 Earn-in, the Company must make a cash payment of \$50,000 and issue to GSM 10,000,000 Shares (having a deemed issue price based on the then-applicable 30 day VWAP). The Company must also free carry GSM through to completion of a bankable feasibility study in order to earn a further 23% interest (giving GPP an aggregate interest of 74%).

Following successful completion of the Phase 4 Earn-in, the parties will together form an unincorporated joint venture, to be managed by GPP (**Joint Venture**).

The consideration payments at the various Earn-in Phases are only payable if the Company elects (at its sole and unfettered discretion) to proceed with the respective Earn-in Phases. If the Company elects to withdraw at any stage prior to the formation of the Joint Venture, it will lose its respective interests in the Morabisi Project and will be required to meet a portion of the minimum expenditure requirements applicable on the project at that stage. However, if after the Phase 3 Earn-in the Company elects to withdraw, it will be entitled to receive a 1.5% net smelter return royalty from all minerals produced and sold from the Morabisi Project.

## **Project Area Geology and History**

### Recent geological studies – Guyana Geology and Mines Commission

The most important recent geological information covering the Project Area refers to a project funded by the Guyana Geology and Mines Commission (**GGMC**), named “Morabisi North-Kamawari Project: A Summary of Geochemistry, Geology and Structure”, dated June 2002. This project provided important information on the geology and geochemistry of the rocks present in the Project Area, which after careful analysis by GSM, led to the conclusion that the Morabisi area has a high probability of identification of a district-scale lithium deposit, as well as tantalum and niobium.

### Historical geological exploration

The geology along the Puruni River was compiled by Alderidge, 1959, but almost no previous work was done away from the Puruni River in the west and south of the Project Area. One map by Hawkes (1960) covers the western part of the area, but appears to be mainly derived from air-photo interpretation.

The SE of the area (mainly Kunabali Creek) was covered by two adjoining surveys conducted by Whyte (1953), and Bailey (1953). They identified columbite-tantalite occurrences in the headwaters of Kunabali Creek, as well as in the headwaters of Tiger Creek and Taparau Creek (Lower Puruni Project). Their work provided an impetus for further work by the Columbian Corporation. In the mid-1960s, a regional aeromagnetic and electromagnetic survey funded by the UN was flown by Canadian Aero Mineral Surveys Ltd (1967) over part of northern Guyana.

A good summary of the early survey exploration work is included in maps by Gibbs (1977), who separates fact from interpretation in a series of three maps showing sample locations, an outcrop map and a geological interpretation map. Abundant geological data from many previous authors is available in the northern-eastern part of the area around the known mineralized areas of Peter's Mine and Million Mountain.

A good summary of drainage sampling done in the area is included in Milner (1970). Detailed work by the United Nations included ground geophysics and grid soil sampling as well as diamond drilling of airborne electromagnetic (AEM) anomalies (1426m in 14 DDHs). A summary of geological, geophysical and drilling work is included in "Mineral Exploration For Phosphate, Rare Earths, Base Metals And Gold. Final Report" (P Fozzard, 1986). This does not include any information about drilling in Area 33 (Grid 3N - Kazoom Creek) done independently by the Geological Survey.

## Geophysics

The Morabisi North / Kamawari area was covered by an aeromagnetic survey flown in 1964/65 (Canadian Aero Mineral Services Ltd, 1967), which was interpreted in 1975 by Tyl and Reford of Canadian Aero Services. A small portion of the NE part of the area was also covered by an airborne IMPUT EM conductivity and scintillometer survey flown by Canadian Aero Mineral Surveys in 1964/65 (1966 report). Many of these were followed up and some drilled (Saha 1969), but no significant mineralization was found. None of this work located significant base metal sulphide mineralization. Diamond drilling (Figure 6) of five of the anomalies showed that they most were related to carbonaceous meta-sediment conductors, or to thin pyrite, pyrrhotite and chalcopyrite bands parallel to foliation (Fozzard 1986).

The aeromagnetic data shows distinct areas with magnetic highs, or abrupt magnetic gradients. Metabasic rocks are often magnetic in hand-specimen, but also form distinct topographic highs. Known areas of meta-basic rocks match well with the disturbed / magnetic high areas, though this may be partly due to ground effects. Known areas of Mazaruni Group meta-sediments and Younger Granites correlate with magnetically quiet areas. The Younger basic rocks surprisingly do not form distinct magnetic anomalies, though basalts are normally magnetic, and known basic dykes form distinct topographic features.

## Regional geology

In general terms, the geology of the Project Area is very similar to that seen in other parts of the Greenstone Belts of Guyana, with the oldest rocks consisting of the Lower Proterozoic Barama-Mazaruni Super-Group, intruded by Younger Granites, and both these units intruded by Younger Basic Rocks.

### *Bartica assemblage gneisses*

The 1:1,000,000 geological map of Guyana produced from 1:250,000 scale compilations by Barron (Walrond, 1987) shows Bartica assemblage in the NW part of the survey area. The only detailed historical map of this portion of the area that we have been able to find is by Hawkes (1960), who shows Bartica assemblage in this area. All outcrop information derived from other authors suggests that within the boundaries of the Project Area, the Bartica assemblage is not present.

### *Meta-basic rocks*

Meta-basalts and meta-gabbros occur in the north and NE of the field area, usually in the areas with higher laterite capped hills. Minor interbedded siliceous meta-sediments and basaltic tuffs are present. In rare cases pillow structures are still recognisable in the meta-basalts. In areas with a higher metamorphic grade, amphibolites appear to be the equivalent of this meta-basic unit.



### *Meta-volcanics*

Meta-cherts and siliceous exhalatives occur both with the meta-basic unit, and more commonly in the meta-volcanic unit. Some quartzites are also considered to be part of this unit. Quartzites appear in some cases to be by recrystallization derived from meta-cherts and high silica-rhyolites. Some carbonate bands were reported (Fozzard 1986) from United Nations diamond drill holes intercalated with meta-volcanics and it is possible that carbonates may be more widespread in this unit.

### *Meta-sediments*

The transition from a unit with predominantly meta-volcanic rocks to meta-sediments is gradual in the Project Area, with an increasing abundance of meta-pelite and meta-greywacke layers. Some polymictic conglomeratic units are also present. Clasts consist of volcanics, pelites and cherts. United Nations INPUT airborne EM conductors can almost all be correlated with lenses of carbonaceous meta-sediments in the upper part of the meta-volcanic unit, or the lower part of the meta-sedimentary unit. UN interpretation of this data suggested that the pattern of folding and faulting was illustrated by the EM data.

### *Small acid intrusions*

United Nations mapping in the NE of the project area identified a generally weakly deformed meta-diorite sill, previously mapped as the Spokane Landing Stock. The age and stratigraphic significance of this unit is not clear; it may be a sub-volcanic sill related to the meta-volcanics, or be younger. The Million Mount Stock is a composite intrusion, varying from granodioritic, dioritic to quartz porphyry. Strong hydrothermal alteration has affected large parts of this intrusion, and obscured any possible metamorphic effects.

### *Younger granites*

Geological information about the Morabisi Batholith in this area is derived from the GGMC Morabisi North – Kamawari Project, A Summary of Geochemistry, Geology and Structure, dated June 2002 and the United Nations work. Outcrops of this unit are generally small, and scattered, and topography is subdued, with large areas of swamp. Previous authors (e.g. Allen 1963), have attempted to separate the Morabisi batholith into separate rock types, but not enough outcrop is present to support this. However enough evidence is present to suggest that this is a composite intrusion.

This rock type, as well as the LCT Type Pegmatites that occur near its contacts with country rocks, are considered the primary source for the lithium, tantalum, niobium, REE and gemstones mineralization within the Project Area, representing the main focus of the project.



### *Younger basic rocks*

These can be divided into two main groups; large doleritic to gabbroic bodies, and small basaltic to doleritic linear dykes. Gibbs and Barron (1993) suggest that the larger intrusions (Avanavero Suite) are older than the small dykes (PAPA dykes – Post Avanavero, pre-Apatoe). Petrologically, there is at least one significant difference, in that only the larger basic intrusions (and not all of these), appear to contain late stage quartz and biotite. In the southern part of the Project Area, the Younger Basic rocks occur as a roughly circular series of dykes enclosing part of the Morabisi Batholith. Rather than being a true ring dyke complex, it is thought that this shape is related to intrusion along faults with a number of different orientations.

This rock type is also closely associated with the presence of LCT Type Pegmatites that represents the primary source for the lithium, tantalum, niobium, REE and gemstones mineralization in the Project Area, representing the main focus of the project.

*GPP Executive Director, Gerard King commented, “a move into the lithium and tantalum sector is a logical next step for GPP because it keeps the company’s core business activities in the energy sector. This transaction positions the company to take advantage of an exciting new opportunity.”*

The Company will keep shareholders informed on the status of its due diligence enquiries in due course.

### **ENDS**

### **For further information:**

Gerard King  
Chairman of the Board