



## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Shareholders of Greenwing Resources Ltd ('Greenwing Resources' or the 'Company') will be held as follows:

**TIME:** 10.00am (Brisbane time)

**DATE:** Monday, 19 December 2022

**LOCATION:** Level 21, 110 Mary Street, Brisbane, Queensland 4000

Words and phrases used in the Resolutions are defined in Section 8 of the accompanying Explanatory Statement and these words and phrases have the same meaning in this Notice of General Meeting as defined in the Explanatory Statement.

This Notice should be read in its entirety in conjunction with the accompanying Explanatory Statement and Independent Expert's Report. The Independent Expert has concluded that the Proposed Transaction is **FAIR AND REASONABLE** to non-associated Shareholders.

The Board unanimously recommends that Shareholders vote to approve each of the Resolutions and intends to vote all Shares which they hold or control in favour of each of the Resolutions.

### AGENDA

#### SPECIAL BUSINESS

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##### Resolution 1 – Approval to issue Placement Shares

To consider and, if thought fit, to pass, the following Resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolutions 2, 3 and 4, for the purposes of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of 21,818,182 Shares to Blue Northstar Limited or its nominee on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting."*

A voting exclusion statement is set out below.

##### Resolution 2 – Approval to grant and exercise Call Option

To consider and, if thought fit, to pass, the following Resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolutions 1, 3 and 4, for the purposes of Listing Rule 10.1, and for all other purposes, Shareholders approve the grant of the Call Option by the Company to Blue Northstar Limited or its nominee and any subsequent exercise of the Call Option by Blue Northstar Limited or its nominee, on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting."*

Shareholders should consider the Independent Expert's Report prepared by the Independent Expert set out in Annexure C before voting on Resolution 2. The Independent Expert has determined that the Proposed Transaction is **FAIR AND REASONABLE** to non-associated Shareholders.

A voting exclusion statement is set out below.

### **Resolution 3 – Approval to enter into the Offtake Agreement**

To consider and, if thought fit, to pass, the following Resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolutions 1, 2 and 4, for the purposes of Listing Rule 10.1, and for all other purposes, Shareholders approve the Company to enter into the Offtake Agreement and the sale of product under it to Blue Northstar Limited or its nominee on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting."*

Shareholders should consider the Independent Expert's Report prepared by the Independent Expert set out in Annexure C before voting on Resolution 3. The Independent Expert has determined that the Proposed Transaction is **FAIR AND REASONABLE** to non-associated Shareholders.

A voting exclusion statement is set out below.

### **Resolution 4 – Approval to grant and exercise rights of Call Option Security**

To consider and, if thought fit, to pass, the following Resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolutions 1, 2 and 3, for the purposes of Listing Rule 10.1, and for all other purposes, Shareholders approve the grant of the Call Option Security by the Company to Blue Northstar Limited or its nominee and any subsequent exercise of rights thereunder by Blue Northstar Limited or its nominee, on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting."*

Shareholders should consider the Independent Expert's Report prepared by the Independent Expert set out in Annexure C before voting on Resolution 4. The Independent Expert has determined that the Proposed Transaction is **FAIR AND REASONABLE** to non-associated Shareholders.

A voting exclusion statement is set out below.

### **Resolution 5 – Election of Mr Alan Zeng as a Non-Executive Director**

To consider and, if thought fit, to pass, the following Resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolutions 1, 2, 3 and 4, Mr Alan Zeng, being eligible, be elected as a non-executive director of the Company with effect from completion of the Placement."*

## VOTING PROHIBITIONS AND EXCLUSION STATEMENTS

Under Listing Rule 14.11, the Company will disregard any votes cast in favour of the following Resolutions by or on behalf of the following persons excluded from voting, or an associate of those persons:

Resolution	Persons excluded from voting
Resolution 1 – Approval to issue Shares	Blue Northstar Limited and any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity).
Resolution 2 – Approval to grant and exercise Call Option	Blue Northstar Limited and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity).
Resolution 3 – Approval to enter into the Offtake Agreement	Blue Northstar Limited and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity).
Resolution 4 – Approval to grant and exercise rights of Call Option Security	Blue Northstar Limited and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity).

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the General Meeting as proxy or attorney for the person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary, provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## EXPLANATORY STATEMENT

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of General Meeting for further explanation of the Resolutions.

## PROXIES

We encourage you to complete and return the enclosed Proxy Form. In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

The Chair of the Meeting intends to vote all undirected proxies in favour of Resolutions 1 to 5.

## **CORPORATE REPRESENTATIVES**

A body corporate that is a shareholder, or which has been appointed as proxy, may appoint an individual to act as its representative at the General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the General Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

## **OBTAINING A COPY OF THIS NOTICE**

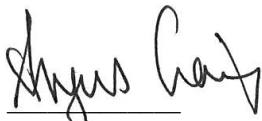
This Notice, together with the Explanatory Statement and Independent Expert's Report, is available in electronic form on the ASX website as well as on the Company's website at <http://www.greenwingresources.com>. Shareholders may also request a hard copy of this Notice, together with the Explanatory Statement and Independent Expert's Report, at no cost by contacting the Company at +61 7 3063 3233 during 9.00am to 5.00pm (Brisbane time) from Monday to Friday (other than public holidays), or by email at [info@greenwingresources.com](mailto:info@greenwingresources.com).

## **DATE FOR DETERMINING HOLDERS OF SHARES**

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Directors have set a date to determine the identity of those entitled to attend and vote at the General Meeting. For the purposes of determining voting entitlements at the General Meeting, Shares will be taken to be held by the persons who are registered as holding at 7:00 pm (AEDT) on 17 December 2022. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

Dated this 18 November 2022

By order of the Board



**Angus Craig**  
Company Secretary

## EXPLANATORY STATEMENT TO SHAREHOLDERS

### 1. ACTION TO BE TAKEN BY SHAREHOLDERS

This Explanatory Statement sets out information about the Resolutions to be considered by the Shareholders at the General Meeting. Defined terms used in this Explanatory Statement are set out in Section 8. Accompanying this Explanatory Statement is the Notice of General Meeting convening the General Meeting and a Proxy Form.

Shareholders are encouraged to attend and vote on the Resolutions to be put to the General Meeting. If a Shareholder is not able to attend and vote at the General Meeting, the Shareholder may complete the Proxy Form and return it not later than 48 hours before the time specified for the commencement of the General Meeting.

The Board unanimously recommends that Shareholders vote to approve each of the Resolutions and intends to vote all Shares which they hold or control in favour of each of the Resolutions.

### 2. PURPOSE OF THE GENERAL MEETING

On 26 September 2022, the Company announced to the ASX that it had entered into a strategic funding transaction with NIO Inc. (through its wholly owned subsidiary Blue Northstar Limited) (**Investor**) including:

- a placement of 21,818,182 Shares (**Placement Shares**) to the Investor (or its nominee) to raise approximately A\$12,000,000 (before costs) pursuant to the terms of the Subscription Agreement (**Placement**);
- the grant of a call option to the Investor (or its nominee) to acquire, at the Investor's election, between 20% to 40% of the issued capital of Andes Litio SA (**Andes Litio**), which holds option rights over the San Jorge Lithium Project, at an exercise price of between US\$40 to US\$80 million subject to certain adjustments, pursuant to the terms of the Call Option Deed (**Call Option**);
- upon exercise of the Call Option, the Investor will have direct rights to offtake production in the San Jorge Lithium Project based on its then-effective equity interest in Andes Litio and, subject to any necessary Shareholder approvals under the ASX listing rules, will also have the right to match any offer to purchase the remaining offtake share; and
- the Company's obligations under the Subscription Agreement and Call Option Deed will be secured by a first ranking security pledge over 40% of the issued shares in Andes Litio, pursuant to the terms of the Security Deed (**Call Option Security**),

(together, the **Proposed Transaction**).

A summary of the material terms of the key transaction documents, comprising the Subscription Agreement, Call Option Deed, Security Deed is set out in Annexure A to this Explanatory Statement.

The Proposed Transaction remains subject to the satisfaction of various conditions precedent by 28 February 2023, including approval by Shareholders of various matters. Accordingly, this General Meeting has been convened for the purpose of considering the Resolutions required to implement the Proposed Transaction, which are set out in the Notice of General Meeting and explained in more detail below.

Below is an indicative timetable for the Proposed Transaction:

Event	Indicative date and time
Date of this Notice of Meeting	Friday, 18 November 2022
General Meeting	10.00am (Brisbane time) on Monday, 19 December 2022
Completion of Placement, grant of Call Option and Call Option Security	Thursday, 12 January 2023

Dates are indicative only. The Company reserves the right to amend the timetable without notice subject to the Corporations Act, the Listing Rules and applicable laws.

### **3. RESOLUTION 1 – APPROVAL TO ISSUE PLACEMENT SHARES**

#### **3.1 Background**

Resolution 1 seeks Shareholder approval to issue the Placement Shares to the Investor to raise approximately A\$12,000,000 (before costs), pursuant to the terms of the Subscription Agreement. The Company has received A\$1,000,000 as a deposit towards the Placement proceeds. If the Placement does not proceed, then the Company will repay the deposit to the Investor within 5 business days of the Subscription Agreement being terminated.

A summary of the material terms of the Subscription Agreement is set out in Annexure A to this Explanatory Statement.

On completion of the Placement, the Investor will hold a shareholding of approximately 14.76% based on the Company's current issued capital as at the date of this Notice.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period. The Placement does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

If Resolution 1 is passed, then subject to Resolutions 2, 3 and 4 also being passed and the other conditions to completion under the transaction documents (such key conditions are summarised in Annexure A), the Company will be able to proceed with the Proposed Transaction. In addition, the issue of the Placement Shares will be excluded from the calculations of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 1 is not passed, the Company will not be able to proceed with the Proposed Transaction. In particular, the Placement will also not proceed, and the Company will not receive the Placement proceeds and must repay the A\$1,000,000 deposit to the Investor within 5 business days of the Subscription Agreement being terminated.

Resolution 1 is subject to the passing of Resolutions 2, 3 and 4. Shareholders who vote in favour of this Resolution 1 should also vote in favour of Resolutions 2, 3 and 4.

#### **3.2 Information required by Listing Rule 7.3**

The following information is provided to Shareholders in relation to Resolution 1:

Name of person to whom securities are to be issued	Blue Northstar Limited or its nominee
Number and class of securities proposed to be issued	21,818,182 fully paid ordinary shares
Terms of the securities	Fully paid ordinary shares ranking equally with all other fully paid ordinary shares on issue
Date by which securities will be issued	On the date 15 business days (as defined in the Subscription Agreement) after the satisfaction or waiver of all conditions precedent set out in the Subscription Agreement (summarised in Annexure A), or another date agreed between the Company and the Investor, and in any event no later than 3 months after the date of this Meeting.
Issue price or consideration	A\$12,000,000.
Purpose of the issue	A minimum of 80% of the proceeds of the Placement will be used for the San Jorge Lithium Project, with remaining amounts to be used for general working purposes and costs of the Proposed Transaction.
Material terms of the agreement	Refer to Annexure A.
Voting exclusion statement	Refer to the voting exclusion statement set out in the Notice of Meeting.

### 3.3 Recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 1.

The Chair of the Meeting intends to vote all undirected proxies in favour of Resolution 1.

## 4. RESOLUTION 2 – APPROVAL TO GRANT AND EXERCISE CALL OPTION

### 4.1 Background

The Company is proposing to grant a Call Option to the Investor (or its nominee) to acquire, at the Investor's election, between 20% to 40% of the issued capital of Andes Lito (**Call Option Shares**), at an exercise price between US\$40 to US\$80 million subject to certain adjustments, pursuant to the terms of the Call Option Deed. Andes Lito is a wholly owned subsidiary of Greenwing Resources and holds option rights over the San Jorge Lithium Project. The grant of the Call Option is subject to completion of the Placement and if the Placement is not completed then the Call Option will not be granted.

A summary of the material terms of the Call Option Deed is set out in Annexure A to this Explanatory Statement.

Listing Rule 10.1 provides that a listed company must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

- 10.1.1: a related party;
- 10.1.2 : a child entity;
- 10.1.3 : a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the company;
- 10.1.4 : an associate of a person referred to in Listing Rules 10.1.1 to 10.1.3; or
- 10.1.5 : a person whose relationship with the company or a person referred to in Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the issue or agreement should be approved by shareholders,

unless it obtains the approval of its shareholders.

The Call Option Shares are a 'substantial asset' for the purposes of Listing Rule 10.1.

The Investor is currently not a person who falls within Listing Rules 10.1.1 to 10.1.5 and accordingly, the grant of the Call Option to the Investor does not require approval under Listing Rule 10.1. However, upon completion of the Placement the Investor will fall within Listing Rule 10.1.3, being a person who is or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the Company.

Accordingly, if the grant of the Call Option has not been approved by Shareholders, then to the extent the Investor continues to fall within Listing Rule 10.1.3 (or another category under Listing Rule 10.1) and the Call Option Shares remain a 'substantial asset', the exercise of the Call Option by the Investor would require the approval of Shareholders for the purposes of Listing Rule 10.1.

The purpose of Resolution 2 is therefore to seek Shareholder approval for the grant and any future exercise of the Call Option by the Investor.

If Resolution 2 is passed, then subject to Resolutions 1, 3 and 4 also being passed, the Company will be able to proceed with the Proposed Transaction.

If Resolution 2 is not passed, the Company will not be able to proceed with the Proposed Transaction. In particular, the Placement will also not proceed, and the Company will not receive the Placement proceeds and must repay the A\$1,000,000 deposit to the Investor within 5 business days of the Subscription Agreement being terminated.

Resolution 2 is subject to the passing of Resolutions 1, 3 and 4. Shareholders who vote in favour of this Resolution 2 should also vote in favour of Resolutions 1, 3 and 4.

#### 4.2 Information required by Listing Rule 10.5

The following information is provided to Shareholders in relation to Resolution 2:

The name of entity to whom the entity is disposing of the substantial asset	Blue Northstar Limited or its nominee
Category that entity under rules 10.1.1 – 10.1.5 falls into and why	The Investor is currently not a person who falls within Listing Rules 10.1.1 to 10.1.5. However, upon completion of the Placement, the Investor will fall within Listing Rule 10.1.3, being a person who is or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the Company.
Details of the asset being disposed of	The Call Option will give the Investor the right to acquire, at its election, between 20% to 40% of the issued capital of Andes Litio.
The consideration for the disposal	The Call Option is granted in consideration of the Placement. Accordingly, no additional funds will be received for the grant of the Call Option. If the Call Option is exercised, the Company will receive between US\$40 million to US\$80 million for the issue or sale of the Call Option Shares, adjusted on a pro rata basis depending on the percentage of Andes Litio the Investor elects to acquire (being between 20% to 40%). The exercise price for the Call Option is based on certain assumptions and outcomes being achieved as summarised in Annexure A.
The intended use of funds (if any) received for the disposal	The intended use of funds for the Placement is specified in Section 3.2. If the Call Option is exercised by the Investor, the funds will be used in accordance with the terms of the Call Option Deed (as summarised in Annexure A), including to accelerate outstanding option payments over the San Jorge Lithium Project, with 80% of the remaining proceeds to contribute to funding for Greenwing Resources' pro rata share of the development expenses and the balance for working capital requirements.
The timetable for completing the disposal	The Call Option will be granted on completion of the Placement. The Call Option may be exercised within 365 days after a JORC Report for the San Jorge Lithium Project is issued or obtained.



Summary of material terms of the Call Option Deed	Refer to Annexure A.
Voting exclusion statement	Refer to the voting exclusion statement set out in the Notice of Meeting.
Report on the transaction from an independent expert.	Shareholders should consider the Independent Expert's Report prepared by the Independent Expert set out in Annexure C before voting on Resolution 2. The Independent Expert has determined that the Proposed Transaction is <b>FAIR AND REASONABLE</b> to non-associated Shareholders.

### 4.3 Recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 2.

The Chair of the Meeting intends to vote all undirected proxies in favour of Resolution 2.

## 5. RESOLUTION 3 – APPROVAL TO ENTER INTO THE OFFTAKE AGREEMENT

### 5.1 Background

As part of the Proposed Transaction, Andes Lito will enter into an offtake agreement with the Investor and Greenwing Resources, respectively, based on the key terms set out in Annexure B to this Explanatory Statement (**Offtake Agreement**), with the intention that the Offtake Agreement will be entered into between Andes Lito and the Investor if and when the Call Option is exercised by the Investor and completion occurs. Accordingly, if the Placement is not completed or the Call Option is not exercised, then the Offtake Agreement will not be entered into.

In summary, each of Greenwing Resources and the Investor will be entitled to offtake a percentage of the products produced from the San Jorge Lithium Project equivalent to its then-effective shareholding percentage in Andes Lito, an arrangement commonly seen in unincorporated joint ventures. In addition, the Investor would also, subject to any further Shareholder approval required under Listing Rule 10.1, have a priority right to match any offers received by the Company in respect of the Company's share of production from the San Jorge Lithium Project.

It should be noted that disposal of the offtake will remain subject to a number of factors, including amongst other things whether the Call Option is exercised, and the Offtake Agreement is entered into and whether the San Jorge Lithium Project, which is currently still in the early stages of exploration, will be developed into a production asset.

Listing Rule 10.1 provides that a listed company must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to, persons specified in Listing Rules 10.1.1 to 10.1.5, unless it obtains the approval of its shareholders. Listing Rule 10.1 is summarised above in Section 4.1.

If the San Jorge Lithium Project is unable to be restructured as an unincorporated joint venture, then the disposal by Andes Lito to the Investor of a percentage of the products produced from the San Jorge Lithium Project equivalent to the Investor's then-effective shareholding percentage in Andes Lito (initially between 20% to 40% based on the Call Option) would likely be a 'substantial asset' for the purposes of Listing Rule 10.1.

The Investor is currently not a person who falls within Listing Rules 10.1.1 to 10.1.5. However, upon completion of the Placement the Investor will fall within Listing Rule 10.1.3, being a person who is or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the Company.

Accordingly, to the extent the Investor continues to fall within Listing Rule 10.1.3 (or another category under Listing Rule 10.1) upon exercise of the Call Option and completion thereunder, the entry by Andes Lito into the Offtake Agreement would require the approval of Shareholders for the purposes of Listing Rule 10.1.

The purpose of Resolution 3 is therefore to seek Shareholder approval for entry into the Offtake Agreement.

If Resolution 3 is passed, then subject to Resolutions 1, 2 and 4 also being passed, the Company will be able to proceed with the Proposed Transaction.

If Resolution 3 is not approved, the Company will not be able to proceed with the Proposed Transaction. In particular, the Placement will also not proceed, and the Company will not receive the Placement proceeds and must repay the A\$1,000,000 deposit to the Investor within 5 business days of the Subscription Agreement being terminated.

Resolution 3 is subject to the passing of Resolutions 1, 2 and 4. Shareholders who vote in favour of this Resolution 3 should also vote in favour of Resolutions 1, 2 and 4.

## 6.2 Information required by Listing Rule 10.5

The following information is provided to Shareholders in relation to Resolution 3:

The name of entity to whom the entity is disposing of the substantial asset	Blue Northstar Limited or its nominee
Category that entity under rules 10.1.1 – 10.1.5 falls into and why	The Investor is currently not a person who falls within Listing Rules 10.1.1 to 10.1.5. However, upon completion of the Placement, the Investor will fall within Listing Rule 10.1.3, being a person who is or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the Company.
Details of the asset being disposed of	If the San Jorge Lithium Project is unable to be restructured as an unincorporated joint venture, then the Investor will be entitled to offtake a percentage of the products produced from the San Jorge Lithium Project equivalent to its then-effective shareholding percentage in Andes Litio.
The consideration for the disposal	To the extent practicable, the Investor will be entitled to offtake its share of the production (determined on a pro rata basis) and accordingly no consideration would be paid by the Investor for that offtake. However, to the extent that such arrangements are restricted by Argentinian law, Greenwing Resources and the Investor shall discuss and agree in good faith on the discount and rebate arrangements to apply to the offtake arrangements in respect of each of them and agree that the dividend distributions to be effected to each shareholder in Andes Litio shall be reduced to the extent such benefit has already been incorporated in the offtake arrangements between Andes Litio and such shareholder.
The intended use of funds (if any) received for the disposal	Not applicable.
The timetable for completing the disposal	Disposal of the offtake will remain subject to a number of factors, including, amongst other things, whether the Call Option is exercised and the Offtake Agreement is entered into and whether the San Jorge Lithium Project, which is currently still in the early stages of exploration, will be developed into a production asset.
Summary of material terms of the Offtake Agreement	Refer to Annexure B.
Voting exclusion statement	Refer to the voting exclusion statement set out in the Notice of Meeting.
Report on the transaction from an independent expert.	Shareholders should consider the Independent Expert's Report prepared by the Independent Expert set out in Annexure C before voting on Resolution 3. The Independent Expert has determined that the Proposed Transaction is <b>FAIR AND REASONABLE</b> to non-associated Shareholders.

### **6.3 Recommendation**

The Directors unanimously recommend Shareholders vote in favour of Resolution 3.

The Chair of the Meeting intends to vote all undirected proxies in favour of Resolution 3.

## **6. RESOLUTION 4 – APPROVAL TO GRANT AND EXERCISE RIGHTS OF CALL OPTION SECURITY**

### **6.1 Background**

As part of the Proposed Transaction, the Company has agreed to secure its obligations under the Subscription Agreement and the Call Option Deed by granting the Call Option Security to the Investor or its nominee pursuant to the terms of the Security Deed. The grant of the Call Option Security is subject to completion of the Placement and if the Placement is not completed then the Call Option Security will not be granted.

A summary of the material terms of the Security Deed is set out in Annexure A to this Explanatory Statement.

Listing Rule 10.1 provides that a listed company must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to, persons specified in Listing Rules 10.1.1 to 10.1.5, unless it obtains the approval of its shareholders. Listing Rule 10.1 is summarised above in Section 4.1.

The security being granted under the Call Option Security, being 40% of the issued shares in Andes Litio, is a 'substantial asset' for the purposes of Listing Rule 10.1.

The Investor is currently not a person who falls within Listing Rules 10.1.1 to 10.1.5 and accordingly, the grant of the Call Option Security to the Investor does not require approval under Listing Rule 10.1. However, upon completion of the Placement the Investor will fall within Listing Rule 10.1.3, being a person who is or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the Company.

Accordingly, if the grant of the Call Option Security has not been approved by Shareholders, then to the extent the Investor continues to fall within Listing Rule 10.1.3 (or another category under Listing Rule 10.1) and the shares in Andes Litio remain a 'substantial asset', the exercise by the Investor of its rights to enforce the Call Option Security would require the approval of Shareholders for the purposes of Listing Rule 10.1.

The purpose of Resolution 4 is therefore to seek Shareholder approval for the grant and any future exercise of rights under the Call Option Security by the Investor.

If Resolution 4 is passed, then subject to Resolutions 1, 2 and 3 also being passed, the Company will be able to proceed with the Proposed Transaction.

If Resolution 4 is not approved, the Company will not be able to proceed with the Proposed Transaction. In particular, the Placement will also not proceed, and the Company will not receive the Placement proceeds and must repay the A\$1,000,000 deposit to the Investor within 5 business days of the Subscription Agreement being terminated.

Resolution 4 is subject to the passing of Resolutions 1, 2 and 3. Shareholders who vote in favour of this Resolution 4 should also vote in favour of Resolutions 1, 2 and 3.

## 6.2 Information required by Listing Rule 10.5

The following information is provided to Shareholders in relation to Resolution 4:

The name of entity to whom the entity is disposing of the substantial asset	Blue Northstar Limited or its nominee
Category that entity under rules 10.1.1 – 10.1.5 falls into and why	The Investor is currently not a person who falls within Listing Rules 10.1.1 to 10.1.5. However, upon completion of the Placement, the Investor will fall within Listing Rule 10.1.3, being a person who is or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the Company.
Details of the asset being disposed of	The Investor is being granted a first ranking security over 40% of the issued shares in Andes Litio.
The consideration for the disposal	Not applicable
The intended use of funds (if any) received for the disposal	Not applicable
The timetable for completing the disposal	The Call Option Security will be granted on completion of the Placement. The Call Option Security will remain in place until the earlier of the satisfaction or expiry of the secured obligations under the Subscription Agreement and Call Option Deed, and 10 years after the date of the Security Deed.
Summary of material terms of the Security Deed	Refer to Annexure A.
Voting exclusion statement	Refer to the voting exclusion statement set out in the Notice of Meeting.
Report on the transaction from an independent expert.	Shareholders should consider the Independent Expert's Report prepared by the Independent Expert set out in Annexure C before voting on Resolution 4. The Independent Expert has determined that the Proposed Transaction is <b>FAIR AND REASONABLE</b> to non-associated Shareholders.

## 6.3 Recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 4.

The Chair of the Meeting intends to vote all undirected proxies in favour of Resolution 4.

## 7. RESOLUTION 5 – ELECTION OF MR ALAN ZENG AS A NON-EXECUTIVE DIRECTOR

### 7.1 Background

Pursuant to the terms of the Subscription Agreement, during the period following completion of the Placement and prior to the exercise or expiry of the Call Option, and thereafter for so long as the Investor continues to hold at least 10% of the Shares on issue, the Investor will be entitled appoint one nominee as a non-executive Director.

The purpose of Resolution 5 is to seek the approval of Shareholders to appoint Mr Alan Zeng, being the Investor's nominee, to the Board subject to and with effect from completion of the Placement.

Mr Alan Zeng joined NIO in September 2015, and now serves as Senior Vice President of Electric Drive System and EDS & BS Industrialization departments at NIO, and CEO of XPT.

Mr Zeng started working in SAIC-GM (Shenyang) Norsom Motors Co., Ltd. in 1999. Prior to NIO, he had assumed core management responsibilities in purchasing and supply chain in Dongfeng Peugeot-Citroën, Chrysler Asia Pacific Investment Co., Ltd., and Qoros Auto. Up to 20 years of experience in purchasing and supply chain management in multinational auto companies has brought him profound cross-cultural business management knowledge and a global view, with which he has

witnessed and contributed to the development and optimization of the automotive supply chain in China.

Mr. Alan Zeng has obtained an executive MBA degree from Peking University and a masters degree in Management Science and Engineering from Wuhan University of Technology.

As a nominee of the Investor (a substantial shareholder of the Company) at the time of the appointment of Mr Zeng, Mr Zeng will not be considered to be an independent director.

The Company has undertaken the appropriate checks into Mr Zeng's background and experience.

If Resolution 5 is passed, then subject to Resolutions 1, 2, 3 and 4 also being passed, Mr Zeng will be appointed to the Board as a non-executed Director with effect from completion of the Placement.

It is a condition precedent to the Placement that appointment of the Investor's nominee to the Board is approved by Shareholders. Accordingly, if Resolution 5 is not approved, then the Proposed Transaction will not proceed unless such condition is waived by the Investor (in its sole discretion). If the Investor exercises its right to waive the condition precedent, the Board may still appoint Mr Zeng to the Board to fill a casual vacancy or as an addition to the existing Directors in accordance with rule 9.6(a) of the Constitution, with effect from completion of the Placement, however such appointment would last only until the conclusion of the Company's next Annual General Meeting but Mr Zeng is eligible for election at that meeting.

Resolution 5 is subject to the passing of Resolutions 1, 2, 3 and 4. Shareholders who vote in favour of this Resolution 5 should also vote in favour of Resolutions 1, 2, 3 and 4.

## 7.2 Recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 5.

The Chair of the Meeting intends to vote all undirected proxies in favour of Resolution 5.

## 8. DEFINITIONS

In the Notice and this Explanatory Statement, the following terms having the meaning given below unless the context otherwise requires:

**AEDT** means Australian Eastern Daylight Time.

**Andes Lito** means Andes Lito SA, a wholly owned subsidiary of the Company established under the laws of Argentina.

**ASX** means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

**Board** means the Board of Directors of the Company.

**Call Option** has the meaning given to that term in Section 2.

**Call Option Deed** means Call Option Deed between the Company and the Investor dated 26 September 2022, relating to the grant of the Call Option.

**Call Option Security** has the meaning given to that term in Section 2.

**Company** or **Greenwing Resources** means Greenwing Resources Limited ACN 109 933 995.

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice of General Meeting.

**General Meeting** means the meeting of the Shareholders convened for the purposes of considering the Resolutions contained in the Notice of General Meeting.

**Independent Expert** means Deloitte Corporate Finance Pty Limited.

**Independent Expert's Report** means the report of the Independent Expert set out in Annexure C.

**JORC Report** means a report issued by an independent consultant on the results of an exploration program for the San Jorge Project, comprising at least three drill holes, previous exploration activities and all other relevant information which complies with the Australian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, in accordance with certain agreed technical standards and specifications approved by the technical committee of the Company.

**Listing Rules** means the listing rules of the ASX.

**Notice** or **Notice of General Meeting** means the notice convening the General Meeting accompanying this Explanatory Statement.

**Placement** has the meaning given to that term in Section 2.

**Placement Shares** means 21,818,182 Shares.

**Proposed Transaction** has the meaning given to that term in Section 2.

**Proxy Form** means the form of proxy accompanying this Notice of General Meeting.

**Related Party** means a party so defined by section 228 of the Corporations Act.

**Resolution** means a resolution proposed to be passed at the General Meeting and contained in the Notice of General Meeting.

**San Jorge Lithium Project** means the San Jorge Lithium Brine Project located in Catamarca Province, Argentina.

**Security Deed** means the Call Option Security Deed to be entered into between the Company and the Investor relating to the grant of the Call Option Security.

**Section** means a section of the Notice of General Meeting.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a person entered in the Company's register as a holder of a Share.

**Subscription Agreement** means the subscription agreement between the Company and the Investor, dated 26 September 2022, relating to the Proposed Transaction.

## ANNEXURE A – SUMMARY OF MATERIAL TERMS OF TRANSACTION DOCUMENTS

### Subscription Agreement

#### *Subscription of Placement Shares*

Subject to satisfaction or waiver of the conditions precedent (set out below), Greenwing Resources has agreed to issue the Placement Shares, being 21,818,182 fully paid ordinary shares, and to grant the Call Option to the Investor, and the Investor has agreed to subscribe for the Placement Shares and accept the Call Option, in consideration for A\$12,000,000.

#### *Conditions Precedent*

The Subscription Agreement contains various conditions that must be either satisfied or waived (if applicable) by 28 February 2023, or another date agreed in writing between the parties, including the following key conditions:

- ASX not having indicated that official quotation of the Placement Shares will not be granted or that it will make quotation conditional on conditions other than customary conditions.
- approval by Shareholders of the matters set out in Resolutions 2 to 5 of this Notice of Meeting.
- execution and delivery of the Call Option Deed, the Security Deed (and all related instruments and documents) and the Shareholders Agreement by each of the applicable counterparties thereto;
- release of the Call Option Shares from the security granted to convertible note holders;
- the representations and warranties of Greenwing Resources being true and correct from the date of the Subscription Agreement through to Placement completion;
- Greenwing Resources obtaining all applicable and necessary waivers and releases from the beneficiaries and counterparties to the original share purchase agreement for Andes Lito;
- investment plans for each of the mining rights in relation to the San Jorge Lithium Project in compliance with the Argentine Mining Code having been filed with the Catamarca Mining Authority;
- registration of the transfer of the mining rights by the grantor of the option over the San Jorge Lithium Project with the Catamarca Mining Authority;
- appointment of a representative of the Investor to the technical committee effective from Placement completion; and
- no material adverse effect having occurred.

(together, the **Conditions Precedent**).

#### *Completion*

The Subscription will complete at 10:00 am on the date 15 business days after the date of the satisfaction or waiver of the Conditions Precedent, or another date agreed in writing between the parties.

#### *Condition subsequent*

It is a condition subsequent that within 10 business days of completion of the Placement, Andes Lito must register the Call Option Security in accordance with the Security Deed.

#### *Board appointment right*

During the period following completion of the Placement and prior to the exercise or expiry of the Call Option, and thereafter for so long as the Investor continues to hold at least 10% of the Shares on issue, the Investor will be entitled appoint one nominee as a non-executive Director.

#### *Obligations prior to completion*

Prior to completion of the Placement, Greenwing Resources has agreed not to undertake certain actions without the Investor's prior written consent and has also given undertakings in connection with Andes Lito and the San Jorge Lithium Project. Greenwing Resources may not issue equity securities (other than as disclosed to the Investor prior to execution of the Subscription Agreement) prior to completion of the Placement without the prior written consent of the Investor.

#### *Use of Placement proceeds*

A minimum of 80% of the proceeds of the Placement will be used for the San Jorge Lithium Project, with remaining amounts to be used for general working purposes and costs of the Proposed Transaction.

#### *Warranties and indemnities*

The Subscription Agreement contains customary representations and warranties by both Greenwing Resources and the Investor. Greenwing Resources has also provided certain indemnities to the Investor.

#### *Termination*

A party may terminate the Subscription Agreement if completion has not yet occurred and: (a) either a material breach by the other party occurs and is not remedied for 5 business days; (b) an insolvency event occurs to the other party; or (c) the Conditions Precedent are not satisfied or waived by 28 February 2023 (provided that a party may not terminate in reliance on any act or omission on its part to satisfy a Condition Precedent to be fulfilled by it).

### **Call Option Deed**

#### *Grant of Call Option*

Subject to completion of the Placement, Greenwing Resources grants to the Investor an option to purchase between 20% and 40% of Andes Lito (or that proportionate interest of its assets, if appropriate terms can be agreed), at the election of the Investor.

The agreed valuation is based on certain assumptions including amongst other things that:

- Andes Lito is the legal and beneficial owner of 100% of the right, title and interest in the San Jorge Lithium Project free of encumbrances (other than the Call Option Security), subject to payments to the grantor of the option over the San Jorge Lithium Project;
- on or before completion under the Call Option Deed, the grantor of the option over the San Jorge Lithium Project has ceased or will cease to have any rights in the San Jorge Lithium Project or Andes Lito and all payments pursuant to the option agreement with the grantor having been paid;
- the representations and warranties given under the Call Option Deed remaining true and accurate; and
- Andes Lito having obtained full and final title to the mining concession area in relation to the San Jorge Lithium Project mining rights,

which could result in an exercise price of between US\$40 million and US\$80 million.

If the assumptions are incorrect, then the agreed valuation will be adjusted in accordance with the Call Option Deed.

#### *Call Option exercise period*

The Call Option is exercisable at the Investor's election at any time during the period between the date on which the Placement is completed and ending 365 days after the date the JORC Report is issued or otherwise becomes available. The Call Option will lapse if it is not exercised during this period.

#### *Use of Call Option proceeds*

If the Call Option is exercised by the Investor, the funds will be used in accordance with the terms of the Call Option Deed, including to accelerate outstanding option payments over the San Jorge Lithium Project, with 80% of the remaining proceeds to contribute to funding for Greenwing Resources' pro rata share of the development expenses and the balance for working capital requirements.

#### *JORC Report*

Greenwing Resources has agreed to obtain the JORC Report by 31 December 2023. The Investor will be granted rights to prepare or complete the JORC Report if the Company fails to do so by 31



December 2023 (subject to extensions for delays because of governmental action or inaction), including to provide all reasonable access and information to the Investor (**Step-In Rights**). If the Investor exercises its Step-In Rights in good faith and the Company or Andes Litio do not materially comply with their obligations in connection with the Step-In Rights, the Company will pay the Investor liquidated damages of US\$2 million.

The JORC Report will include high level commentary on exploration results to the date of the report and, if the Company has a sufficient basis to do so in compliance with the JORC Code, may include the declaration of an inferred mineral resource.

#### *Obligations prior to completion*

Prior to completion under the Call Option Deed, the Company has agreed not to undertake certain actions without the Investor's prior written consent and has also given certain undertakings in connection with Andes Litio and the San Jorge Lithium Project.

#### *Shareholders Agreement*

Greenwing Resources and the Investor have agreed to the terms of a shareholder agreement on customary term in relation to the affairs of Andes Litio, which will become effective only if the Call Option is exercised and the Investor becomes a shareholder of Andes Litio.

#### *Warranties and indemnities*

The Call Option Deed contains customary representations and warranties by both Greenwing Resources and the Investor. Greenwing Resources has also provided warranties in relation to Andes Litio and the San Jorge Lithium Project and certain indemnities to the Investor.

#### **Security Deed**

Subject to completion of the Placement, Greenwing Resources has agreed to grant the Call Option Security, being a first ranking security over 40% of the issued shares in Andes Litio, to the Investor as security for the performance of Greenwing Resources' obligations under the Subscription Agreement and the Call Option Deed. The Security Deed is in the form of an Argentinian share pledge.

The Call Option Security provides a range of enforcement rights to the Investor, including to recover its loss by way of direct award or to sell the shares the subject of the Call Option Security, which may be enforced if the secured obligations are not performed and if capable of remedy is not remedied within 60 days of written notice from the Investor, or if Greenwing Resources becomes insolvent or is wound up.

The Call Option Security expires on the earlier of 10 years or upon satisfaction or expiry of the secured obligations.

## **ANNEXURE B – OFFTAKE AGREEMENT KEY TERMS**

1. Each of the Investor and Greenwing Resources shall be entitled to offtake a percentage of all of the products produced from the commercialisation and exploitation of the San Jorge Lithium Project that is equivalent to its then-effective shareholding percentage in Andes Lito (determined by excluding the equity interests of any minority shareholder in Andes Lito and assuming for such purposes that the shares held by the Investor and Greenwing Resources in Andes Lito comprise all of the issued share capital of Andes Lito).
2. The Investor shall have a priority right to match any offers received by Greenwing Resources in respect of its share of the products from the San Jorge Lithium Project, conditional upon Greenwing Resources obtaining shareholder approval, to the extent required under Listing Rule 10.1 in respect of the proposed offtake. To the extent there are other shareholders in Andes Lito, the Investor shall also have the same priority right in respect of their share of the products from the San Jorge Lithium Project.
3. Where Greenwing Resources and the Investor have not agreed or are otherwise unable to restructure Andes Lito as an unincorporated joint venture so as to entitle each of the Investor and Greenwing Resources to be directly entitled to their respective offtake shares of the products produced from the San Jorge Lithium Project, they will agree to such arrangements to the extent permitted under applicable Argentinian laws to enable the Investor to take its share of the profits of Andes Lito by way of a rebate or reduction on the offtake price paid by it for its entitlements or any entitlements of Greenwing Resources purchased by it under its priority matching rights.
4. The long-term offtake agreement entered into between Andes Lito and the Investor shall include customary price adjustments and reductions for any product that is outside the agreed specifications and shall include customary remedies for any failure to deliver or other breaches thereof. Other than for variations in the offtake price to accommodate the matters referred to in paragraph 3 in respect of the Investor, the offtake agreements entered into between Andes Lito and each of Greenwing Resources and the Investor shall be on a comparable basis and neither shall have more favourable terms.
5. The delivery plans and schedules agreed between Greenwing Resources, Andes Lito and the Investor for the offtake of their respective entitlements shall be determined to the extent possible by mutual agreement of the parties, and if the parties cannot agree, then such offtake shall be allocated in a reasonable manner such that the deliveries to each party are evenly spread across any contract year.
6. In the event that any party breaches or otherwise fails to make payment or accept delivery for any shipment in accordance with the terms of their respective offtake agreements at the applicable time (including the issuance of any letters of credit prior to loading of such shipment), in addition to any remedies which Andes Lito may have against the breaching party, Andes Lito shall be entitled to refuse to ship such offtake share and shall offer such shipment to the other party, which shall have rights of first refusal to purchase such shipment.



## **Greenwing Resources Ltd**

Independent expert's report and Financial Services Guide

15 November 2022

# Financial Services Guide (FSG)

## What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

## Why are we providing this FSG to you?

Deloitte Corporate Finance Pty Limited (**Deloitte Corporate Finance**) (AFSL 241457) has been engaged by Greenwing Resources Ltd (**Greenwing**) to prepare an independent expert's report (our **Report**) in connection with the proposed transaction between Greenwing and NIO Inc. (**NIO**), pursuant to which NIO will acquire an interest in Greenwing, as well as a call option over Greenwing subsidiary, Andes Litio, and an offtake agreement in relation to the San Jorge Project (the **Proposed Transaction**). Greenwing will provide our Report to you.

Our Report provides you with general financial product advice. This FSG informs you about the use of general financial product advice, the financial services we offer, our dispute resolution process and our remuneration. Our contact details are in the document that accompanies this FSG.

## What financial services are we licensed to provide?

We are authorised to provide financial product advice to wholesale clients in relation to derivatives, government debentures, stocks or bonds, interests in managed investment schemes, securities, and regulated emissions units (i.e. Australian carbon credit units and eligible international emissions units). We can also provide general financial product advice to retail clients in relation to the above financial products except for regulated emissions units.

We are also authorised to arrange for another person to deal in financial products in relation to:

- securities, interests in managed investment schemes, government debentures, stocks or bonds, and regulated emissions units and related derivatives to wholesale clients; and
- derivatives to retail and wholesale clients.

## We are providing general financial product advice

In our Report, we provide general financial product advice as we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. You should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

## How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us. You are not responsible for our fees.

We will receive a fee of approximately A\$ 130,000 exclusive of GST in relation to the preparation of our Report. This fee is not contingent on the outcome of the Proposed Transaction.

Apart from these fees, we, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

## Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls Deloitte Corporate Finance. Please see

[www.deloitte.com/au/about](http://www.deloitte.com/au/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

Deloitte Corporate Finance Pty Limited (and other entities related to Deloitte Touche Tohmatsu) have not performed any services to Greenwing over the past 2 years.

## What should you do if you have a complaint?

If you have any concerns regarding our Report or service, please contact us.

The Complaints Officer  
[complaints@deloitte.com.au](mailto:complaints@deloitte.com.au)  
Fax: +61 2 9322 7000

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services dispute resolution free to consumers.

[www.afca.org.au](http://www.afca.org.au)  
1800 931 678 (free call)  
Australian Financial Complaints Authority Limited  
GPO Box 3 Melbourne VIC 3001

## What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte Corporate Finance Pty Limited  
ABN 19 003 833 127  
ACN 003 833 127  
AFSL 241457  
Grosvenor Place  
225 George Street  
Sydney NSW 2000  
PO Box N250 Grosvenor Place  
Sydney NSW 1220 Australia

DX: 10307SSE  
Tel: +61 (0) 2 9322 7000  
Fax: +61 (0) 2 9254 1198  
www.deloitte.com.au

The Directors  
Greenwing Resources Ltd  
Level 21, 110 Mary Street  
Brisbane, QLD, 4000

15 November 2022

Dear Directors

**Re: Independent expert's report in respect of the proposed transaction between Greenwing Resources Ltd and Blue Northstar Limited**

## Introduction

On 26 September 2022 the Directors of Greenwing Resources Ltd (**Greenwing** or the **Company**) announced that Greenwing had entered into a strategic transaction with Nio Inc. (**NIO**) through its wholly owned subsidiary, Blue Northstar Limited, to fund development of the San Jorge Lithium Project (**San Jorge Project**) (the **Proposed Transaction**).

The terms of the Proposed Transaction include the following:

- 21,818,182 Greenwing shares will be issued to NIO via a private placement to raise A\$ 12 million before costs (the **Placement**). NIO will also receive a call option to acquire between 20% and 40% of the issued capital of Greenwing's subsidiary, Andes Litio SA (**Andes Litio**), for US\$ 40 million to US\$ 80 million. Andes Litio currently holds option rights over the San Jorge Project (the **Call Option**);
- the Call Option is exercisable by NIO within 365 days after a mineral resource report compliant with The Australasian Code for Reporting of Exploration Results (**JORC Code**), has been issued for the San Jorge Project. The report must be issued by 31 December 2023; alternatively, written approval must be obtained from NIO if the report is to be issued at a later date;
- a minimum of 80% of the proceeds from the capital raised via the Placement must be used on the San Jorge Project, with remaining amounts expected to cover general working capital requirements and transaction costs;
- the rights of NIO and the obligations of Greenwing for the Call Option will be secured by a first ranking security pledge over 40% of the equity in Andes Litio (the **Security Pledge**); and
- upon exercising the Call Option, NIO will have offtake rights proportionate to its effective interest in Andes Litio (the **Offtake Rights**). NIO will also have the right to match any offer to purchase the remaining saleable volumes from the San Jorge Project.

Upon completion of the Placement, NIO will hold approximately 14.76% of Greenwing's issued capital<sup>1</sup> and have the right to nominate a Board member as long as NIO maintains a 10% or greater stake in Greenwing.

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<sup>1</sup> Based on issued capital as at 26 October 2022.

## Purpose of the report

Chapter 10 of the Listing Rules (**LR**) of the Australian Securities Exchange (**ASX**) requires, when the disposal of a substantial asset to a shareholder with more than 10% of the issued capital (Substantial Holder) is proposed, the preparation of a report by an independent expert stating whether the proposed transaction is fair and reasonable to the non-associated shareholders (**LR 10**).

While NIO is currently not a Substantial Holder of Greenwing, following the Proposed Transaction it will become a Substantial Holder due to its 14.76% interest in Greenwing. Therefore, if NIO exercises the Call Option or acquires the interest in Andes Lito subject to the Security Pledge on its enforcement, the sale of a 20% to 40% interest in Andes Lito would be subject to LR 10.

As the components of the Proposed Transaction are interrelated, the Directors of Greenwing have requested that Deloitte Corporate Finance Pty Limited (**Deloitte Corporate Finance**) provide an independent expert's report (**IER**) advising whether, in our opinion, the Proposed Transaction is fair and reasonable, prior to the exercise of the Call Option. We have prepared this report having regard to LR 10 and Australian Securities and Investments Commission (**ASIC**) Regulatory Guide (**RG**) 111 and ASIC RG 112.

This report is to be included in the notice of the meeting to approve the Proposed Transaction (the **Notice of Meeting**), which will be sent to Greenwing's shareholders (the **Shareholders**) and has been prepared for the exclusive purpose of assisting Shareholders in their consideration of the Proposed Transaction. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Shareholders and Greenwing, in respect of this report, including any errors or omissions however caused.

## Basis of evaluation

### Guidance

In undertaking the work associated with this report, we have had regard to ASIC RG 111 in relation to the content of expert's report and ASIC RG 112 in respect of the independence of experts.

### ASIC RG 111

This regulatory guide provides guidance in relation to the content of independent expert's reports prepared for a range of transactions.

In respect of related party transactions, ASIC RG 111 provides the following guidance:

- it is important that an expert focuses on the substance of the related party transaction, rather than the legal mechanism
- where the related party transaction is one component of a broader transaction or series of transactions, the expert should carefully consider what level of analysis of the related party aspect is required.

In respect of related party transactions, under ASIC RG 111 an offer is:

- fair, when the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity
- reasonable, if it is fair, or, despite not being fair, after considering other significant factors, shareholders should vote for the proposed transaction, in the absence of any better proposals before the close of the offer.

To assess whether the Proposed Transaction is fair and reasonable to Shareholders, we have adopted the tests of whether the Proposed Transaction is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC RG 111.

## Fairness

ASIC RG 111 defines a proposed related party transaction as 'fair' if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity.

We have considered the substance of the Proposed Transaction as opposed to the individual legal mechanisms. We consider the key financial benefits received by NIO as part of the Proposed Transaction are the 14.76% interest in Greenwing and the Call Option. We have not individually assessed the Security Pledge or Offtake Rights based on the following analysis:

- **Offtake Rights:** it is common for joint venture parties to receive offtake rights proportionate to their equity interest. The intention behind the agreed offtake principles is that Greenwing and NIO's offtake will both be on market terms, with neither receiving more favourable terms than the other. On this basis, the Offtake Rights do not confer a net financial benefit from the Shareholders to NIO.

NIO's right to match any offer to purchase the remaining saleable volumes may have strategic value to NIO, however this is at no cost to Greenwing which will still receive the best price for saleable volumes under the terms of the Offtake Rights.

- **Security Pledge:** the Security Pledge provides NIO a range of enforcement rights in relation to the Call Option. As our valuation of the Call Option assumes it is enforceable on exercise, we have implicitly included the value of this benefit in our assessment of the Call Option.

Accordingly, we have assessed whether the Proposed Transaction is fair by comparing the proposed consideration of A\$ 12 million with the value of a 14.76% interest in Greenwing and the Call Option (collectively referred to as the **Benefits received by NIO**).

## Reasonableness

To assess the reasonableness of the Proposed Transaction we considered the following factors in addition to determining whether the Proposed Transaction is fair:

- the long-term nature of the capital provided under the Proposed Transaction
- limited alternative financing options available to Greenwing
- the risks associated with the San Jorge Project given its early stage of development.

## Definition of value

For the purpose of our opinion, we have referred to the concept of fair market value. Fair market value is defined as the amount at which the Benefits received by NIO would be expected to change hands in a hypothetical transaction between a knowledgeable willing, but not anxious, buyer and a knowledgeable willing, but not anxious, seller acting at arm's length.

Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation has not been premised on the existence of a special purchaser.

## Summary and conclusion

In our opinion the Proposed Transaction is fair and reasonable. In arriving at this opinion, we have had regard to the following factors.

### The Proposed Transaction is fair

Set out in the table below is a comparison of our assessment of the fair market value of the Benefits Received by NIO with the consideration offered by NIO.

**Table 1: Comparison of the Benefits received by NIO with the considered offered by NIO**

	Low (A\$m)	High (A\$m)
14.76% interest in Greenwing (Section 5)	5.45	6.11
Call Option (40% of Andes Litio) (Section 5)	0.01	0.29
<b>Estimated fair market value of the Benefits received by NIO</b>	<b>5.46</b>	<b>6.40</b>
<b>Consideration offered by NIO</b>	<b>12.0</b>	<b>12.0</b>

Source: Deloitte Corporate Finance analysis

The consideration offered by NIO is above the range of our estimate of the fair market value of the Benefits received by NIO. Accordingly, it is our opinion that the Proposed Transaction is fair.

### Valuation of the Benefits received by NIO

We have estimated the fair market value of the 14.76% interest in Greenwing based on share trading activity in Greenwing prior to the announcement of the Proposed Transaction. We have selected a value per share of A\$ 0.25 to A\$ 0.28 to estimate the fair market value of the 14.76% interest in Greenwing of A\$ 5.5 million to A\$ 6.1 million.

We note that it is typical for private placements for development stage mining companies to be issued at a substantial discount to recent share trading activity. Our valuation of the 14.76% interest in Greenwing does not contemplate a discount to the value implied by share trading.

**Table 2: Valuation of 14.76% interest in Greenwing**

	Unit	Low	High
<b>Value per share</b>	<b>A\$</b>	<b>0.25</b>	<b>0.28</b>
Shares issued to NIO	Million	21.82	21.82
<b>Fair market value of 14.76% interest in Greenwing</b>	<b>A\$ million</b>	<b>5.45</b>	<b>6.11</b>

Source: Deloitte Corporate Finance analysis

We have estimated the fair market value of the Call Option using the Black-Scholes-Merton Model. The low value ascribed to the Call Option reflects the current early stage of the San Jorge Project and limited exploration work completed to-date. Early-stage exploration projects are subject to a wide range of potential outcomes, therefore while the probability may not be high, it is not inconceivable that NIO may ultimately acquire a stake in the San Jorge Project in circa 24 months that is worth more than the maximum Call Option strike price of US\$ 80 million (40% basis).

The following table sets out the fair market value of the Call Option using this approach.

**Table 3: Valuation of Call Option**

	Unit	Low	High
<b>Call Option (100% of Andes Litio) – in US\$</b>	<b>US\$ million</b>	<b>0.01</b>	<b>0.48</b>
<b>Call Option (40% of Andes Litio) – in US\$</b>	<b>US\$ million</b>	<b>0.01</b>	<b>0.19</b>
A\$:US\$ <sup>1</sup>		0.6508	0.6508
<b>Call Option (40% of Andes Litio) – in A\$</b>	<b>A\$ million</b>	<b>0.01</b>	<b>0.29</b>

Source: Deloitte Corporate Finance analysis

Notes:

1. Converted based on A\$:US\$ rate of 0.6508 as at 26 October 2022.



### **The Proposed Transaction is reasonable**

In accordance with ASIC RG 111, an offer is reasonable if it is fair. On this basis, in our opinion the Proposed Transaction is reasonable. We have also considered the following factors in assessing the reasonableness of the Proposed Transaction.

#### **The long-term nature of the capital provided under the Proposed Transaction**

The A\$ 12 million<sup>2</sup> consideration, provides a substantial runway to fund drilling programs on-site and, should the Call Option be exercised, Greenwing would raise another US\$ 40 million to US\$ 80 million to fund its 60% to 80% share of further development costs. As an electric vehicle (**EV**) manufacturer with a US\$ 17.9 billion market capitalisation<sup>3</sup>, NIO has both the long-term incentive and capital resources to progress the San Jorge Project to production as a strategic partner. Should NIO exercise the Call Option, the resulting offtake agreement will also de-risk the project and provide easier access to debt financing.

The strategic value of the Proposed Transaction to NIO could be significant as its investment in the project and share of offtake may help them manage future lithium pricing and supply risk. NIO's right to match any offer to purchase remaining saleable volumes from the project could add to this strategic value, without any incremental cost to Greenwing which will still receive the best price for saleable volumes.

#### **Limited financing options available to Greenwing**

In the absence of the Proposed Transaction, Greenwing's best option would be to find a similar offer from another potential offtaker or strategic investor. Alternatively, it would need to raise capital via public markets. Greenwing has completed two raisings since 2020, however these were both relatively smaller than the consideration offered under the Proposed Transaction (A\$ 6.2 million and A\$ 2.4 million) and were completed at a substantial discount to the last traded share price (23% and 38%, respectively). In addition to being more costly, raising capital via public markets is likely to be less efficient as management would need to return to the market to fund incremental work programs, subject to exploration results. This incremental funding approach may also limit the potential for Greenwing to develop multiple projects in parallel.

#### **The risks associated with the San Jorge Project given its early stage of development**

The San Jorge Project is an early-stage project that has yet to commence exploratory drilling of the salar which will provide important information on the geology, grade and extractability of the lithium brine. Despite being located in a prospective region, like all early-stage exploration projects, it is subject to a wide range of outcomes. There is no certainty that the project will ultimately yield a commercial lithium brine operation, let alone the US\$ 200 million valuation implied by the Call Option strike price, in approximately 24 months.

Should exploration results at the San Jorge Project suggest that the project is not viable, the Call Option is unlikely to be exercised and Greenwing would have still benefitted from the upfront capital provided by NIO to fund the exploration as well as corporate overheads for a period of time.

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<sup>2</sup> Greenwing may use up to 20% of the consideration for working capital requirements at the corporate level.

<sup>3</sup> As at 26 October 2022

## Opinion

In our opinion, the Proposed Transaction is fair and reasonable to Shareholders. An individual Shareholder's decision in relation to the Proposed Transaction may be influenced by his or her particular circumstances. If in doubt the Shareholder should consult an independent adviser, who should have regard to their individual circumstances.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully



**Stephen Reid**

Authorised Representative  
AR Number: 461011



**Nicki Ivory**

Authorised Representative  
AR Number: 461005

# Glossary

Reference	Definition
A\$	Australian dollars
Andes Litio	Andes Litio SA
ASIC	The Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDA	Behre Dolbear Australia Pty
Benefits received by NIO	14.76% interest in Greenwing and the Call Option
BMI	Benchmark Mineral Intelligence
Call Option, the	The call option to acquire between 20% to 40% of the issued capital of Andes Litio SA held by NIO
CEO	Chief Executive Officer
Company, the	Greenwing Resources Ltd
CTP	Cell-to-pack
Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited
DFS	Definitive feasibility study
DLE	Direct Lithium Extraction
DTTL	Deloitte Touche Tohmatsu Limited
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
ESS	Energy Storage Systems
EV	Electric vehicle
FID	Final investment decision
FTA	Free trade agreement
FC	Fixed Carbon
FY	Financial year
Graphmada	Graphmada Mauritius which owns and operates the Loharano large flake graphite mine located in eastern Madagascar
Greenwing	Greenwing Resources Ltd
GWh	Gigawatt-hour
HKSE	Hong Kong Stock Exchange
IER	Independent Experts Report
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
HY	Half Year
ICE	Internal combustion engine
IRA	US Inflation Reduction Act 2022
Km	Kilometers
Kt	Kilo tonnes
LCE	Lithium carbonate equivalent

Reference	Definition
LFP	Lithium iron phosphate
Li	Lithium
Li <sub>2</sub> CO <sub>3</sub>	Lithium carbonate
LiOH	Lithium hydroxide
LME	London Metal Exchange
LR	Listing Rules of the ASX
LR 10	Listing Rule 10.1
m	Meters
mg/L	Milligrams per litre
Millie's Reward	Millie's Reward project
Mt	Million tonnes
NCA	Nickel cobalt aluminium oxide
NCM	Nickel manganese cobalt oxide
NIO	Nio Inc.
Notice of Meeting	The notice of the meeting to approve the Proposed Transaction
NYSE	New York Stock Exchange
OEM	Original Equipment Manufacturers
Offtake Rights	NIO's rights to the offtake of the San Jorge Project, proportionate to its effective interest in Andes Lito
PEA	Preliminary economic assessment
PEM	Prospectivity Enhancement Multiplier
PFS	Preliminary feasibility study
Placement, the	The issuance of 21,818,182 Greenwing shares to NIO via a private placement for A\$ 12 million
Proposed Transaction	Proposed transaction between Greenwing and NIO, as described in Section 1
R&D	Research and Development
RG	Regulatory Guide
RMB	Renminbi
ROW	Rest of World
San Jorge Project	San Jorge Lithium Project
Security Pledge	A first ranking security pledge over 40% of the equity in Andes Lito
SGX	Singapore Stock Exchange
Shareholders, the	Existing holders of Greenwing
Substantial Holder	Shareholder with more than 10% equity interest
Swinburne	Swinburne University of Technology
TEM	Transient Electromagnetic
TGC	Total graphitic carbon
US	United States of America
US\$	US dollars
US GAAP	Generally accepted accounting principles in the United States of America

Reference	Definition
VALMIN	Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VAT	Value added tax
VWAP	Value Weighted Average Price

# Contents

1	Overview of the Proposed Transaction	12
2	Profile of Greenwing	13
3	Profile of NIO Inc.	21
4	Valuation approach	22
5	Valuation of the Benefits received by NIO	24
	Appendix 1: Context to the report	28
	Appendix 2: Valuation methodologies	30
	Appendix 3: Lithium industry	32
	Appendix 4: Comparable company volatilities	38
	Appendix 5: Technical expert's report	39

# 1 Overview of the Proposed Transaction

## 1.1 Summary

On 26 September 2022 the Directors of Greenwing announced that Greenwing had entered into a strategic transaction with NIO through its wholly owned subsidiary, Blue Northstar Limited, to fund development of the San Jorge Project.

The terms of the Proposed Transaction include the following:

- 21,818,182 Greenwing shares will be issued to NIO via the Placement. NIO will also receive the Call Option for the option rights over the San Jorge Project;
- the Call Option is exercisable by NIO within 365 days after a mineral resource report compliant with the JORC Code has been issued for the San Jorge Project. The report must be issued by 31 December 2023; alternatively, written approval must be obtained from NIO if the report is to be issued at a later date;
- a minimum of 80% of the proceeds from the capital raised via the Placement must be used on the San Jorge Project, with remaining amounts expected to cover general working capital requirements and transaction costs;
- the rights of NIO and the obligations of Greenwing for the Call Option will be secured by the Security Pledge); and
- upon exercising the Call Option, NIO will have the Offtake Rights proportionate to its effective interest in Andes Litio. NIO will also have the right to match any offer to purchase the remaining saleable volumes from the San Jorge Project.

Upon completion of the Placement, NIO will hold approximately 14.76% of Greenwing's issued capital<sup>4</sup> and have the right to nominate a Board member as long as NIO maintains a 10% or greater stake in Greenwing.

## 1.2 Key conditions of the Proposed Transaction

The Proposed Transaction is subject to various conditions, the most significant being:

- Greenwing shareholder approval in relation to the Call Option, Security Pledge and Offtake Rights for the purpose of ASX LR 10.1; and
- no material adverse change occurring in relation to Greenwing, Andes Litio or NIO.

Further details of the terms and conditions of the Proposed Transaction are set out in Annexure A of the Notice of Meeting.

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<sup>4</sup> Based on issued capital as at 26 October 2022.

## 2 Profile of Greenwing

### 2.1 Overview

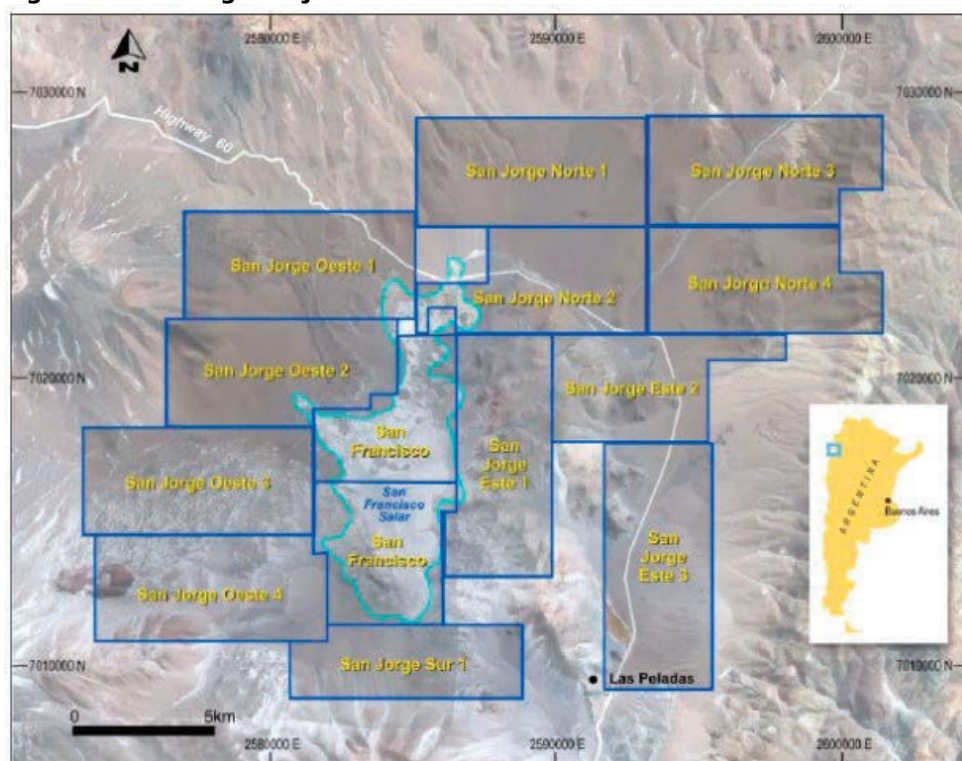
Greenwing is an early-stage, critical minerals exploration company focused on the exploration and development of lithium and graphite projects located in Argentina and Madagascar. Greenwing is headquartered in Brisbane, Queensland, and has been listed on the ASX since October 2005. Greenwing was formerly called Bass Metals Limited, changing its name in 2021 following the acquisition of the San Jorge Project.

### 2.2 Summary of the key projects of Greenwing

#### 2.2.1 San Jorge Project

The San Jorge Project is a lithium brine exploration prospect that covers 15 granted exploration licenses located in the Catamarca province in Argentina within the renowned 'Lithium Triangle'. The project's total tenure covers approximately 38,800 hectares and is shown below. This includes the San Francisco Salar covering 2,800 hectares.

**Figure 1: San Jorge Project tenements**



Source: Greenwing ASX announcement dated 5 August 2022

Greenwing acquired an interest in the San Jorge Project through the 100% acquisition of Andes Litio (previously Blackearth SA) in September 2021 for a combination of upfront ordinary shares in Greenwing and contingent shares in Greenwing, conversion of which is dependent on key development milestones as follows<sup>5</sup>:

- initial consideration of 3 million Greenwing shares, comprising 1.5 million shares on 30 July 2021, and 1.5 million shares on execution of the transaction documents, the shares were issued on 14 September 2021;

<sup>5</sup> Greenwing ASX Announcement dated 3 September 2021



- milestone payments of 2 million shares due nine months after the grant of necessary permits that allow Andes Litio to undertake exploration activities, the shares were issued on 27 September 2022;
- a payment of A\$ 1 million in shares upon the achievement of an Inferred Mineral Resource of at least 250,000 tonnes of lithium with a grade of 200 milligrams per litre (**mg/L**); and
- a payment of A\$ 1 million in shares upon the achievement of a Measured and Indicated Mineral Resource of at least 200,000 tonnes at an Li grade 200mg/L.<sup>6</sup>

Greenwing has completed the first two tranches and issued 5 million shares to date.

### Andes Litio Option

Andes Litio holds an option agreement over the San Jorge Project, the exercise of which is subject to meeting the consideration and expenditure commitments outlined in Table 4 below. Greenwing currently holds 15% of the equity in the San Jorge Project through its 100% ownership of Andes Litio and can bring forward staged investments to acquire 100% of the San Jorge Project earlier than the current payment schedule.

**Table 4: San Jorge Project payment schedule**

Timing	Stage	Investment (US\$)	Expenditure (US\$)	Equity Earned
Initial fees	1	20,000	Nil	
Signing	2	100,000	Nil	
November 2021	3	180,000	50,000	10%
August 2022	4	180,000	275,000	15%
February 2023	5	270,000	375,000	25%
February 2024	6	500,000	500,000	45%
February 2025	7	800,000	750,000	70%
February 2026	8	950,000	1,000,000	95%
Balance of project	9	1,750,000	Nil	100%
<b>Total</b>		<b>4,750,000</b>	<b>2,950,000</b>	<b>100%</b>

Source: Greenwing ASX announcement dated 26 September 2022

The option agreement was recently amended<sup>7</sup> to clarify the investment and expenditure commitments of Andes Litio. Amendments included the following:

- the vendor, having previously transferred all of the mining properties to Andes Litio, would be entitled to shares in Andes Litio (in proportion to the equity earned by Andes Litio) only in the event Andes Litio does not meet all the commitments outlined below;
- previously, the vendor held the option to sell the final 5% equity to Andes Litio; it was subsequently amended so that Andes Litio also holds the option to buy the interest on the basis that the relevant payment is increased by US\$ 0.25 million (to US\$ 1.75 million);

Andes Litio will pay the vendor a fee of US\$ 0.25 million in connection with the amendment, including US\$ 0.05 million paid on signing of the amendment and a further US\$ 0.20 million on the earlier of 30 November 2022 or within 5 business days after the Proposed Transaction is completed.

Exploration activities at the San Jorge Project have commenced with the completion of a Transient Electromagnetic (**TEM**) Geophysical survey in August 2022, which has successfully defined the brine body at the site. Greenwing is currently planning to commence a maiden drilling program while concurrently evaluating multiple Direct Lithium Extraction (**DLE**) technologies to support future production activities.

### 2.2.2 Graphmada Graphite Complex

In 2016 Greenwing acquired 100% of Graphmada Mauritius which owns and operates the Loharano graphite mine located in eastern Madagascar (**Graphmada**). Graphmada holds two granted 40-year mining permits (PE25600 and PE26670) and a 20-year landholder agreement pending renewal.

Following completion of stage 1 activities which resulted in premium concentrate production being achieved over a 20-month period, the mine was initially placed under care and maintenance in December 2019 due to the pending monsoon season and COVID-19. Stage 2 activities are currently

<sup>6</sup> Mineral Resources requirements to be compliant with (in accordance with the 2012 JORC code or equivalent)

<sup>7</sup> Greenwing ASX Announcement dated 26 September 2022

underway to increase the scale of the project. To support this expansion, Greenwing is currently undertaking large scale mining and processing feasibility studies with the aim of achieving production of up to 40,000 tonnes of graphite concentrates per annum, consisting of both large flake and fine flake production, and continuing to expand the resource base. The Mineral Resource was expanded in July 2022 to 61.9 million tonnes at 4.5% Fixed Carbon (**FC**) grade from an initial 5.7 million tonnes.

Greenwing entered into an agreement with Swinburne University of Technology (**Swinburne**) in April 2021 for the development of advanced materials using expandable graphite and graphene from Graphmada with the intention to create a patentable, environmentally friendly, advanced fireproof paneling product<sup>8</sup>.

### 2.2.3 Millie's Reward

The Millie's Reward project (**Millie's Reward**) is a spodumene project located in central Madagascar and Greenwing signed an agreement to acquire the project in December 2017, subject to the renewal and transfer of necessary permits by the Mining Authority. The project consists of two contiguous permits and a mineral rights agreement for a third permit covering the exploration and mining of lithium and associated economic minerals. The project consists of over 200 multiple pegmatite surface occurrences along a strike length of 10 kilometers (**km**) and has returned rock-chip grades of up to 7.08% lithium oxide to date<sup>9</sup>.

In 2018, Greenwing completed the first phase of exploration, which included a maiden scout drilling program of five shallow diamond drill holes in Millie's West, one of eight high priority prospects within the Millie's Reward project area. The exploration activities confirmed the prospective nature of the project.

## 2.3 Capital Structure and ownership

Greenwing currently has 126.0 million ordinary shares on issue along with 9.7 million outstanding options expiring between 31 December 2022 and 31 December 2025. Greenwing also has approximately 536.7 million convertible notes on issue with a face value of A\$ 0.008 per note maturing on 30 June 2023, convertible into in aggregate approximately 17.2 million shares.

On 15 July 2021, Greenwing conducted a share capital consolidation at a 50:1 ratio. All outstanding options and derivative liabilities were adjusted accordingly.

**Table 5: Greenwing options summary**

Instrument	Expiry date	Exercise price (A\$)	Number
<b>Options</b>			
Tranche 1	31/12/2022	\$0.40	302,950
Tranche 2	30/06/2025	\$0.60	5,000,000
Tranche 3	31/12/2025	\$0.73	4,400,000
<b>Total</b>			<b>9,702,950</b>
Convertible notes	30/06/2023	n/a	536,708,414

Source: Greenwing

The Top 10 shareholders of Greenwing are set out in the table overleaf.

<sup>8</sup> Greenwing ASX Announcement dated 7 April 2021

<sup>9</sup> Greenwing ASX Announcement dated 8 September 2021

**Table 6: Greenwing Top 10 shareholders**

Name	Number of ordinary shares held (millions)	% of issued shares
Rookharp Capital Pty Limited	5.3	4.3
Choice Investments (Dubbo) Pty Ltd	4.2	3.4
Mr Phillip Alexander & Mrs Carol Ann Purdie	3.7	3.0
Finn Air Holding Pty Ltd	2.5	2.0
Colourworks Australia Pty Ltd	2.3	1.9
JIGI SMSF Pty Ltd	2.0	1.7
Citicorp Nominees Pty Limited	2.0	1.6
BNP Paribas Nominees Pty Limited	2.0	1.5
Oceans74 Smsf Pty Ltd	1.9	1.5
BNP Paribas Nominees Pty Limited ACF Clearstream	1.9	1.4
<b>Total top 10 holders of ordinary shares</b>	<b>27.9</b>	<b>22.1</b>
Others	98.3	77.9
<b>Total</b>	<b>126.2</b>	<b>100.0</b>

Source: Greenwing Management

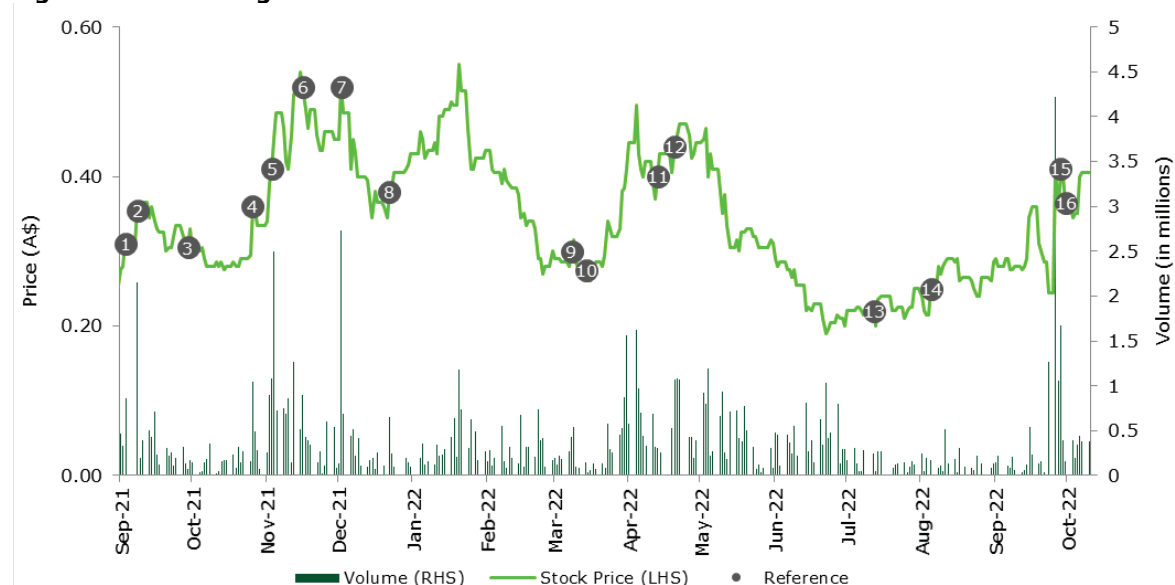
Notes:

1. Shareholding as at 14 October 2022.

In the absence of the Proposed Transaction, Greenwing will need to fund future capital requirements via external capital as its projects are all at an exploration or development stage. The Company last raised A\$ 6.15 million via an equity placement to institutional and sophisticated investors in September 2021. The placement occurred at A\$ 0.24 per share, a 22.6% discount to the previous closing price prior to the announcement of the placement. This raising followed a A\$ 2.35 million placement to institutional and sophisticated investors, and a A\$ 0.68 million shareholder purchase plan in June 2020, which occurred at A\$ 0.125<sup>10</sup> per share, representing a 37.5% discount to the closing price prior to the announcement of the equity raising.

## 2.4 Share price performance

The figure below sets out trading in Greenwing's shares since 1 September 2021.

**Figure 2: Greenwing Share Price**


Source: S&amp;P Capital IQ, ASX announcements

<sup>10</sup> Share price of A\$ 0.0025 presented post 50:1 share consolidation.

**Table 7: Key Greenwing Events**

Reference	Date	Commentary
1	3-Sep-21	Greenwing announced the execution of the acquisition of Andes Lito (initially announced in March 2021), which holds an option over the San Jorge Project
2	8-Sep-21	Greenwing announced it had received commitments for a combined A\$ 6.15 million equity raising via a A\$ 4.63 million placement and a A\$ 1.52 million conditional placement from professional and sophisticated investors at A\$0.24 per share, representing a 22.6% discount to the closing price on 3 September 2021, and a 13% discount to the 15-day Value Weighted Average Price ( <b>VWAP</b> ). The funds were proposed for use on exploration and development at the San Jorge, Graphmada and Millie's Reward projects, and general working capital
3	29-Sep-21	Greenwing released its annual report for the year ended 30 June 2021 highlighting operating losses of A\$ 6.5 million and a closing cash balance of A\$ 0.6 million
4	26-Oct-21	Greenwing announced the commencement of exploration activities at the San Jorge Project. The exploration program focused on the San Francisco Salar to identify targets for a more comprehensive drill program in the future
5	3-Nov-21	Greenwing released an update to the results from the graphite exploration activities at the Graphmada. The update provided an expansion of the Mineral Resource levels and outlined the results of the 180-hole drilling program which indicated an extensive graphite mineralisation footprint at Graphmada
6	16-Nov-21	Greenwing advised that it had appointed Craig Lennon as Chief Executive Officer ( <b>CEO</b> ), noting that Craig Lennon has significant experience in mining assets, from exploration projects to producing mines, in developing countries
7	2-Dec-21	Greenwing released the results from the initial exploration program at the San Jorge Project for the initial 34 brine samples and geophysical survey. The brine samples confirmed the presence of lithium with further field work underway
8	22-Dec-21	Greenwing provided an update on its Advanced Materials Research and Development ( <b>R&amp;D</b> ) Agreement with Swinburne achieving the first key milestone of the environmentally friendly production of high-quality graphene from Graphmada concentrates
9	8-Mar-22	Greenwing released an update to the results from recent graphite exploration activities at Graphmada. The drilling program recorded significant intercepts of graphite mineralisation of up to 37.9 metres ( <b>m</b> ) at 6.6% Fixed Carbon with drilling activities to continue
10	14-Mar-22	Greenwing released its half year results to 31 December 2021 highlighting operating losses of A\$ 2.6 million and a closing cash balance of A\$ 3.8 million
11	13-Apr-22	Greenwing announced the completion of the diamond drilling program at Graphmada. This included an expansion of the Mineral Resource of 22.0 million tonnes ( <b>Mt</b> ) at 4.0% total graphitic carbon ( <b>TGC</b> ).
12	20-Apr-22	Greenwing announced planning had commenced for a maiden prilling program at the San Jorge Project consisting of three holes for a total of 1,200m along the surface. An additional geophysics survey prior to the drilling program has commenced
13	12-Jul-22	Greenwing provided an updated Mineral Resource Estimate for Graphmada, with resource levels almost tripling to 61.9Mt at 4.5% FC, and total contained graphite now greater than 2.7Mt. Greenwing is planning a geophysics program to determine further drill targets and increase resource levels
14	5-Aug-22	Greenwing released the results from a TEM geophysical survey at the San Jorge Project. The survey indicated an expanded brine body, with a maiden drilling program expected to commence following receipt of necessary permits
15	26-Sep-22	Announcement of Proposed Transaction with NIO
16	30-Sep-22	Greenwing released its annual report for the year ended 30 June 2022 highlighting operating losses of A\$ 4.1 million and a closing cash balance of A\$ 1.9million

Source: ASX announcements, Deloitte Corporate Finance analysis

## 2.5 Financial performance

Greenwing's financial performance for the financial years (FY) ended 30 June 2020, 30 June 2021 and 30 June 2022 is summarised below.

**Table 8: Historical financial performance**

A\$'000	Audited Actual 30-June-20	Audited Actual 30-June-21	Audited Actual 30-June-22
Revenue from contracts with customers	1,422	19	-
Cost of sales	(2,637)	(28)	-
<b>Gross loss</b>	<b>(1,214)</b>	<b>(8)</b>	<b>-</b>
Other income	568	1,219	140
Administration expenses	(4,558)	(1,376)	(1,691)
Share-based payments expense	-	-	(621)
Finance costs	(569)	(1,156)	(1,446)
Foreign currency gain / (loss)	293	(13)	(18)
Impairment losses	(6,287)	(16)	(388)
Loss on changes to convertible notes terms	-	(4,760)	-
Royalties expense	-	(72)	-
Write down of inventories	(447)	-	-
<b>Loss before income tax from continuing operations</b>	<b>(12,214)</b>	<b>(6,184)</b>	<b>(4,023)</b>
Income tax expense	-	-	-
<b>Loss for the year from continuing operations</b>	<b>(12,214)</b>	<b>(6,184)</b>	<b>(4,023)</b>
Loss after tax from discontinued operations	(414)	(93)	(172)
<b>Loss for the year</b>	<b>(12,628)</b>	<b>(6,277)</b>	<b>(4,195)</b>
Other comprehensive income	(300)	(196)	113
<b>Loss attributable to members of the Company</b>	<b>(12,928)</b>	<b>(6,473)</b>	<b>(4,082)</b>

Source: Greenwing 2021 and 2022 Annual Reports

Key observations on Greenwing's recent financial performance are as follows:

- revenue from contracts with customers relates to the sale of graphite concentrates from offtake generated by Graphmada in FY19 and FY20;
- other income decreased from A\$ 1.2 million in FY20 to A\$ 0.1 million in FY22 and relates to government grants, R&D tax incentives, rent and access fees and sundry income. Higher income in FY21 included a one-off write back of rehabilitation provision in addition to higher grants and subsidies;
- administration expenses increased from A\$ 1.4 million in FY21 to A\$ 1.7 million in FY22, driven by R&D expenses, director fees, employee benefits and other administration expenses;
- in FY20 Greenwing impaired exploration assets, mine properties and plant and equipment relating to Graphmada when it was placed on care and maintenance. FY22 impairment losses relate to value added tax (VAT) receivables; and
- share based payment expenses in FY22 relate to the issue of options to employees under the Company's incentive plan policies.

## 2.6 Financial position

Greenwing's financial position as at 30 June 2020, 30 June 2021 and 30 June 2022 is summarised below.

**Table 9: Historical financial position**

A\$'000	Audited 30-June-20	Audited 30-June-21	Audited 30-June-22
Cash and cash equivalents	1,706	609	1,896
Trade and other receivables	336	251	154
Inventories	927	805	849
Other assets	76	120	98
<b>Total current assets</b>	<b>3,045</b>	<b>1,785</b>	<b>2,997</b>
Restricted cash	11	-	-
Assets associated with assets classified as held for sale	567	500	500
Plant and equipment	4,602	3,907	3,570
Right-of-Use Assets	103	4	-
Exploration and evaluation assets	-	1,466	5,885
Mine properties	2,234	2,234	2,234
<b>Total non-current assets</b>	<b>7,516</b>	<b>8,111</b>	<b>12,189</b>
<b>Total assets</b>	<b>10,561</b>	<b>9,896</b>	<b>15,186</b>
Trade and other payables	1,481	805	935
Borrowings	5,479	11	3,973
Lease liabilities	81	4	-
Liabilities directly associated with assets classified as held for sale	567	379	500
<b>Total current liabilities</b>	<b>7,608</b>	<b>1,200</b>	<b>5,409</b>
Borrowings	-	4,329	-
Lease liabilities	27	-	-
Provisions	419	224	249
<b>Total non-current liabilities</b>	<b>446</b>	<b>4,553</b>	<b>249</b>
<b>Total liabilities</b>	<b>8,054</b>	<b>5,753</b>	<b>5,657</b>
<b>Net assets</b>	<b>2,507</b>	<b>4,144</b>	<b>9,528</b>

Source: Greenwing 2021 and 2022 Annual Reports

Key observations on Greenwing's recent financial position are as follows:

- Greenwing has a net asset position as at 30 June 2022 of A\$ 9.5 million and a negative net working capital position (current assets less current liabilities, excluding liabilities associated with assets held for sale) of A\$ 1.9 million;
- exploration and evaluation assets increased from A\$ 1.5 million as at 30 June 2021 to A\$ 5.9 million as at 30 June 2022, driven by increased exploration activities at the Graphmada Complex and San Jorge Project;
- borrowings primarily relate to the convertible notes on issue. On 15 March 2021, shareholders of Greenwing agreed to amend the terms of the convertible notes, extending the date of maturity to 30 June 2023, increasing the conversion ratio from 1:1 to 1:1.6 and a reduction in the interest rate payable from 15% to 12%. This resulted in a fair value loss on the convertible notes loan of A\$ 4.8 million. Interest payments can be paid via Greenwing ordinary shares, issued based on the lagging 30-day VWAP;

- each note is convertible to 0.032 ordinary shares (on a post-consolidation basis) or an effective conversion price of A\$ 0.25 per share<sup>11</sup>. The notes can be converted at any time at the noteholder's election; and
- assets held for sale relates to the Que River Mine, Greenwing's Tasmanian exploration asset. During FY22 Greenwing signed an agreement on 5 May 2022 to sell Que River Mine to Tasmania Data Infrastructure Pty Ltd, subject to customary conditions. The assets relating to the project have been completely written off, with only a rehabilitation liability offset by an equal security deposit of A\$ 0.5 million remaining.

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<sup>11</sup> Each convertible note has a face value of A\$ 0.008, divided by conversion ratio of 0.032.

## 3 Profile of NIO Inc.

### 3.1 Overview

NIO is a leading company in the premium smart electric vehicle market. NIO designs, develops, jointly manufactures, and sells premium smart electric vehicles. In addition, NIO drives innovation in autonomous driving, digital technologies, electric powertrains, and batteries. These innovations include battery swapping technologies, 'Battery as a Service', or BaaS, as well as its proprietary autonomous driving technologies and 'Autonomous Driving as a Service', or ADaaS.<sup>12</sup>

NIO currently offers its vehicles in China and Europe. NIO has been listed on the New York Stock Exchange (**NYSE**) since September 2018, and recently listed on the Hong Kong Stock Exchange (**HKSE**) in March 2022, and the Singapore Exchange (**SGX**) in May 2022. As at 31 March 2022, William Li (Co-Founder, Chairman & CEO) was the largest shareholder in NIO and controlled 44.5% of voting power.<sup>13</sup>

As at 26 October 2022, NIO had a market capitalisation of US\$ 17.9 billion<sup>14</sup>. As at 30 September 2022, NIO's cash and cash equivalents, restricted cash, short-term investment and long-term time deposits were Renminbi (**RMB**) 51.4 billion (US\$ 7.2 billion).<sup>15</sup>

### 3.2 Summary of financial performance and operations

NIO's product portfolio consists of the ES8, the ES7 (or the EL7), a mid-large five-seater premium smart electric SUV, the ES6, a five-seater high-performance premium smart electric SUV, the EC6, a five-seater premium smart electric coupe SUV, the ET7, a flagship premium smart electric sedan, and the ET5, a mid-size premium smart electric sedan.

NIO released its first commercial vehicle in 2017. In 2020 and 2021, NIO delivered 43,728 and 91,429 vehicles, respectively. In the first ten months of 2022, NIO delivered 92,493 vehicles. Cumulative deliveries of NIO vehicles reached 259,563 as of 31 October 2022.<sup>16</sup> A high-level summary of NIO's financial performance for the FY ended 31 December 2020, 31 December 2021 and HY ended 30 June 2022 is summarised as follows:

**Table 10: Summary of NIO financials**

US\$ millions <sup>1</sup>	Audited FY20	Audited FY21	Unaudited HY22
Revenue	2,492	5,671	3,016
Loss from operations	(706)	(706)	(752)

Source: NIO's annual report on Form 20-F for the year ended 31 December 2021; NIO's Form 6-K furnished to the Securities and Exchange Commission on 7 September 2022.

Note:

1. Translations from RMB to US\$ are made at the exchange rate as of the last business day of the referenced period.

Refer to NIO's latest annual report further information<sup>17</sup>.

<sup>12</sup> Exhibit 99.2 to Form 6-K furnished on 1 November 2022

<sup>13</sup> Form 20-F for the year ended 31 December 2021; Exhibit 99.2 to Form 6-K furnished on 20 May 2022

<sup>14</sup> S&P Capital IQ

<sup>15</sup> Exhibit 99.1 to Form 6-K furnished on 10 November 2022; Translations from RMB to US\$ are made at the rate of RMB 7.1135 to US\$ 1.00

<sup>16</sup> Exhibit 99.1 to Form 6-K furnished on 4 January 2022; Exhibit 99.1 to Form 6-K furnished on 3 January 2022; Exhibit 99.1 to Form 6-K furnished on 1 November 2022

<sup>17</sup> Refer to the following website link: [NIO Investor Relations](#)



## 4 Valuation approach

### 4.1 Appointment and role of the technical expert

Behre Dolbear Australia Pty Limited (**BDA**), an independent mining expert, was engaged to provide an assessment of the value of the San Jorge Project, given its early stage of development. BDA prepared its assessment having regard to the code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the **VALMIN** code). The scope of BDA's work was controlled by Deloitte Corporate Finance. A copy of BDA's report is provided as Appendix 5.

### 4.2 Definition of fair market value

For the purpose of our opinion, we have referred to the concept of fair market value. Fair market value is defined as the amount at which the Benefits received by NIO would be expected to change hands in a hypothetical transaction between a knowledgeable willing, but not anxious, buyer and a knowledgeable willing, but not anxious, seller acting at arm's length.

Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation has not been premised on the existence of a special purchaser.

To estimate the fair market value of Benefits received by NIO, we have considered common market practice and the valuation methodologies recommended by ASIC RG 111, which deals with the content of independent expert's reports. These are discussed in Appendix 2.

### 4.3 Selection of valuation methodologies

#### 14.76% interest in Greenwing

The share market can be expected to provide an objective assessment of the current fair market value of a listed entity where the market is well informed and liquid. Market prices incorporate the influence of all publicly known information relevant to the value of an entity's securities.

We are of the view that the share trading prior to announcement of the Proposed Transaction is an appropriate measure of the fair market value of the 14.76% interest in Greenwing for the following reasons:

- Greenwing shares show adequate trading volumes, with 3.3% (39.8% annualised) of total shares outstanding traded over the 30 days prior to the announcement of the Proposed Transaction. Greenwing's free float prior to the announcement of the Proposed Transaction was approximately 79%<sup>18</sup>;
- the assets of Greenwing are all at an early stage of development. Greenwing provides regular incremental progress updates as development activities are completed for each of its assets. Most recently it announced the results of a TEM Geophysical survey at the San Jorge Project and a significant upgrade of its resource estimate for Graphmada. Greenwing also issued its quarterly operations report for the June quarter in July 2022, providing an update on operational and financial matters; and
- Private placements for listed companies are typically priced against recent share trading (often at a discount).

#### Call Option

The Call Option over Andes Litio is akin to a standard European option. The strike price for Andes Litio is fixed at a maximum of US\$ 80 million and NIO can exercise the option for between 20% and 40% of Andes Litio (in increments of 5%). The Call Option has characteristics similar to an American option, as

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<sup>18</sup> Per S&P CapitalIQ as at 23 September 2022

NIO may exercise the option at any point in the 365 days after a mineral resource report compliant with the JORC Code has been issued in relation to the San Jorge Project. However, American Call options are typically equal in value to European options where there are no material distributions.

We have valued the Call Option using a Black-Scholes-Merton model, which is typically used to value “plain vanilla” European options. As the volatility around the future value of Andes Litio is predominantly driven by geological development risk, it could also be assessed using scenario analysis. However, due to the significant subjective judgement required in selecting potential scenarios for the San Jorge Project, together with their relevant probabilities and value outcomes, we consider the Black-Scholes-Merton model to be more appropriate.

### **Value of Andes Litio**

One of the key assumptions under the Black-Scholes-Merton model is the current fair market value of Andes Litio.

Andes Litio currently holds a 15% interest in the San Jorge Project and an option to acquire the remainder of the project in various tranches. Therefore, the current value of Andes Litio is equal to the value of the San Jorge Project, less any outstanding payments to acquire the remaining 85% interest.

However, as the value of Andes Litio is only an input in our assessment of the Call Option, we have considered the value of Andes Litio assuming the Proposed Transaction proceeds (i.e. all outstanding payments will be made prior to exercise of the Call Option). Greenwing is obligated to spend at least 80% of the placement proceeds of A\$ 12.0 million to acquire 100% of the San Jorge Project and progress exploration activities. Therefore, we have valued Andes Litio based on 100% ownership of the San Jorge Project, with no adjustment for outstanding payments to acquire the remaining 85%.

As the sole undertaking of Andes Litio, we have considered the following key benchmarks in assessing the value of the San Jorge Project:

- BDA was engaged to assess the value of San Jorge Project and primarily used a market (or yardstick) approach based on observed transactions in comparable projects. They have also considered past exploration expenditure with a Prospectivity Enhancement Multiplier (**PEM**); and
- we have also considered the value implied by the consideration paid by Greenwing to acquire Andes Litio in September 2021, and remaining payments (including both investment and expenditure amounts) that need to be incurred for Greenwing to ultimately acquire 100% of the San Jorge Project via Andes Litio. As this approach includes payments that are yet to be made by Greenwing (and Andes Litio), it may overstate the current value of the San Jorge Project as it assumes exploration results will be favourable enough to continue investing in the project.

## 5 Valuation of the Benefits received by NIO

### 5.1 Valuation of the Benefits received by NIO

Our valuation methodology is described in Section 4.

#### 14.76% interest in Greenwing

We have estimated the fair market value of the 14.76% interest in Greenwing based on share trading activity in Greenwing prior to the announcement of the Proposed Transaction on 26 September 2022.

The annualised daily volume of shares traded on the ASX compared to the average shares on issue is an indicator of the depth of liquidity in a company's shares. In the six months and twelve months prior to the announcement of the Proposed Transaction, this liquidity measure was at approximately 72% and 73%, respectively.

The following figure compares the daily share price of Greenwing prior to the announcement of the Proposed Transaction, the 30-day VWAP of Greenwing's shares prior to the Proposed Transaction announcement date and our selected valuation range of a Greenwing share.

**Figure 3: Share trading analysis**



Sources: S&P Capital IQ, Deloitte Corporate Finance analysis

Greenwing's closing share price on the last trading day prior to the announcement of the Proposed Transaction (23 September 2022) was A\$ 0.25 and its 30-day VWAP up to and including 23 September 2022 was A\$ 0.28. The following table sets out the share market trading in Greenwing shares prior to the announcement of the Proposed Transaction.

**Table 11: Analysis of share trading in Greenwing**

	Low (A\$)	High (A\$)	VWAP (A\$)	% volume traded	% Annualised volume traded
<b>Prior to the announcement of the Proposed Transaction</b>					
7 days	0.245	0.360	0.273	1.49%	77.86%
14 days	0.245	0.360	0.283	2.15%	56.07%
21 days	0.245	0.360	0.282	2.68%	46.55%
30 days	0.240	0.360	0.280	3.27%	39.80%

Sources: S&P Capital IQ, Deloitte Corporate Finance analysis

We have selected a value per share of A\$ 0.25 to A\$ 0.28, to estimate the fair market value of the 14.76% interest in Greenwing of A\$ 5.5 million to A\$ 6.1 million as set out in the following table.

**Table 12: Valuation of 14.76% interest in Greenwing**

	Unit	Low	High
<b>Value per share</b>	<b>A\$</b>	<b>0.25</b>	<b>0.28</b>
Shares issued to NIO	Million	21.82	21.82
<b>Fair market value of 14.76% interest in Greenwing</b>	<b>A\$ million</b>	<b>5.45</b>	<b>6.11</b>

Source: Deloitte Corporate Finance analysis

## Call Option

We have estimated the value of the Call Option using the Black-Scholes-Merton Model. The following table sets out the fair market value of the Call Option using this approach.

**Table 13: Valuation of Call Option**

	Unit	Low	High
<b>Call Option (100% of Andes Litio) – in US\$</b>	<b>US\$ million</b>	<b>0.01</b>	<b>0.48</b>
<b>Call Option (40% of Andes Litio) – in US\$</b>	<b>US\$ million</b>	<b>0.01</b>	<b>0.19</b>
A\$:US\$ <sup>1</sup>		0.6508	0.6508
<b>Call Option (40% of Andes Litio) – in A\$</b>	<b>A\$ million</b>	<b>0.01</b>	<b>0.29</b>

Source: Deloitte Corporate Finance analysis

Notes:

1. Converted based on A\$:US\$ rate of 0.6508 as at 26 October 2022.

The key assumptions required for the Black-Scholes-Merton model include the following:

- the current valuation of Andes Litio; and
- other assumptions: option term, risk-free rate, dividend yield and volatility.

Our consideration of each of these factors is presented below.

## Valuation of Andes Litio

In assessing the current value of Andes Litio, we have assumed it owns 100% of the San Jorge Project, its sole undertaking (refer to Section 4.3 where we discuss this approach in more detail). As there are no other material surplus assets or liabilities, we have estimated the value of Andes Litio based on the value of the San Jorge Project.

We have estimated the value of Andes Litio to be in the range of US\$ 2.4 million to US\$ 10.0 million as set out in the table below.

**Table 14: Valuation of Andes Litio**

	Unit	Low	High
BDA valuation of the San Jorge Project	US\$ million	1.60	3.20
Total consideration to acquire the San Jorge Project	US\$ million	8.75	10.06
<b>Fair market value of Andes Litio</b>	<b>US\$ million</b>	<b>2.50</b>	<b>10.00</b>

Source: BDA analysis, Deloitte Corporate Finance analysis

We have considered the following key benchmarks in assessing the value of the San Jorge Project:

- BDA was instructed by Deloitte Corporate Finance to provide an assessment of the fair market value of the San Jorge Project. BDA estimated the fair market value of the San Jorge Project to be in the range of US\$ 1.6 million to US\$ 3.2 million, with a preferred value of US\$ 2.5 million. BDA primarily had regard to a market (or yardstick) approach based on observed transactions in comparable projects and past exploration expenditure with a PEM applied; and
- we have also considered the total consideration payable by Greenwing (via Andes Litio) to acquire 100% of the San Jorge Project. This includes the total consideration Greenwing paid to acquire

Andes Lito as well as the investment and expenditure payments required to acquire 100% of the San Jorge Project. Our estimated range reflects whether or not the remaining contingent payments are required to be paid, which are dependent on meeting certain resource thresholds.

Our valuation range reflects BDA's preferred value at the low end and the maximum value implied by the total consideration payable, at the high end. As the consideration payable approach includes payments that have yet to be made and are dependent on continued favourable exploration results, it may overstate the value of the San Jorge Project and therefore Andes Lito.

**Table 15: Total consideration to acquire 100% of San Jorge Project**

	Unit	Low	High
<b>Total consideration to acquire Andes Lito</b>			
Shares issued on 30 July 2021	A\$ million	0.36	0.36
Shares issued following execution of transaction documents (issued 3 September 2021)	A\$ million	0.54	0.54
Shares issued nine months after grant of necessary payments (issued 27 September 2022)	A\$ million	0.72	0.72
Upon achieving inferred mineral resource threshold	A\$ million	-	1.00
Upon achieving measured and indicated mineral resource threshold	A\$ million	-	1.00
<b>Total</b>	<b>A\$ million</b>	<b>1.62</b>	<b>3.62</b>
<b>Total</b>	<b>US\$ million<sup>1</sup></b>	<b>1.05</b>	<b>2.36</b>
<b>Total consideration to acquire San Jorge Project</b>			
Total investment	US\$ million	4.75	4.75
Total expenditure	US\$ million	2.95	2.95
<b>Total</b>	<b>US\$ million</b>	<b>7.70</b>	<b>7.70</b>
<b>Grand total</b>	<b>US\$ million</b>	<b>8.75</b>	<b>10.06</b>

Source: Deloitte Corporate Finance analysis

Notes:

1. Estimated based on closing Greenwing share price as at the issue date.
2. Converted based on A\$:US\$ rate of 0.6508 as at 26 October 2022.

## Other assumptions

Other assumptions used in the Black-Scholes-Merton Model are summarised in Table 16 below.

**Table 16: Other assumptions used in valuing the Call Option**

Parameters	Selected input	Basis of selection of input
Valuation Date	26 October 2022	
Option term	2.18 years	NIO may exercise the Call Option during the 365 days after a mineral resource report compliant with the JORC Code has been issued in relation to the San Jorge Project. Management have agreed to issue a resource report by 31 December 2023. On this basis, we have assumed a maturity of 30 December 2024.
Risk-free interest rate	4.49%	The risk-free interest rate is derived from the 2-year and 3-year US Treasury bond as at 26 October 2022. The selected risk-free rate represents a linear interpolation of the implied 2- and 3-year US government bond rates.
Dividend yield	Nil	As the project is in the very early stages of development it will not generate any cash outflows during the option term.

Parameters	Selected input	Basis of selection of input
Expected volatility	100%	<p>In selecting our volatility assumption, we have had regard to the daily and weekly volatility of comparable listed development stage lithium companies over the last two years. These ranged from 70% to 162% with an average of 99%.</p> <p>A summary of these comparable company volatilities is presented in Appendix 4.</p>

Source: Deloitte Corporate Finance analysis

# Appendix 1: Context to the report

## Individual circumstances

We have evaluated the Proposed Transaction for Shareholders as a whole and have not considered the effect of the Proposed Transaction on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposed Transaction is fair and reasonable. If in doubt investors should consult an independent adviser, who should have regard to their individual circumstances

## Limitations, qualifications, declarations and consents

The report represents solely the expression by Deloitte Corporate Finance of its opinion as to whether the Proposed Transaction is fair and reasonable in relation to LR 10.

Our opinion is based on the prevailing economic, market and other conditions as at the date of this report. Such conditions can change significantly over relatively short periods of time. Recent volatility in capital markets and the current economic outlook have created significant uncertainty with respect to the valuation of assets. Recognising all of these factors, our valuation and therefore our opinion may be more susceptible to change than would normally be the case. Unless requested, we will not update our valuation for any subsequent information or events.

The report has been prepared at the request of the Directors of Greenwing and is to be included in the Notice of Meeting to be given to Shareholders for approval of the Proposed Transaction in accordance with LR 10. Accordingly, it has been prepared only for the benefit of the Directors and those persons entitled to receive the Notice of Meeting in their assessment of the Proposed Transaction outlined in the report and should not be used for any other purpose. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Shareholders and Greenwing, in respect of this report, including any errors or omissions however caused. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposed Transaction. This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by Greenwing and its officers, employees, agents or advisors (as set out below in 'Sources of Information'). Deloitte does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to Greenwing management for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by Greenwing and its officers, employees, agents or advisors, Greenwing has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which Greenwing may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by Greenwing and its officers, employees, agents or advisors or the failure by Greenwing and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Proposed Transaction.

Deloitte also relied on the valuation report prepared by BDA. Deloitte assessed the professional competence and objectivity of BDA and believe the work performed is appropriate and reasonable. Deloitte has received consent from BDA for our reliance on and inclusion of their opinion in the preparation of this report.

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte Corporate Finance principally involved in the preparation of this report were Stephen James Reid, M App. Fin. Inv, B.Ec, FCA. and Nicki Ivory, B.Com., FCA, CFA. Each have many years of experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

**Consent to being named in disclosure document**

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of 225 George Street, Sydney, NSW, 2000 acknowledges that:

- Greenwing proposes to issue a Notice of Meeting in respect of the Proposed Transaction between Greenwing and NIO;
- the Notice of Meeting will be issued in hard copy and be available in electronic format;
- it has previously received a copy of the draft Notice of Meeting for review; and
- it is named in the Notice of Meeting as the 'independent expert' and the Notice of Meeting includes its independent expert's report in Annexure C of the Notice of Meeting.

On the basis that the Notice of Meeting is consistent in all material respects with the draft Notice of Meeting received, Deloitte Corporate Finance Pty Limited consents to it being named in the Notice of Meeting in the form and context in which it is so named, to the inclusion of its independent expert's report in Annexure C of the Notice of Meeting and to all references to its independent expert's report in the form and context in which they are included, whether the Notice of Meeting is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Notice of Meeting and takes no responsibility for any part of the Notice of Meeting, other than any references to its name and the independent expert's report as included in Annexure C.

**Sources of information**

In preparing this report we have had access to the following principal sources of information:

- various transaction documents including the Shareholder agreements and Call Option deed in relation to the Proposed Transaction;
- audited financial statements for Greenwing for the years ended 30 June 2020, 30 June 2021 and 30 June 2022;
- audited financial statements for NIO for the years ended 31 December 2020, 31 December 2021 and unaudited half year financial statements for the half year ended 30 June 2022;
- the independent technical report prepared by BDA;
- Greenwing and NIO company websites and respective ASX and NYSE announcements;
- publicly available information on comparable companies and market transactions published by ASIC, Thomson Research, Thomson Reuters Financial markets, SDC Platinum and Mergermarket; and
- other publicly available information, media releases and brokers reports on Greenwing, NIO and the lithium industry.

In addition, we have had discussions and correspondence with certain directors and executives in relation to the above information and to current operations and prospects, including the following:

- Craig Lennon – Chief Executive Officer
- Rick Anton – Non-Executive Chairman
- Angus Craig – Company Secretary.



# Appendix 2: Valuation methodologies

## Corporate entities and asset valuations

Common market practice and the valuation methodologies which are applicable to corporate entities and businesses can usually be categorised under one of the following three approaches.

### Market approach

The market approach involves the determination of fair market value having regard to pricing and other metrics implied by market trading or transactions of comparable assets. Valuation methods commonly adopted under the market approach include:

- earnings multiples
- reserve and resource multiples for mining companies
- analysis of an entity's recent share trading history.

The earnings multiple method estimates fair market value as the product of an entity's earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market trading and/or transactions involving comparable companies. The earnings multiple method is appropriate where the entity's earnings are relatively stable.

Reserve and resource multiples estimate fair market value as the product of an entity's reserves or resources and an appropriate multiple. An appropriate reserve or resource multiple is derived from market trading and/or transactions involving comparable companies. This method is appropriate for mining companies with certified reserve and resource statements and if the income approach is not feasible.

The most recent share trading history provides evidence of the fair market value of the shares in an entity where they are publicly traded in an informed and liquid market.

### Income approach

The income approach involves the determination of fair market value based on the present value of future amounts. The discounted cash flow method estimates fair market value by discounting an entity's future cash flows using an appropriate cost of capital to reflect the risks of the cash flows, to a net present value. This method is appropriate where a projection of future cash flows can be made with a reasonable degree of confidence, and is commonly used to value early-stage companies or projects with a finite life.

Other methods under the income approach include option pricing models (such as Black Scholes-Merton formula or a binomial model).

### Cost approach

The cost approach involves the determination of fair market value based on the cost of replacement. Valuation methods under the cost approach estimate the fair market value of an entity's shares based on the realisable value of its identifiable net assets, and typically comprise:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method, except that it assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the fair market value of the net assets of an entity, after deduction for the costs of operating the net assets of the business, but does not take account of realisation costs.

These methods ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill which may not be recognised on the balance sheet. Asset based methods are appropriate when companies are not profitable, or a significant proportion of an entity's assets are liquid, or for asset holding companies.

## Options and derivative valuations

A variety of pricing models exist for valuing options and derivatives. Common approaches for valuation options and derivatives include the following.

### Black-Scholes-Merton model

The Black-Scholes Option Pricing Model is typically used to value "plain vanilla" European<sup>19</sup> options over stock. It is also used to value American<sup>20</sup> options in the circumstances where the value of holding the call option at a given time is greater than the net present value of cash flows that would be generated by immediate exercise.

### Binomial Option Pricing Model

The Binomial Option Pricing Model can be used to value American and European option contracts. It is based on approximating share price movements over time using a discrete binomial model. The Binomial Option Pricing Model is implemented by defining the upper and lower values of the share over discrete periods of time. This may be undertaken by reference to a variety of assumptions about the share's value movements.

### Monte Carlo Simulation

A Monte Carlo simulation-based model simulates the path of the share price according to a probability distribution assumption. After a large number of simulations (typically 10,000 simulations), the arithmetic average of the outcomes, discounted to the valuation date, is calculated to represent the option value. Monte Carlo simulation is an approach that can accommodate complex exercise conditions. In particular, it can be used when the number of options exercised depends on some function of the whole path followed by the share price, rather than just its value at expiry. Monte Carlo simulation is also used to analyse options where the exercise condition is dependent on outcomes associated with factors other than, or in addition to, the share price.

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<sup>19</sup> European options are only exercisable at option expiry.

<sup>20</sup> American options can be exercised at any time within the option life.

## Appendix 3: Lithium industry

### Overview

Lithium is a soft, silver-white metal, and is the lightest metal under standard conditions with several of its alloys and compounds produced and used on an industrial scale. Historically it has been used in heavy greases, additives for metal production and glasses/ceramics. Today, the main use of lithium is in lithium-ion batteries due to the rise of consumer electronics, EVs and energy storage.

Lithium does not occur naturally as a pure substance but exists as a chemical compound in hard rock (pegmatite) or lithium rich brine. These substances are processed further into lithium hydroxide (**LiOH**) or lithium carbonate (**Li<sub>2</sub>CO<sub>3</sub>**) to be used in batteries for EVs. The lithium industry often measures lithium and lithium compounds in terms of lithium carbonate equivalent (**LCE**).

### Hard rock mining and brine-based operations

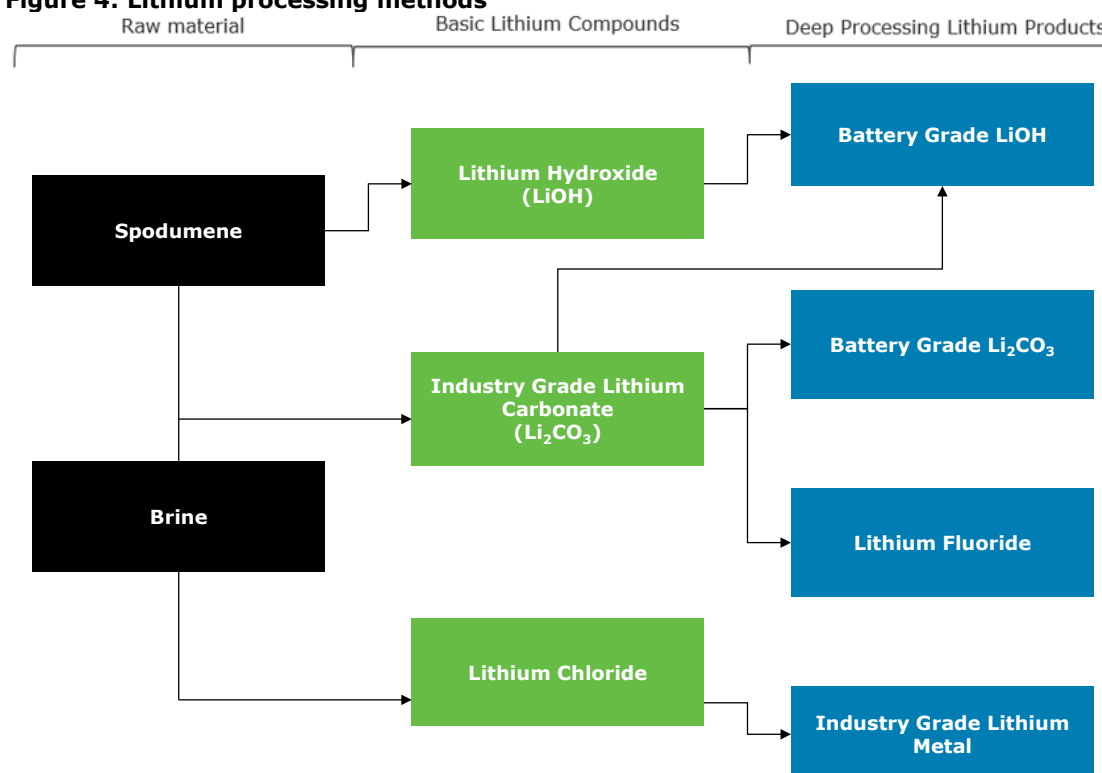
The four largest lithium producing countries are Australia, Chile, China and Argentina. Australia is exclusively a hard rock (or spodumene) producer and Argentina and Chile are exclusively brine producers, while China produces from both hard rock and brine deposits.

To produce spodumene concentrate, the rock is crushed and goes through a concentration or beneficiation process to produce a product which can then be used directly for glass and ceramics, but must be refined further into LCE or LiOH to be used in batteries. Hard rock mining is less impacted by weather conditions than lithium brine processing.

Lithium brine bodies are formed in basins where water has leached lithium from surrounding rock. Lithium brine is extracted from these basins and pumped into an evaporation pond. Once evaporated, the residual lithium product is processed into Li<sub>2</sub>CO<sub>3</sub>. Although brine can be processed into LiOH, it is typically first processed into Li<sub>2</sub>CO<sub>3</sub> and then refined further into LiOH. New technologies such as DLE may allow for the commercial extraction of lower concentration brines, however these have not been used widely in a commercial setting to date.

The figure below shows the different processing methods for spodumene and brine.

**Figure 4: Lithium processing methods**



Source: Various broker reports

## LiOH and Li<sub>2</sub>CO<sub>3</sub> usage

LiOH and Li<sub>2</sub>CO<sub>3</sub> are key materials in the production of battery cathodes, being the positive end of the battery. The negative end of a battery is the anode that is typically made with a graphite mixture. The cathode plays a critical role in determining the characteristics of the battery. The more lithium that is used, the larger the capacity and the higher the voltage<sup>21</sup> of the battery.

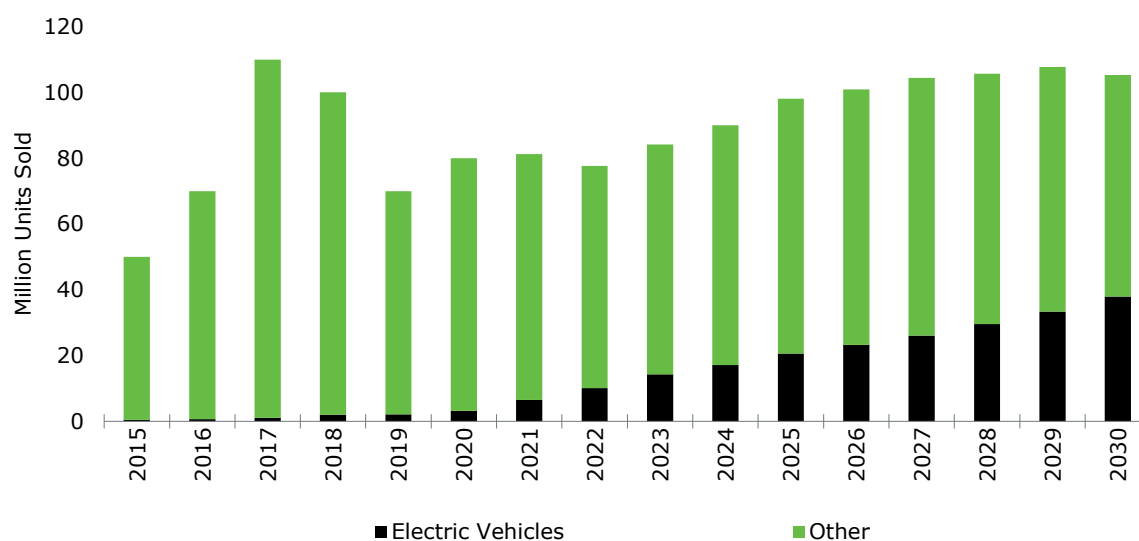
## Factors affecting demand

Future lithium demand will be dominated by the continued growth in lithium-ion battery applications, predominantly from the production of EVs and energy storage systems (**ESS**).

In 2021, approximately 50% of lithium was used in batteries for EVs. By 2030, EV batteries are expected to account for approximately 70% of lithium demand.<sup>22</sup> This growth in EV demand is expected to be driven by the transition from internal combustion engine (**ICE**) vehicles due to the following:

- legislative changes such as the introduction of tighter emissions standards globally. In June 2022, the European Parliament voted in draft legislation for a 100% reduction in tailpipe carbon dioxide (**CO<sub>2</sub>**) emissions from passenger cars and light vehicles by 2035. New York State also recently became the third state in the US to announce a ban on ICE-powered cars by 2035. In addition, the Inflation Reduction Act (**IRA**) 2022 will extend tax credits for EVs and establish new tax credits for used and commercial EVs in the US
- increased consumer choice as new models are launched by pure-play EV manufacturers (e.g. Tesla, Polestar, Lucid), legacy manufacturers (e.g. Ford, GM, Volkswagen) and Chinese manufacturers (e.g. BYD, Chery and NIO) as well as increased EV-charging infrastructure
- lower cost of EVs due to falling battery prices and government incentives compared to increased prices of fossil fuels.

**Figure 5: Forecast global vehicle sales in millions**



Source: Benchmark Mineral Intelligence (**BMI**) – Q3 2022 Forecasts

A typical EV comprises 75kg of copper, 45kg to 50kg of battery grade lithium, 27kg of nickel, and 5kg of cobalt. Li<sub>2</sub>CO<sub>3</sub> is used in lithium iron phosphate (**LFP**) batteries while LiOH is used in nickel manganese cobalt oxide (**NCM**) and lithium nickel cobalt aluminium oxide (**NCA**) batteries because of their nickel-rich chemistries<sup>23</sup>. LFP batteries are typically cheaper to produce than NCM and NCA batteries and are considered safer due to their relatively improved thermal properties. However, LFP batteries have

<sup>21</sup> Samsung SDI – the Four Components of a Li-ion Battery

<sup>22</sup> IEA – Global EV Outlook 2022

<sup>23</sup> S&P Global website – Volkswagens plan on LFP use shifts hydroxide dominance narrative in EV sector

relatively lower energy density when compared with NCM/NCA batteries, resulting in lower energy storage and thus a lower mileage range for EVs.

The phasing out of subsidies by the Chinese government that favored nickel-based chemistries, early subsidies in the LFP supply chain in China and the higher commodity prices of cobalt and nickel compared to iron and phosphorus, has driven an increase in demand for cheaper LFP batteries and, in turn,  $\text{Li}_2\text{CO}_3$ .

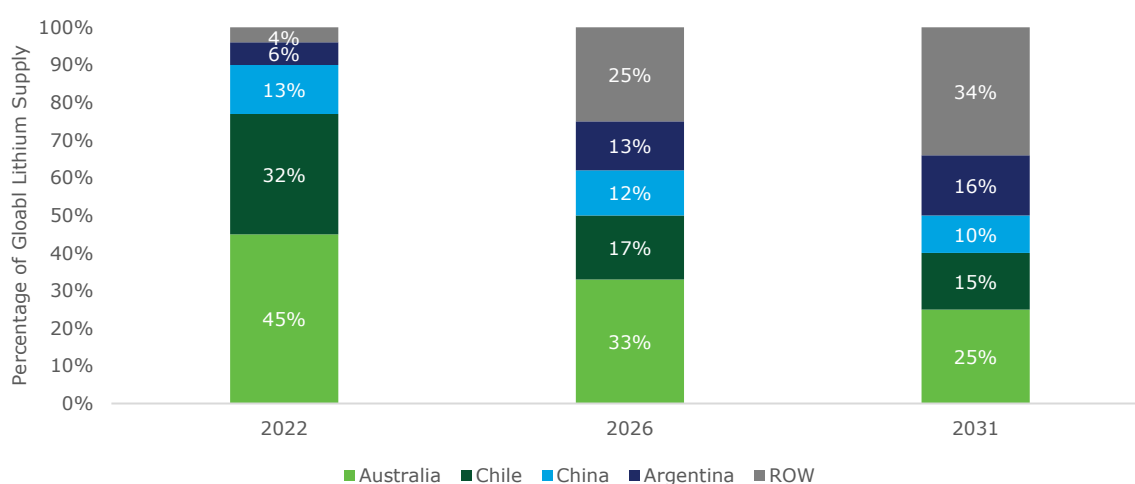
In addition, the recent innovation of cell-to-pack (**CTP**) technology pioneered by EV manufacturer BYD and produced by Contemporary Amperex Technology Co., Limited (**CATL**) is reducing the weight of LFP battery packs and improving the energy density of LFP batteries. Historically, LFP production has been mostly limited to China, largely due to the agreement with patent owners (a consortium of US and Canadian universities) for the waiver of a license fee for the use of LFP patents in China. However, these patents are set to expire in 2022. As a result, the usage of LFP batteries outside China is expected to surge globally with manufacturers such as Tesla announcing additional use of LFP batteries in its standard range models.

The term gigafactory refers to a factory designed to produce batteries and/or EVs on a large scale. According to Wood Mackenzie, global cumulative lithium-ion battery capacity could rise over five times to 5,500 gigawatt-hour (**GWh**) between 2021 and 2030. China is expected to be the major contributor to future gigafactory capacity growth, with plans to build more than 3,000 GWh of capacity. While China will remain dominant in the market, accounting for 69% of global battery manufacturing capacity by 2030 (down from 90% in 2021), global manufacturing capacity growth is expected to come from North America and Europe.<sup>24</sup>

### Factors affecting supply

Lithium supply is oligopolistic in nature, with Australia, Chile and China estimated to account for circa 90% of global supply of LCE in 2022, and over half of global supply produced by just five lithium suppliers (Sociedad Química y Minera de Chile SA (Chile); Pilbara Minerals (Australia); Alkerm (Australia); Livent Corporation (United States) and Ganfeng Lithium Co. (China))<sup>25</sup>. BMI expect this geographic concentration to fall to 50% by 2031 as more projects come online globally and Argentina becomes the second largest global producer, behind Australia.

**Figure 6: Lithium supply forecast by region**



Source: BMI – Q3 2022 Forecast

Notes:

1. Rest of World (**ROW**) relates predominantly to North America, the US and Brazil.

With demand currently exceeding supply, rapid price increases are expected to drive investment and therefore supply in the short to medium term. As a result, medium term prices are expected to decline as the market moves toward a supply-demand balance. However, there is no consensus on how long the current supply deficit is expected to last. Wood Mackenzie expects the supply deficit to end in 2023, BMI

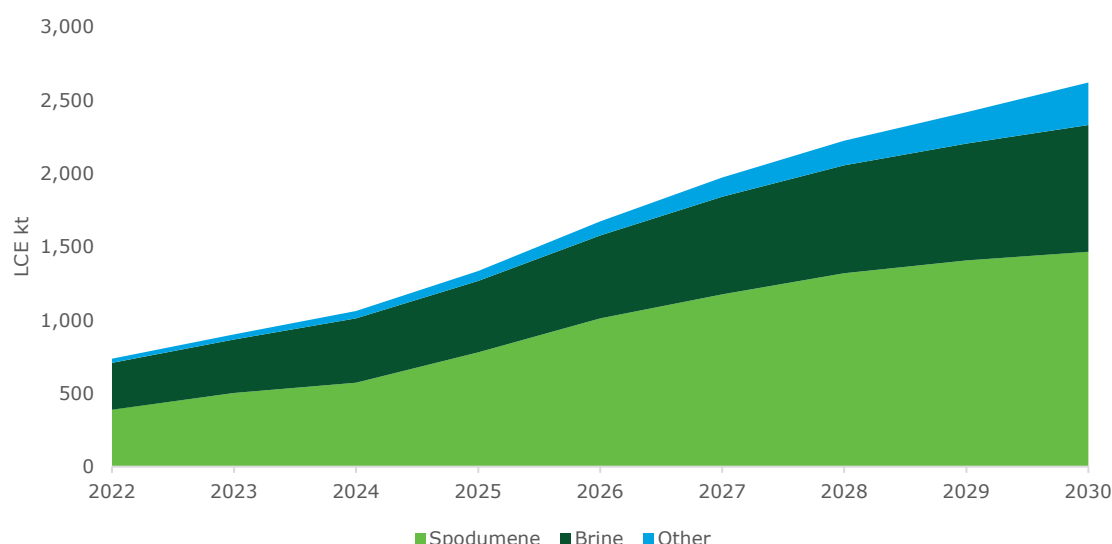
<sup>24</sup> Wood Mackenzie website – Global lithium-ion battery capacity to rise five-fold by 2030

<sup>25</sup> IEA – Global EV Outlook 2022

expects a market balance in 2025 whereas various brokers forecast the current supply deficit to last as long as 2030.

Spodumene and brine are expected to remain the primary sources of supply. While recycling is expected to increase over the long term, the focus is on the recycling of nickel and cobalt which can be recovered more economically than lithium.

**Figure 7: Lithium supply forecast**



Source: Macquarie Research - Lithium Market Outlook

## Lithium and battery material supply chain

As the global energy market shifts towards more renewable sources with a focus on reducing carbon emissions, the EV market has expanded rapidly. Initially pioneered by Tesla, the production of EVs has expanded globally with the emergence of leading Chinese EV producers (e.g. BYD, Chery and NIO) as well as legacy ICE vehicle manufacturers (e.g. Ford, GM, Volkswagen).

As rising production has increased the competition for key battery materials such as lithium, market participants are increasingly looking to invest upstream to secure future supply, as evidenced by recent transactions:

- Stellantis' acquisition of an 8% stake in lithium producer Vulcan Energy Resources; and
- BMW's investment in Mangrove Lithium.

Downstream manufacturers are a new source of capital for early-stage lithium companies to progress exploration and development activities. Governments have also reacted to evolving global supply chains by increasing regulatory pressure on supply chain transparency. Countries such as Germany will require Original Equipment Manufacturers (**OEMs**) to comply with extensive due diligence obligations to ensure any risks or violations of human rights are minimised within their supply chains.<sup>26</sup> This is encouraging OEMs to localise supply chains to mitigate geopolitical risk.

In August 2022, the US introduced the IRA 2022, which extended tax credits for EVs and established new tax credits for used and commercial EVs. The IRA aims to accelerate the shift of battery production to the US and nations which have free trade agreements (**FTAs**) with the US, by establishing battery sourcing requirements for EVs to qualify for tax credits. In order to qualify for tax incentives under the IRA, vehicles cannot have any battery components or critical minerals sourced from a 'foreign entity of concern' from 2024 and 2025 respectively<sup>27</sup>, which includes China and Russia. This is expected to benefit Australia, Canada and Chile, which hold FTAs with the US.

<sup>26</sup> German Supply Chain Due Diligence Act

<sup>27</sup> as defined by the Infrastructure Investment and Jobs Act, (42 USC. § 18741(a)(5))

## Pricing

The price of spodumene concentrate is related to the price of  $\text{Li}_2\text{CO}_3$  and  $\text{LiOH}$ , which is related to the supply and demand factors of cathode production, EVs and battery storage technologies.

Unlike many other commodities, lithium compounds do not have an exchange traded market. Prices for lithium compounds are typically set through negotiation between producers and consumers through private agreements. The terms of these agreements remain confidential and, even if terms are known, differences in the pricing structures (agreed formulas which model annual volume flexibility, price floors and ceilings) make comparison difficult.

Spot prices are becoming more widely quoted, particularly in China where consumption of lithium compounds is the highest. Although lithium compounds are not traded on an exchange, the London Metals Exchange (**LME**) has partnered with price reporting agency Fastmarkets to enable greater transparency in lithium prices. The LME provides  $\text{LiOH}$  price quotes on a weekly basis<sup>28</sup>.

Lithium prices have increased significantly over 2022, reaching near record high levels in April 2022 with Chinese battery-grade  $\text{Li}_2\text{CO}_3$  and  $\text{LiOH}$  prices rising by 90% and 127% respectively, year to date.<sup>29</sup> Prices were driven by a recovery in demand for EVs in China, coupled with restricted supply as lithium processing was limited by COVID-19 lockdowns and heatwaves. Short to medium term prices are expected to decline as the market moves toward a supply-demand balance.

**Figure 8: Spodumene US\$/t (nominal)**



Source: Bloomberg Finance L.P, various brokers

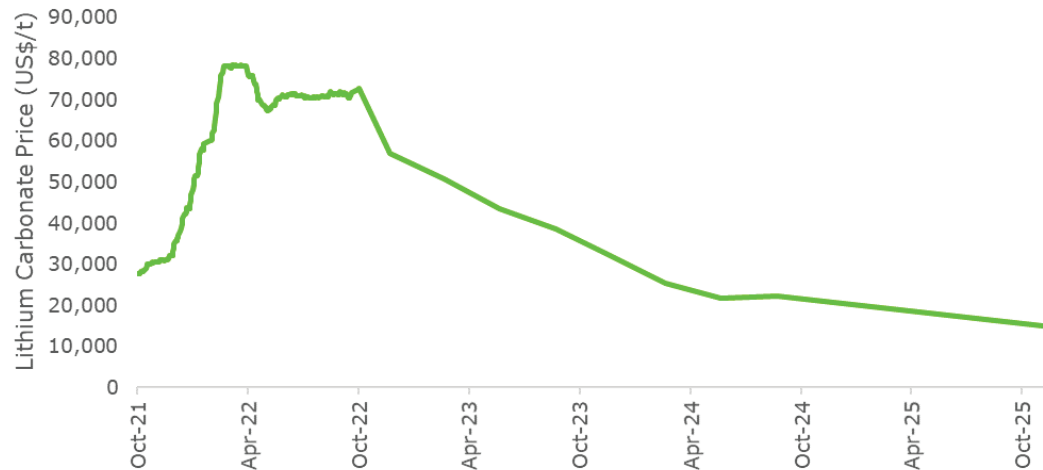
Notes:

1. Actual data from Bloomberg to 11 October 2022 with broker forecast prices thereafter
2. Refers to China Spodumene market

<sup>28</sup> LME Website - Lithium

<sup>29</sup> BMI Website – What is Driving Lithium Prices in 2022 and beyond?

**Figure 9:  $\text{Li}_2\text{CO}_3$  US\$/t (nominal)**

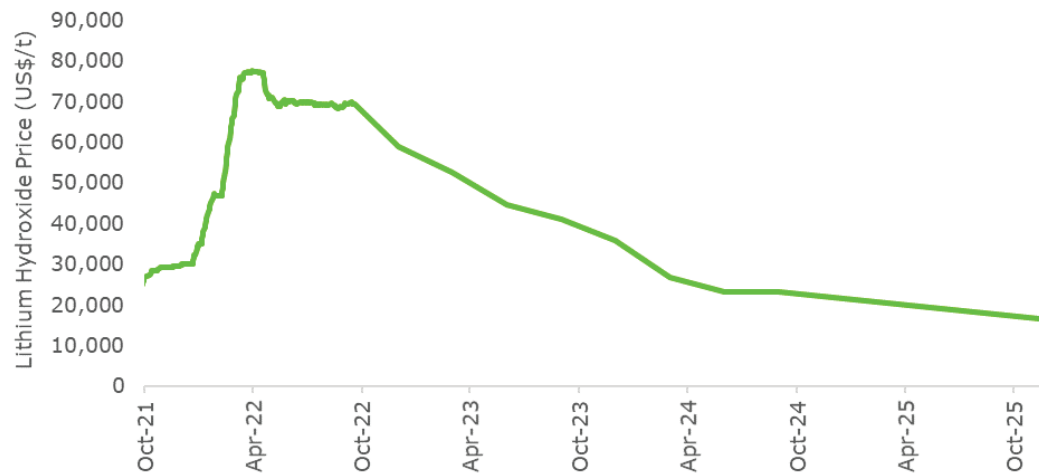


Source: Bloomberg Finance L.P, various brokers

Notes:

1. Actual data from Bloomberg to 11 October 2022 with broker forecast prices thereafter
2. Refers to China lithium carbonate market

**Figure 10:  $\text{LiOH}$  US\$/t (nominal)**



Source: Bloomberg Finance L.P, Various brokers

Notes:

1. Actual data from Bloomberg to 11 October 2022 with broker forecast prices thereafter
2. Refers to China lithium hydroxide market



## Appendix 4: Comparable company volatilities

In selecting our volatility assumption, we have had regard to the historical daily and weekly observed volatilities of comparable listed development stage lithium companies as summarised in the table below.

**Table 17: Observed comparable company volatilities**

Name	Market Cap A\$ millions	Stage of Development	Daily volatility	Weekly volatility
Liontown Resources Limited	4,250.1	FID	76.6%	77.0%
Sayona Mining Limited	2,119.2	Construction	125.4%	123.1%
Piedmont Lithium Inc.	1,715.6	Construction	98.3%	108.9%
Lake Resources NL	1,411.7	PFS	112.3%	123.8%
Vulcan Energy Resources Limited	1,042.0	PFS	86.9%	98.0%
Standard Lithium Limited	897.4	PEA	93.3%	78.6%
Argosy Minerals Limited	787.0	PEA	88.0%	97.1%
Global Lithium Resources Limited	486.7	Exploration	73.3%	75.7%
Galan Lithium Limited	481.2	PEA	83.0%	81.7%
Atlantic Lithium Limited	369.4	Exploration	75.4%	70.7%
Lithium Power International Limited	228.9	DFS	87.5%	86.6%
Arena Minerals Inc.	198.4	Exploration	161.6%	147.6%
European Lithium Limited	140.1	PFS	86.6%	77.4%
Essential Metals Limited	137.2	Exploration	102.7%	105.1%
Lithium Energy Limited	114.0	Exploration	82.7%	81.8%
Infinity Lithium Corporation Limited	91.7	Scoping Study	117.8%	115.4%
Critical Resources Limited	89.4	Exploration	104.6%	107.6%
Pan Asia Metals Limited	57.3	Exploration	102.3%	120.2%
Prospect Resources Limited	46.2	Exploration	86.4%	86.1%
Bulletin Resources Limited	41.0	Exploration	103.0%	86.7%
Bearing Lithium Corp.	40.2	DFS	106.8%	92.8%
Greenwing Resources Limited	39.8	Exploration	129.6%	102.4%
Power Minerals Limited	33.6	Exploration	128.2%	106.8%
<b>Minimum</b>			<b>73.3%</b>	<b>70.7%</b>
<b>Maximum</b>			<b>161.6%</b>	<b>147.6%</b>
<b>Average</b>			<b>100.5%</b>	<b>97.9%</b>
<b>Median</b>			<b>100.3%</b>	<b>97.5%</b>

Source: S&P Capital IQ, Deloitte Corporate Finance analysis

Notes:

- Volatility estimated over 2.18 years of trading up to 26 October 2022.
- We have excluded companies with less than 50% of available trading days observed over the historical period.
- FID – Final investment decision, PFS – Preliminary feasibility study, PEA – Preliminary feasibility assessment, DFS – Definitive feasibility study

## **Appendix 5: Technical expert's report**

7 November 2022

Mr Stephen Reid  
Deloitte Corporate Finance Pty Ltd  
Grosvenor Place,  
225 George Street  
Sydney, NSW 2000

[stereid@deloitte.com.au](mailto:stereid@deloitte.com.au)

Dear Stephen

**INDEPENDENT TECHNICAL SPECIALIST REPORT FOR DELOITTE CORPORATE FINANCE**  
**SAN JORGE LITHIUM BRINE PROJECT, ARGENTINA**  
**GREENWING RESOURCES LTD**  
**BEHRE DOLBEAR AUSTRALIA PTY LIMITED**

## **1.0 INTRODUCTION**

Deloitte Corporate Finance Pty Limited ("Deloitte") has been engaged by Greenwing Resources Ltd ("Greenwing" or "the Company") to prepare an Independent Expert's Report ("IER") in relation to a proposed transaction ("the Proposed Transaction") with Blue Northstar Limited ("Blue Northstar"), a subsidiary of NIO Inc ("NIO"), pursuant to which, for the payment of around A\$12 million ("M"), Blue Northstar will on completion receive 21,818,182 fully paid ordinary shares (approximately 14.8% of the Company's current issued capital) in Greenwing and a call option to acquire up to 40% of the issued share capital of Andes Litio SA ("Andes Litio"), a wholly-owned subsidiary of Greenwing which holds an option agreement to acquire up to 100% of the interests in the San Jorge Lithium Brine Project in Argentina ("the project"). The IER will be included in the Notice of Meeting relating to the Proposed Transaction and will provide an opinion for the benefit of the Greenwing shareholders as to whether the Proposed Transaction is fair and reasonable.

Given the nature of the Greenwing assets and the Andes Litio San Jorge interests in particular, Deloitte has requested that Behre Dolbear Australia Pty Ltd ("BDA") undertake an independent technical review and provide an Independent Technical Specialist's Report ("ITSR") on the San Jorge assets. The ITSR will be attached as an appendix to the IER.

The San Jorge lithium brine project is centred on the San Francisco salar in northwest Argentina (see Figure 1), within the Chile-Argentina-Bolivia 'Lithium Triangle' which accounts for approximately half of the world's annual lithium production. Greenwing (then named Bass Metals Limited) announced in March 2021 an agreement to acquire Blackearth SA ("Blackearth") which holds an option to acquire 100% of Andes Litio, which holds an option to acquire 100% of the San Jorge project. The 36,000-hectare ("ha") tenement package, comprising 15 granted Exploration Licences, includes coverage of 2,800ha overlying the San Francisco salar (see Figure 2).

To date, Greenwing has undertaken no drilling of the salar, but surface samples have been taken indicating the presence of lithium enriched brines (maximum 285 milligrams per litre ("mg/L")) in the south-central portion of the salar. Seismic geophysical surveys have suggested that the depth to basement could be up to 600 metres ("m") in the south of the salar. Transient Electromagnetic ("TEM") geophysical surveys have been carried out, and application has been made for approvals for a three hole 1,200m drilling programme planned for the fourth quarter ("Q4") of 2022.



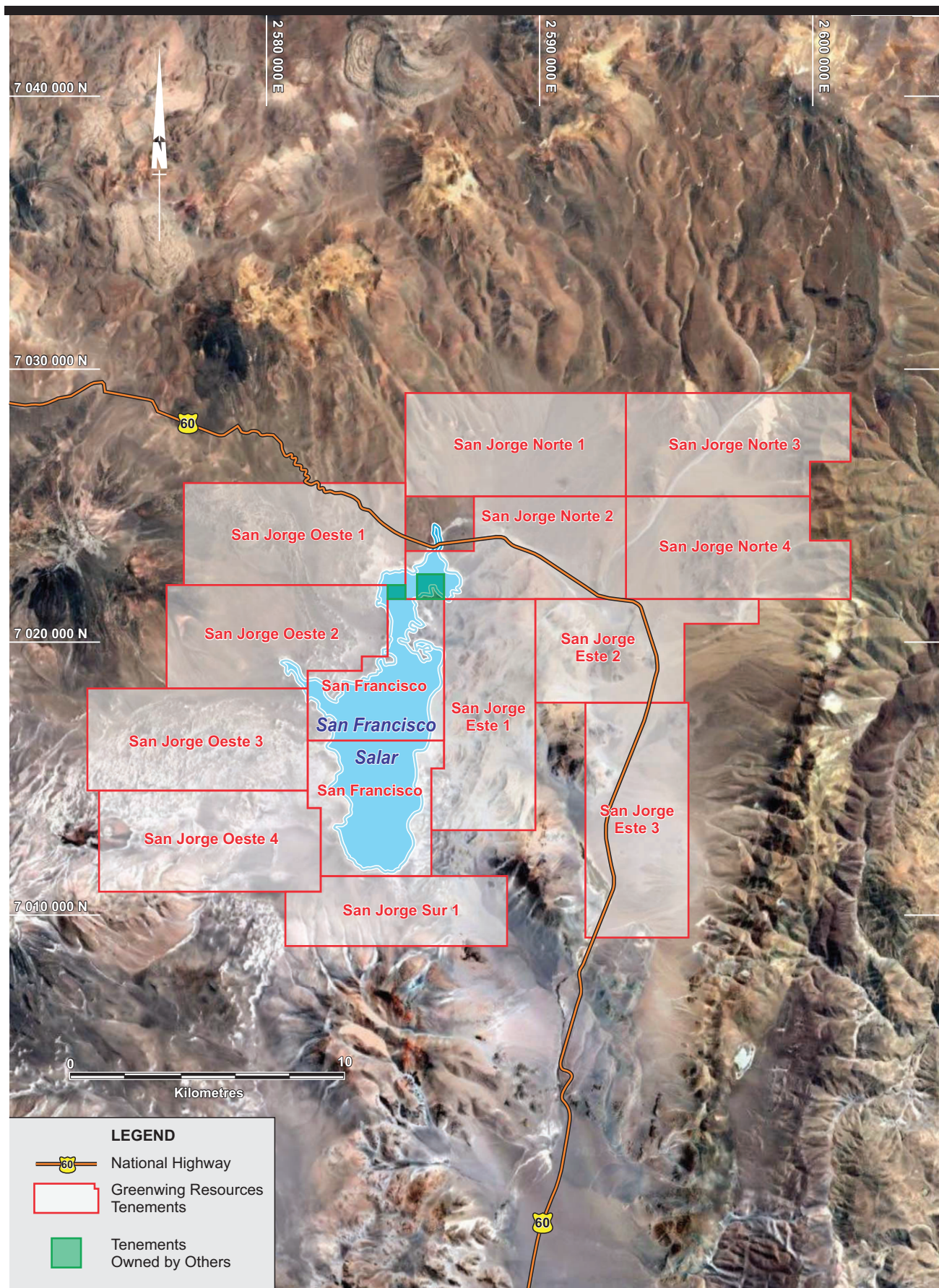
**Greenwing Resources**

*San Jorge Lithium Brine Project*

Figure 1

## GREENWING PROJECTS LOCATION MAP





**Greenwing Resources**

*San Jorge Lithium Brine Project*

Figure 2

BDA - 234/01 (Oct. 2022)

**TENEMENT PLAN**

Behre Dolbear Australia Pty Ltd

### Other Greenwing Assets

Greenwing has the right to acquire hard rock lithium tenements in Madagascar (Millie's Reward project) based on spodumene mineralisation in pegmatites, where rock chip sampling has given grades of up to 7% Li<sub>2</sub>O. Also in Madagascar, Greenwing holds tenements over the Graphmada Graphite Mining Complex, with a Mineral Resource of 62Mt at 4.5% Fixed Carbon; the project has previously operated with concentrates supplied to prospective end-users but is currently under care and maintenance and ongoing exploration and development activities.

Deloitte has requested that, apart from a brief description of the Madagascan assets, BDA's ITSR should focus on the San Jorge lithium project.

### Behre Dolbear Australia (BDA)

Behre Dolbear Australia (BDA) is a mineral industry consulting group, specialising in independent due diligence reviews, valuations and technical reviews of resources and reserves, mining and processing operations, environmental and social aspects, project feasibility studies, and Independent Engineer work on project development, construction, and certification. BDA specialises in review and due diligence work for companies and financial institutions.

BDA is typically engaged to undertake independent expert reviews and valuations, to provide advisory services and to monitor a company's or financial institution's interests through the design, construction, commissioning, ramp-up and operational phases of a project and to undertake Completion Test certification on their behalf.

The parent company, Behre Dolbear and Company Inc. has operated continuously as a mineral industry consultancy since 1911, and has offices or agencies in Denver, New York, Toronto, Vancouver, London, Hong Kong, Beijing, Guadalajara and Santiago, as well as Sydney. Behre Dolbear has over 60 Associates and Consultants covering a wide range of technical expertise and with experience in most parts of the world. BDA is the Australian affiliate and was founded in 1994. BDA operates independently, using primarily Australian-based consultants, but using overseas specialists and engineers from other Behre Dolbear offices where appropriate.

BDA's expertise covers geology, resources, reserves, mining, processing, infrastructure, environmental and community, operating and capital costs and financial studies. BDA has undertaken numerous mining-related studies, valuations, and Independent Engineer assignments in recent years.

In preparing this ITSR, BDA has used a senior experienced team of specialists, as detailed in Section 8 of this report. The BDA Associates listed have extensive experience in geology, resources, reserves, mining, processing, infrastructure and environmental aspects and have worked previously on both hard rock lithium and salar brine lithium projects. BDA has wide experience of similar reviews for corporate transactions and is well-qualified to undertake the work required and has no conflict of interest in undertaking the assignment.

With respect to the ITSR task, while a site visit to the project area is preferred in accordance with ASIC guidelines (including RG 111 Content of Expert Reports and RG 112 Independence of Experts) and the VALMIN Code, no site visit was deemed necessary for this early-stage exploration project. BDA is familiar with the area surrounding the San Francisco salar and has visited many of the surrounding lithium brine projects. Greenwing has provided BDA with a comprehensive collection of photographs of the salar taken during the recent surface sampling programme. BDA has reviewed detailed documentation and the Greenwing photographs to ensure a full understanding of the current status of the San Jorge project. BDA notes that there are no facilities or infrastructure on or adjacent to the salar and in BDA's opinion, all possible efforts have been made to fully comply with VALMIN Code and guidelines, as appropriate.

Deloitte has requested that BDA:

- provide an opinion as to the fair market value of the San Jorge project using appropriate methodologies given the stage of the project
- prepare an ITSR report (this report) summarising its findings; the report will form part of the IER prepared by Deloitte Corporate Finance and may be provided (in part or full) to Greenwing and its shareholders.

BDA's scope of work involved review of the following project components:

- geology – data collection, exploration results
- metallurgy – initial testwork
- infrastructure – power, water, transport, site access
- environmental and social issues, tenement status and project approvals status
- consideration of evidence from broadly comparable transactions.

BDA has prepared this Independent Technical Specialist Report (ITSR) for Deloitte, based on the information provided and detailed discussions with Greenwing management and exploration consultants.

No exploration drilling has been undertaken on the project and no resource or reserve estimates have been attempted. This report has been prepared in keeping with the VALMIN Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005 and 2015.

## TABLE OF CONTENTS

<b>1.0</b>	<b>INTRODUCTION.....</b>	<b>1</b>
<b>2.0</b>	<b>EXECUTIVE SUMMARY.....</b>	<b>7</b>
2.1	Overview.....	7
2.2	San Jorge Assets .....	7
<b>3.0</b>	<b>VALUATION METHODOLOGY .....</b>	<b>11</b>
3.1	Effective Date .....	11
3.2	Standards and Procedures .....	11
3.3	Valuation Principles.....	11
3.4	Valuation Methods.....	11
<b>4.0</b>	<b>SOURCES OF INFORMATION.....</b>	<b>14</b>
<b>5.0</b>	<b>SAN JORGE PROJECT .....</b>	<b>15</b>
5.1	Overview and General Description.....	15
5.2	Location .....	15
5.3	Tenements .....	15
5.4	Acquisition Option Terms.....	16
5.5	Exploration History.....	17
5.6	Geology and Mineralisation.....	17
5.7	Geophysical Programmes .....	18
5.8	Brine Sampling .....	19
5.9	Future Work Programmes.....	21
5.10	Direct Lithium Extraction (DLE).....	21
5.11	Regional Infrastructure .....	22
5.12	Environmental Regulations and Permitting .....	22
<b>6.0</b>	<b>OTHER GREENWING PROJECTS.....</b>	<b>23</b>
6.1	Graphmada Graphite Project.....	23
6.2	Millies Reward Spodumene Project.....	23
6.3	Research Partnership with Swinburne University.....	23
<b>7.0</b>	<b>VALUATION DISCUSSION .....</b>	<b>24</b>
7.1	Valuation Principles and Methodologies .....	24
7.2	Valuation Methodology Applied to the San Jorge Lithium Brine Project .....	24
7.3	Comparable Transaction Area Multiples .....	25
7.4	Past Expenditure .....	28
<b>8.0</b>	<b>ASSOCIATES/CONSULTANTS - QUALIFICATIONS AND EXPERIENCE .....</b>	<b>29</b>
<b>9.0</b>	<b>LIMITATIONS AND CONSENT .....</b>	<b>30</b>
	<b>APPENDIX I .....</b>	<b>31</b>
	<b>GLOSSARY .....</b>	<b>31</b>



## **2.0 EXECUTIVE SUMMARY**

### **2.1 Overview**

This Independent Technical Specialist Report (ITSR) provides a description of the assets of Greenwing, an overview and valuation of the San Jorge lithium brine project in Argentina based on the limited exploration work undertaken to date, and a brief description of the Graphmada graphite project and Millies Reward spodumene project both in Madagascar, held by the Company. A brief description of the San Jorge project is provided below, together with a more detailed review of the project in Section 5.

The San Francisco salar and the San Jorge project are reported to have had no previous systematic exploration prior to Greenwing's involvement. A brief field visit in 2018 by representatives of Blackearth resulted in the collection of four samples along the eastern side of the salar. These samples all showed concentrations of elements that indicated brackish water to weakly concentrated brine. Lithium concentrations were in the range from 50 to 142mg/L. During September/October 2021, Greenwing carried out a surface auger sampling programme across the San Francisco salar as a first step towards assessing the lithium content of the brine solutions (at surface) and undertook a passive seismic geophysical programme to provide an initial indication of the basin geometry and structure of the salar. It should be noted that no drilling has been undertaken to provide an indication of lithium grades at depth, nor to confirm the geometry of the basin structure. No Mineral Resource estimate has therefore been possible.

A summary of the project valuation is given in Section 2.3 below, with a discussion of valuation methodologies used provided in Section 3.

### **2.2 San Jorge Assets**

The San Jorge project is located on Salar de San Francisco, which is located in northwest Argentina, in the province of Catamarca, northwest of the town of Fiambalá (population 4,693) belonging to the department of Tinogasta (see Figure 3). The project area is accessed by National Route No. 60, approximately 180 kilometres ("km") from the town of Fiambalá and 20km from the border with Chile. From Route No. 60, a 6km minor road provides access to the centre of the salt flat. The surface exposure of Salar de San Francisco is approximately 12km long (north-south) and 4km wide (east-west).

The Salar de San Francisco is located at the southern end of the Geological Province of the Puna Austral within the province of Catamarca. The Puna is a plateau with a base level of 4,000 metres above sea level ("masl"), with a combination of uplifted older sediments and stratovolcanoes aligned in a north-south direction separated by extensive depressions, many of them occupied by salt lakes. These deposits (Salars), of various geometries and extensions, are essentially made up of alluvial sediments and evaporitic sequences comprising chlorides and to a lesser extent sulfates and borates.

Greenwing (then named Bass Metals Limited) announced in March 2021 an agreement to acquire Blackearth (now named Andes Lito) which holds an option to acquire 100% of the San Jorge project. The 36,000ha tenement package, comprising 15 granted Exploration Licences, includes coverage of 2,800ha overlying the San Francisco salar (see Figure 2).

The Greenwing surface sampling was undertaken between 23 September and 14 October 2021. Field conditions were difficult, with high winds and snow during the field work. The brine sampling was undertaken with a power auger and completed over a shorter period than the geophysical programme, which required repeat measurement at geophysical sites. Snow and rain during the programme, combined with strong wind, pushed surface water into the southern part of the lake, causing flooding and preventing additional geophysical sampling across the lake.

#### **Salar Structure**

The Tromino passive seismic geophysical survey was carried out over five east-west lines across the salar (Lines 2, 5, 6, 8, 10) (see Figure 4). In response to the weather conditions three additional north-south lines (11 and 12) and one additional east-west lines (0) were surveyed around the edges of the lake, in areas of gravels and basalt cover, topographically higher than the flooded salar surface.

The lines surveyed suggest that basalts identified at surface in and around the salar may be relatively superficial features, as deeper reflectors have been detected that would not be present if these basalt units had significant thickness. The deeper reflectors in the survey suggest the contact between the salt lake sediments and basement is in the order to 300 to 600m deep, possibly influenced by the presence of faults. There is a continuous unit at around 20 m depth, which is possibly a lava flow or volcanic unit.

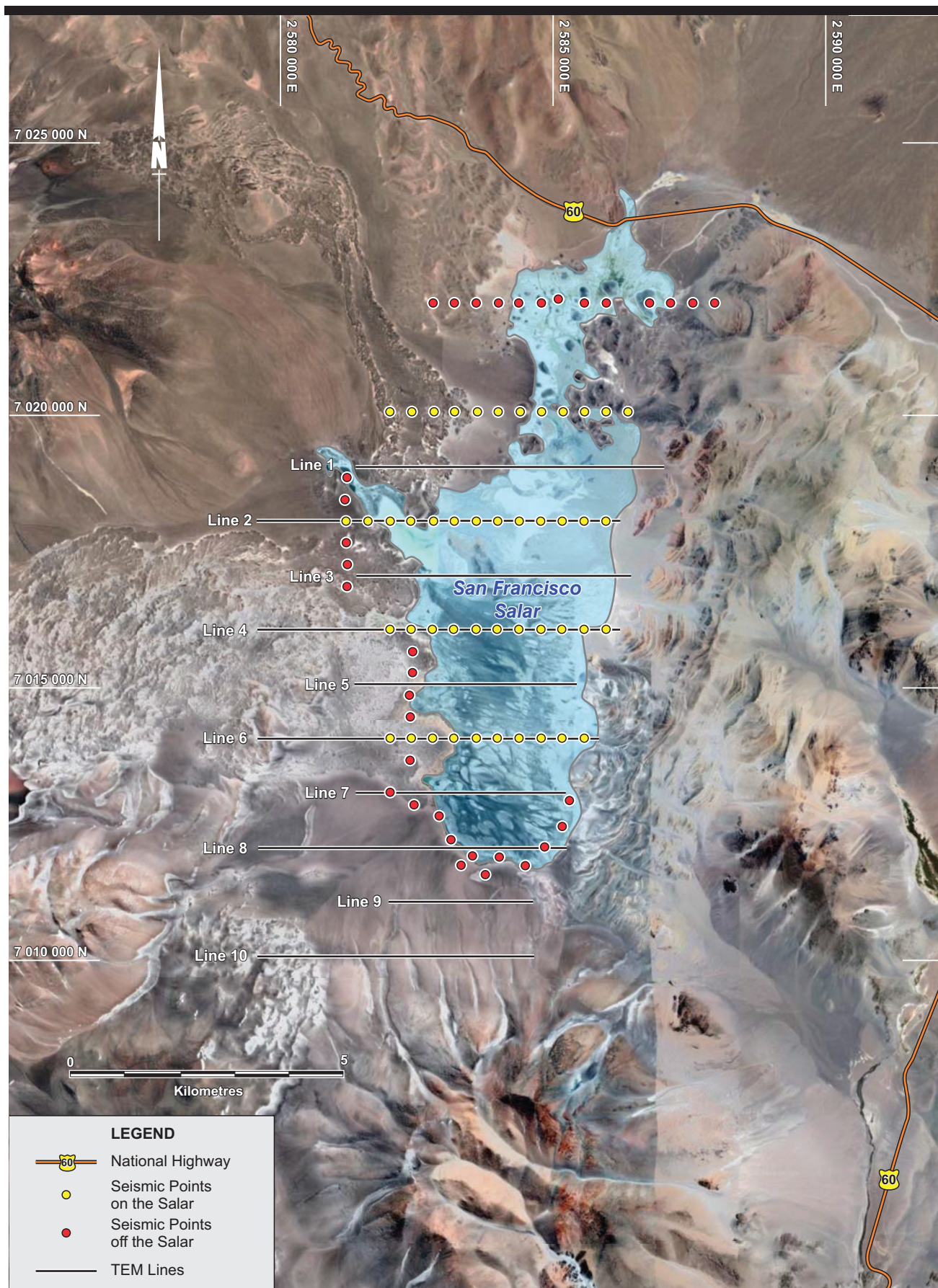


**Greenwing Resources**

*San Jorge Lithium Brine Project*

Figure 3

## SAN JORGE PROJECT LOCATION PLAN



**Greenwing Resources**

*San Jorge Lithium Brine Project*

Figure 4

## GEOPHYSICAL SURVEYS.



The basement contact depth appears quite irregular, which may suggest an irregular volcanic surface before deposition of sediments in the salar environment, or the presence of a complex network of faults that has controlled the elevation of different fault blocks. The salar sequence may deepen towards the south, beneath gravels, expanding the potential footprint for a brine resource. However, additional data, either geophysics or drilling, will be required to confirm this. The depth of the contact (300 to 600m +/-200m) between the salar sequence and probable bedrock suggests a significant potential volume of brine. However, this is subject to uncertainty concerning the porosity of the sediments, which could include impermeable volcanic flows and uncertainty concerning the brine grade at depth.

### Brine Sampling

The fluid observed in the sampling pits was a poorly developed brine and brackish water, reaching a maximum density of 1.1 grams per cubic centimetre ("g/cc") (with fully concentrated brines typically at concentrations of 1.2g/cc). The sampling was undertaken during a period of the year which is generally dry. This suggests there is a significant volume of recharge water flowing into the basin from rain, snow melt and groundwater discharge. The low salinity character of the fluid immediately below the lake level was confirmed by the lake freezing in severe weather during the field sampling. The brackish water to weakly developed brine encountered in surface pits is potentially perched above more concentrated brine, but this will require confirmation by drilling. Insufficient evaporation may have occurred to concentrate the brine to densities of around 1.2g/cc. Drilling is required to sample the brine at depth and to determine whether higher lithium concentrations exist than those observed at surface.

### 2.3 Valuation Summary

Details of the valuation methodologies considered are given in Section 3 of this report, Valuation Methodology. Details of the valuations adopted are provided in Section 7, Valuation Discussion.

BDA has valued the San Jorge lithium brine project on the basis that the entire tenement area is still at an early exploration stage, the size and brine content of the San Francisco salar is currently uncertain, the recoverability and lithium grades of the contained brine are unknown and no resources have yet been outlined. In this case, BDA has considered exploration-type valuation methodologies, including comparable transactions, yardstick values and exploration expenditure.

BDA has estimated the value of the project on a dollar per hectare yardstick basis, using other comparable transactions over early-stage lithium brine projects to derive an appropriate dollar per hectare yardstick. While limited exploration work has been undertaken to date, past exploration expenditure and a 'prospectivity enhancement multiplier' ("PEM") has provided another estimate of value. Due to the lower level of past expenditure, BDA considers this technique to be less relevant in determining the value of San Jorge at this time.

The value estimate for the San Jorge project is discussed in this ITSR report and summarised in Table 2.1.

**Table 2.1**  
**Valuation Summary of Greenwing Projects and Exploration Potential (100% Basis)**

Property	Valuation (US\$M)			Comments
	Low	Most Likely	High	
<b>San Jorge Lithium Brine Project</b>				
Comparable Transactions	1.6	2.5	3.2	Assessed by BDA based on assumed extent of San Francisco salar and comparable transaction multiples of US\$/ha.
Past Exploration Expenditure (PEM)	1.1	1.3	1.5	Early-stage exploration project without drilling confirmation. Minor expenditure to date.
<b>Preferred Value Range</b>	<b>1.6</b>	<b>2.5</b>	<b>3.2</b>	<b>Based on Comparable Transactions as minimal past exploration is not a good indicator of value.</b>

*Note: the estimates above have all been made on a 100% basis.*

### 3.0 VALUATION METHODOLOGY

#### 3.1 Effective Date

The effective date for the valuation is the date of this report.

#### 3.2 Standards and Procedures

This report has been prepared in keeping with the VALMIN Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005 and 2015. Mineral Resource and Ore Reserve procedures and categorisations have been reviewed in terms of the JORC Code, 2012; however, no Mineral Resources or Ore Reserves have been defined to date given the early exploration stage of the project.

#### 3.3 Valuation Principles

As a general principle, the fair market value of a property as stated in the VALMIN Code is the amount a willing buyer would pay a willing seller in an arm's length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

#### 3.4 Valuation Methods

There is no single method of valuation which is appropriate for all situations. Rather, there are various methods, all of which have some merit and are more or less applicable depending on the circumstances. The following are appropriate items to be considered:

- discounted cash flow
- amount an alternative acquirer might be willing to offer
- the amount which could be distributed in an orderly realisation of assets
- the most recent quoted price of listed securities
- the current market price of the asset, securities or company.

The *discounted cash flow* or net present value method is generally regarded as the most appropriate primary valuation tool for operating mines or mining projects close to development. Valuing properties at an earlier stage of exploration where Ore Reserves, mining and processing methods, and capital and operating costs, are yet to be fully defined, often involves the application of alternative methods. The methods generally applied to exploration properties or projects at an early stage of development are the *comparable transaction* method, the value indicated by *alternative offers* or by *joint venture terms*, the *past expenditure* method and the *Geoscientific or Kilburn* method. *Yardstick values* based on metal in resources or reserves can be derived and used for both mining and exploration properties. *Yardsticks* based on tenement areas can be used for earlier stage exploration prospects. Under appropriate circumstances values indicated by *stock market valuation* should be taken into account as should any *previous independent valuations* of the property.

The valuation methods considered are briefly described below.

##### Net Present Value (NPV)

If a project is in operation, under development, or at a final feasibility study stage, and Mineral Resources and/or Ore Reserves, mining and processing recoveries and capital and operating costs are well defined, it is generally accepted that the net present value of the project cash flows is a primary component of any valuation study. This does not imply that the fair market value of the project necessarily is the NPV, but rather that the value should bear some defined relationship to the NPV.

If a project is at the feasibility study stage, additional weight has to be given to the risks related to uncertainties in costs and operational performance, risks related to the ability to achieve the necessary finance for the project, risks related to granting of licences or permits, environmental and community aspects, political or sovereign risk and sometimes a lower degree of confidence in the reserves and recoveries. In an ongoing operation, many of these items are relatively well defined.

The NPV provides a technical value as defined by the VALMIN Code. The fair market value could be determined to be at a discount or a premium to the NPV due to other market or risk factors. BDA considers that the early-stage nature of the San Jorge project prevents an assessment of the potential size and quality of any lithium-bearing resource or the feasibility of a lithium brine project. It is therefore premature to consider an NPV valuation methodology for San Jorge.

## Alternative Valuation Methods

### *Comparable Transactions*

Recent comparable transactions can be relevant to the valuation of projects and tenements. While it is acknowledged that it can be difficult to determine to what extent the properties and transactions are indeed comparable, unless the transactions involve the specific parties, projects or tenements under review, this method can provide a useful benchmark for valuation purposes. The timing of such transactions must also be considered as there can be substantial changes in value with time.

BDA have considered whether, in recent years, there have been any comparable relevant transactions that could be used as a basis for estimation of value of Greenwing's San Jorge project.

### *Rules of Thumb or Yardsticks*

Certain industry ratios are commonly applied to mining projects to derive an approximate indication of value. The most commonly used ratios relate to gold projects and comprise dollars per ounce of gold in resources or dollars per ounce of gold in reserves, but similar ratios are also estimated and quoted for contained lithium or lithium carbonate equivalent in resources or reserves or per hectare (ha) of prospective ground. The ratios used commonly cover a substantial range which is generally attributed to the 'quality' of the potential resource or reserve. Contained metal which can be produced at low cost is clearly worth more than a high-cost source. Where a project has substantial future potential not yet reflected in the quoted resources or reserves, a ratio towards the high end of the yardstick range may be justified.

BDA has considered relevant lithium yardstick values and the application of these to provide a guide to the value of San Jorge.

### *Alternative Offers and Joint Venture Terms*

If discussions have been held with other parties and offers have been made on the projects or tenements under review, then these values are certainly relevant and worthy of consideration. Similarly, joint venture terms where one party pays to acquire an interest in a project or spends exploration funds in order to earn an interest, may also provide an indication of value. BDA has considered whether there are any relevant recent offers or joint ventures which might provide a guide to assessing a value for Greenwing's projects. BDA has also considered the extent to which such transactions are at arm's length, or whether some involve related parties, and therefore may not provide an appropriate guide to an arm's length transaction.

### *Past Expenditure*

Past expenditure, or the amount spent on exploration of a tenement is commonly used as a guide in determining the value of exploration tenements, and 'deemed expenditure' is frequently the basis of joint venture agreements. The assumption is that well directed exploration has added value to the property. This is not always the case and exploration can also downgrade a property and therefore a 'prospectivity enhancement multiplier' (PEM), which commonly ranges from 0.5-3.0, is applied to the effective expenditure or to the original acquisition cost or deemed valuation. The selection of the appropriate multiplier is a matter of experience and judgement. To eliminate some of the subjectivity with respect to this method, BDA typically applies a scale of PEM ranges as follows to the exploration expenditure:

- PEM 0.5 - 0.9      Previous exploration indicates the area has limited potential
- PEM 1.0 - 1.4      The existing (historical and/or current) data consists of pre-drilling exploration and the results are sufficiently encouraging to warrant further exploration
- PEM 1.5 - 1.9      The prospect contains one or more defined significant targets warranting additional exploration
- PEM 2.0 - 2.4      The prospect has one or more targets with significant drill hole intersections
- PEM 2.5 - 2.9      Exploration is well advanced and infill drilling is required to define a resource
- PEM >3.0          A resource has been defined but a (recent) pre-feasibility study has not yet been completed.

BDA has considered whether exploration expenditure is relevant in determining a value for Greenwing's projects.

### *Geoscientific Method*

In an attempt to introduce a more systematic way of valuing exploration properties, the Kilburn or Geoscientific method was developed, which commences with the base acquisition cost ("BAC") being the cost to acquire and maintain a unit area (square kilometre or hectare) for one year including statutory fees and minimum expenditure commitments. The base cost is then factored sequentially by four technical factors, Off-Property, On-Property,

Anomaly and Geological, with factors for each ranging from 0.1 to 5.0. BDA has considered whether the Geoscientific method is relevant in assessing a value for Greenwing's projects.

#### *Prospectivity*

Over-riding any mechanical or technical valuation method for exploration ground must be recognition of prospectivity and potential, which is the fundamental value in relation to exploration properties, and this has been considered in BDA's valuation of the exploration prospects.

#### *Market Valuation*

On the fundamental definition of value, as being the amount, a knowledgeable and willing buyer would pay a knowledgeable and willing seller in an arm's length transaction, it is clear that due consideration has to be given to market capitalisation. In the case of a one project company or a company with one major asset, the market capitalisation gives some guide to the value that the market places on that asset at that point in time, (with suitable adjustments for a control premium and other assets and liabilities), although certain sectors may trade at premiums or discounts to net assets, reflecting a view of future risk or earnings potential. Commonly however a company has several projects at various stages of development, together with a range of assets and liabilities, and in such cases, it is difficult to define the value of individual projects in terms of the share price and market capitalisation.

#### *Other Expert Valuations*

Where other independent experts or analysts have made recent valuations of the same or comparable properties these opinions clearly need to be reviewed and to be taken into consideration. BDA has inquired of Greenwing whether any other recent valuations of the Company or its assets have been undertaken.

#### *Special Circumstances*

Special circumstances of relevance to mining projects or properties can have a significant impact on value and modify valuations which might otherwise apply. Examples could be:

- *environmental risks* - which can result in a project being subject to extensive opposition, delays and possibly refusal of development approvals
- *local population or indigenous peoples/land rights issues* - projects in areas subject to claims from indigenous peoples or traditional landowners can experience prolonged delays, extended negotiations or veto
- *country issues* - the location of a project can significantly impact on the cost of development and operating costs and has a major impact on perceived risk and sovereign risk
- *technical* - issues peculiar to an area or orebody such as geotechnical or hydrological conditions, or metallurgical difficulties could affect a project's economics.

We have considered, and have inquired of Greenwing, whether any such factors apply to the projects and prospects under review.

## 4.0 SOURCES OF INFORMATION

Meetings have been held with Greenwing management and technical staff and consultants. BDA's report is based on reviews of the available documentation and reports provided by Greenwing. Given the early-stage nature of the San Jorge project and lack of drilling and surface infrastructure, and familiarity with the area from previous visits, BDA deemed that no additional site visit was required for its review. The principal reports and documents reviewed are listed below:

### Public Information

- Greenwing Resources Quarterly Reports 2021 and Q1, Q2 2022, ASX Announcements
- Bass Metals Signs Binding Terms Sheet to Acquire the San Jorge Lithium Brine Project in Argentina – Bass Metals, ASX 26 March 2021
- Commencement of Exploration at San Jorge Lithium Project, Argentina – Greenwing Resources, 26 October 2021
- Initial Exploration Results – San Jorge Lithium Project, Argentina – Greenwing Resources, ASX 2 December 2021
- Initial Drill Program, Additional Geophysics and Direct Lithium Extraction (DLE) Analysis – Greenwing Resources, ASX 20 April 2022
- Greenwing Resources Annual Report 2022
- Geophysics Survey Underway – Greenwing Resources, ASX 11 July 2022
- Greenwing Corporate Presentation, Noosa Mining Conference, 20 July 2022
- Geophysics Significantly Expands Brine Body Area – Greenwing Resources, ASX 5 August 2022
- Strategic Transaction with NIO Inc. – Greenwing Resources, ASX 26 September 2022
- Corporate Update – Greenwing Resources, ASX 26 September 2022

### San Jorge Project Reports

- Technical Exploration Report - Salar San Francisco, Catamarca, Argentina – Dark Horse Resources, February 2020
- San Francisco Lithium Project Evaluation, Memo to Earthblack SA – Hydrominex Geoscience, January 2021
- Technical Report – San Francisco Project – Department of Tinogasta – Tuareg Geological Services, October 2021
- San Jorge Brine Sampling and Geophysical Interpretation, Memo to Greenwing – Hydrominex Geoscience, November 2021
- M2120105\_091121\_Sampling\_Campaign\_Clean – Sampling Results Spreadsheet – Hydrominex Geoscience, November 2021
- San Jorge Project – Stage II Activities, Memo to Greenwing – Hydrominex Geoscience, March 2022
- San Jorge Site Visit, Memo to Greenwing – Hydrominex Geoscience, April 2022
- San Jorge Geophysics Logistics, Memo to Greenwing – Hydrominex Geoscience, April 2022
- Evaluation of Surface Water Flooding, Memo to Greenwing – Hydrominex Geoscience, June 2022
- Summary of Geo40's DLE Technology Validation in Argentinian Salar Brine with High Mg/Li Ratio - Geo40 Memorandum, June 2022

### General Data

- Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - Report of the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2012 Edition ("The JORC Code December 2012")
- Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets ("The VALMIN Code 2015 Edition")
- Canadian Institute for Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Resources, prepared by CIM Standing Committee on Reserve Definitions, adopted by CIM Council, May 2014
- National Instrument NI43-101 Standards of Disclosure for Mineral Projects, Form 43-101F1 Technical Report and 43-101CP, as adopted by Canadian Securities Administrators June 24, 2011, and as amended
- CIM Best Practice Guidelines for Reporting Lithium Brine Resources and Reserves
- Guidelines for Resource and Reserve Estimation for Brines, Association of Mining and Exploration Companies
- Ontario Securities Commission (OSC) Staff Notice 43-704; Mineral Brine Projects and National Instrument 43-101 Standards of Disclosure for Mineral Projects.



## **5.0 SAN JORGE PROJECT**

### **5.1 Overview and General Description**

The San Jorge project is located on Salar de San Francisco, which is located in northwest Argentina, in the province of Catamarca, northwest of the town of Fiambalá belonging to the department of Tinogasta (see Figure 3). The project area is accessed by National Route No. 60, approximately 180km from the town of Fiambalá and 20km from the border with Chile. From Route No. 60, a 6km minor road provides access to the centre of the salt flat. The surface exposure of Salar de San Francisco is approximately 12km long (north-south) and 4km wide (east-west).

The Salar de San Francisco is located at the southern end of the Geological Province of the Puna Austral within the province of Catamarca. The Puna is a plateau with a base level of 4,000masl, with a combination of uplifted older sediments and stratovolcanoes aligned in a north-south direction separated by extensive depressions, many of them occupied by salt lakes. These deposits (Salars), of various geometries and extensions, are essentially made up of alluvial sediments and evaporitic sequences comprising chlorides and to a lesser extent sulfates and borates.

Greenwing (then named Bass Metals Limited) announced in March 2021 an agreement to acquire Blackearth (now Andes Litio) which holds an option to acquire 100% of the San Jorge project. The 36,000ha tenement package, comprising 15 granted Exploration Licences, includes coverage of 2,800ha overlying the San Francisco salar (see Figure 2).

Greenwing carried out surface sampling between 23 September and 14 October 2021. Field conditions were difficult, with high winds and snow during the field work. The brine sampling was undertaken with a power auger and completed over a shorter period than a simultaneous passive seismic geophysical programme, which required repeat measurements at geophysical sites. Snow and rain during the programme, combined with strong wind, pushed surface water into the southern part of the lake causing flooding and preventing additional geophysical sampling across the lake.

A Transient Electromagnetic (TEM) survey was completed from 23 June 2022 to 21 July 2022 over the San Francisco Project by Quantec Geoscience Argentina S.A. A total of 128 TEM soundings were surveyed on 10 profiles lines.

### **5.2 Location**

#### **Access**

The San Francisco project is located in northwestern Argentina in Catamarca Province, 20km from the Laguna de Negro Francisco border crossing with region III of Chile, leading to the northern Chilean city of Copiapo. This is a relatively low transit border crossing that connects Chile to the towns of Fiambalá and Tinogasta in Catamarca and from there to other points in Catamarca, allowing year-round crossing of the Andes.

Access from the city of Salta in northern Argentina, is via National Route No. 68 and thence National Route No. 40 to the southern limit of the province of Catamarca, bordering on the province of La Rioja. National Route No. 60 heads north passing through the towns of Tinogasta, Fiambalá, and Cortaderas before reaching the northern end of the San Francisco salar, 20km from the border with Chile.

The project is located approximately 75km to the northeast of the Neolithium 3Q project (Figure 2), 100km south of the Antofalla project of Albemarle and 85km southwest of the Kachi project of Lake Resources, all in Catamarca Province, and 95km east of the Maricunga project of Lithium Power International in northern Chile.

#### **Climate**

The altitude and topography of the region have a marked influence on the climate. The mountain ranges have a dominant north-south trend, with the height increasing to the west. Precipitation decreases progressively from the east to the west.

The region is inhospitable and characterised by an arid climate. Rainfall is scarce and does not exceed 200 millimetres per year. Average temperatures range from 2°-22°C in the winter months and 15°-29°C in the summer.

### **5.3 Tenements**

The project consists of 15 granted Exploration Licences ("ELs") covering some 36,000ha, inclusive of the San Francisco Salar which covers some 2,800ha. Figure 2 shows the layout of the tenement area relative to the surface expression of the salar. The two small green areas over the northern end of the salar are currently held by third parties. The northern-most tip of the salar, where Route 60 crosses the salar, is currently not covered by any tenement and contains the Border Post facilities.

Table 5.1 provides a listing of the San Jorge tenements.

**Table 5.1**  
**San Jorge Lithium Project Tenements at June 2022**

Title ID	Tenement Name	Grant Date	Area (Ha)
49/2017	Gruta San Francisco	14/11/2017	100
22/2020	Safra Lik	10/11/2020	1,800
23/2020	Safra 1 Lik	10/11/2020	2,175
68/2017	San Jorge Este 1	14/11/2017	2,929
54/2017	San Jorge Este 2	27/07/2017	2,221
59/2017	San Jorge Este 3	27/07/2017	2,989
55/2017	San Jorge Norte 1	27/07/2017	2,997
53/2017	San Jorge Norte 2	27/07/2017	2,403
52/2017	San Jorge Oeste 1	27/07/2017	2,999
50/2017	San Jorge Oeste 2	27/07/2017	2,771
56/2017	San Jorge Oeste 3	27/07/2017	2,995
57/2017	San Jorge Oeste 4	27/07/2017	3,000
58/2017	San Jorge Sure 1	27/07/2017	1,849
67/2017	San Jorge Norte 4	14/11/2017	2,815
51/2017	San Jorge Norte 3	27/07/2017	2,835

#### 5.4 Acquisition Option Terms

Bass Metals (now called Greenwing Resources) announced in March 2021 the acquisition of Blackearth SA/Andes Litio, which holds an option to acquire 100% of the San Jorge project. The Blackearth/Andes Litio option terms for the acquisition of the project were outlined in the March 2021 announcement but have subsequently been amended by Greenwing and the vendor in an announcement dated 26 September 2022 and are summarised in Table 5.2 below. The amended terms follow the name change of Bass Metals to Greenwing Resources and a share consolidation that took place in July 2021.

**Table 5.2**  
**Blackearth/Andes Litio Revised Option Terms to Acquire 100% of San Jorge**

Timing	Stage	Investment (US\$)	Expenditure (US\$)	Equity Earned
Initial Fees	1	\$120,000	Nil	-
Signing	2	\$100,000	Nil	-
November 2021	3	\$180,000	\$50,000	10%
August 2022	4	\$180,000	\$275,000	15%
February 2023	5	\$270,000	\$375,000	25%
February 2024	6	\$500,000	\$500,000	45%
February 2025	7	\$800,000	\$750,000	70%
February 2026	8	\$950,000	\$1,000,000	95%
Balance of project	9	\$1,750,000	Nil	100%
<b>Total</b>		<b>\$4,750,000</b>	<b>\$2,950,000</b>	<b>100%</b>

Greenwing advises that the first four stage payments have been made earning the Andes Litio a 15% interest in the project. An amendment fee of US\$50,000 was paid on signing the amended earn-in terms and a further US\$200,000 is to be paid to the vendors by 30 November 2022

Table 5.3 summarises the terms of Bass Metals (now Greenwing) acquisition of Blackearth/Andes Litio. The terms shown in Table 5.3 are on a Greenwing post-consolidation basis with the three share issues already completed and only the two cash milestone payments remaining.

**Table 5.3**  
**Greenwing's Terms to Acquire 100% of Blackearth/Andes Lithio**

Timing	Consideration
On completion of acquisition <sup>1</sup>	1,500,000 shares
On execution of the Transaction Documents <sup>1</sup>	1,500,000 shares
<b>Milestone Payments:</b>	
9 months after the grant of necessary permits to allow the Company to undertake exploration activities consisting of a geophysical survey, trenching, auguring, brine sampling and shallow drilling	2,000,000 shares
Upon achieving an Inferred Mineral Resource (in accordance with the 2012 Edition of the JORC Code or equivalent) of Lithium (stated as Lithium Carbonate Equivalent tonnes) of 250,000 tonnes at an Li grade of 200mg/L	A\$1,000,000 <sup>2</sup>
Upon Bass achieving a Measured and Indicated Mineral Resource JORC Report of Lithium (stated as Lithium Carbonate Equivalent tonnes) of 200,000 tonnes at an Li grade of 200mg/L	A\$1,000,000 <sup>2</sup>
Notes: 1. 60% of the initial consideration will be subject to voluntary escrow for a period of 12 months from the date of issue 2. to be satisfied by the issue of Bass shares with the issue price being the greater of a 10% discount to 30 Day moving average share price and \$0.005 per share, subject to compliance with ASX listing rules chapter 7 and Guidance Note 19.	

In summary, Bass Metal (now Greenwing) is acquiring Blackearth/Andes Lito for equity consideration only (refer Table 5.3 and Table Note 2.), with contingent consideration subject to the achievement of milestones. Under the option earn-in terms between Andes Lito and the project vendor, cash contributions are payable to increase the equity owned in the project over the next 4 years from the current 15% earned interest. These cash payments can be accelerated at the election of the option holder.

## 5.5 Exploration History

The San Jorge salar has similarities with other salars in northern Argentina and Chile which host lithium brines, but the salar is not known to have undergone previous systematic exploration. A brief field visit in 2018 by representatives of the vendor resulted in the collection of four samples along the eastern side of the salar. These samples all showed concentrations of elements that indicated brackish water to weakly concentrated brine. Lithium concentrations were in the range from 50 to 142mg/L. To fully evaluate the project area a systematic 1km x 1km grid sampling pattern was defined by Greenwing to collect brine samples in September/October 2021 to characterise the surface distribution of lithium in the salar.

In parallel with the brine sampling, passive seismic geophysics using Tromino instruments was proposed to determine the thickness of the basin sediments and to estimate the resource potential of the project. The passive seismic survey has been followed-up with a TEM resistivity survey to map shallow conductive units within the salar and under adjacent gravel cover.

## 5.6 Geology and Mineralisation

### Salars

Lithium brine accumulation in salars is the result of the leaching of lithium-containing rocks, typically of volcanic origin, by infiltration of rainfall and snowmelt and the action of hydrothermal fluids. Drainage is to the terminal basin where evaporation is the only outlet for the groundwater. As water evaporates, the dissolved minerals concentrate and the groundwater gradually becomes enriched in chlorides and sulphates of sodium, calcium, magnesium, potassium, lithium, boron and other elements. The brine is denser than the incoming groundwater and progressively moves to lower levels in the salar. Salars typically form in high altitude deserts in fault-controlled closed basins such as those found in the Altiplano-Puna region of Chile, Argentina and Bolivia.

Salars are classified into two general categories, "immature" clastic sediment dominated salars and "mature" halite dominated salars. Clastic-dominated salars can reach significant depths to bedrock. Porosity and permeability in clastic sediments is controlled by the nature of the sediments, with coarse grained sands and gravels exhibiting high porosity and permeability and thus conducive to high brine pumping rates. Halite-dominated salars generally have surficial halite forming halite horizons starting at depths from surface to approximately 50-65m. These upper levels of such salars can be very productive for brine due to the presence of voids and channels within the halite. Halite layers below a depth of approximately 50m are typically quite compact, lacking the voids and porosity present in the upper halite layers, with markedly different porosity and permeability characteristics.

## **San Francisco Salar Geology**

The San Francisco Salar basin is likely to have formed in response to the formation of stratovolcanoes in the area and the uplift of the older sediments, creating a central depression occupied by the salar. Sediment has been eroded from the older Ordovician and Permian sediments on the eastern side of the salar, and these may have filled the salar. Given the abundant presence of basaltic lava flows it is likely these may also have partially filled the salar. They may also overlie older alluvial sands and gravels units.

The thickness of salar sediments is most likely to have been controlled by a combination of faults and topography. If the Permian and Ordovician sediments in the east of the basin were being uplifted at a sufficient rate this may have allowed development of hundreds of metres of salar clastic and evaporite sediments.

The Ordovician Las Planchadas Formation in the east of the basin is composed of volcanic and sedimentary rocks (siltstones and sandstones), volcanoclastics and occasional clastic sedimentary rock interbeds. These units are in thrust contact with the younger Permian rocks along the eastern margin of the catchment.

The Permian Patquia de la Cuesta Formation consists of Upper Permian conglomerates and conglomeratic sandstones that consist of alluvial fans and fluvial material in the upper part of the sequence. There is marine influence in the highest levels of the sequence. The conglomerates are clasts of eroded Ordovician material.

The stratovolcanoes that are developed in the drainage are principally andesitic to dacitic, according to the Argentine Geological Mining Service, Segemar published 1:250,000 geological map titled Paso San Francisco. The oldest stratovolcanic rocks appear to be lower Pliocene andesites and dacites in the northeast of the catchment. Other stratovolcanoes consist of lava domes of dacite to andesite composition, andesites and basalts.

The thickness of unconsolidated sediments, potentially hosting lithium brine, overlying Permian consolidated sediments and Pliocene-Pleistocene volcanic units (principally lavas) is uncertain. This will depend on how active the faults were in the basin development and whether the area of the salar has been filled principally by lavas and other volcanic deposits, or whether there is significant clastic and evaporite material present. If there was not active uplift contributing to subsidence in the basin the salar sediments overlying impermeable volcanic rocks (and Permian or Ordovician basement) may be quite thin, with a correspondingly limited volume to host lithium brine.

## **5.7 Geophysical Programmes**

### **Tromino Passive Seismic**

The initial Tromino passive seismic survey was undertaken in October 2021 with the objective of mapping the thickness of the salar basin and developing a 3D surface for the contact between the basement rocks and the base of the salt lake sediments. Climatic conditions at the time were unexpectedly harsh, with high winds compromising the quality of the data collected. Because the original passive seismic survey was not completed as planned, it is recommended that the survey be completed prior to undertaking drilling.

The Tromino passive seismic geophysics surveyed five east-west lines across the salar (Lines 2, 5, 6, 8, 10) (see Figure 4). In response to the weather conditions two additional north-south lines (11 and 12) and one east-west line (0) were designed and surveyed around the edges of the lake in areas of gravels and basalt cover, topographically higher than the flooded salar surface.

The lines surveyed suggest that basalts identified at surface in and around the salar may be relatively superficial features, as deeper reflectors have been detected that would not be present if these basalt units have significant thickness. The deeper reflectors in the survey suggest the contact between the salt lake sediments and basement rocks is in the order to 300 to 600m deep, possibly influenced by the presence of faults. There is a continuous unit at around 20m depth, which is possibly a lava flow or volcanic unit.

The basement contact depth appears quite irregular, which may suggest an irregular probable volcanic surface before deposition of sediments in the salar environment, or the presence of a complex network of faults that has controlled the elevation of different fault blocks. The salar sequence may deepen towards the south, beneath gravels, expanding the potential footprint for a brine resource. However, additional data, either geophysics or drilling, will be required to confirm this. The depth of the contact (300 to 600m +/-200m) between the salar sequence and probable bedrock suggests a significant potential volume of brine. However, this is subject to some uncertainty concerning the porosity of sediments, which could include impermeable volcanic flows and also concerning the brine grade at depth.

### **Transient Electromagnetic (TEM)**

A Transient Electromagnetic (TEM) survey was completed from 23 June 2022 to 21 July 2022 over the San Francisco Salar by Quantec Geoscience Argentina S.A. A total of 128 TEM soundings were surveyed on 10 profiles lines (similar to the passive seismic lines in Figure 4 but extending further to the west).

TEM geophysics measures resistivity and conductivity and has been used extensively on and around salt lakes. It produces reliable information and maps the distribution of brine beneath more resistive dry upper gravel and sand units and should be able to map beneath superficial lava flows. While not having the depth capability of seismic, the TEM survey was able to map the extent of the brine body, particularly off the salar, and to provide information on the lithologies associated with aquifers in the salar, as well as to define geological structures.

The survey successfully defined the brine body extending beneath lava flows and gravels west of the salar, extending up to 2.4km west of the salar surface. Over the salar, the survey defined the presence of brine to depths of 100 to 150m, the maximum resolution of the survey in the highly conductive environment of the salar. Off the salar, the survey has defined extension of the brine body to depths up to 500 metres.

The conductive unit extends under thin lava flows west of the salar, with some more resistive units that probably represent lava flows (volcanic), also hosting brine. There appear to be more conductive units beneath the resistive (dry) surface lava flow, and these may be volcanic ash, salar sediments, porous or fractured lava flows. The porous units terminate against the volcanic to the south of the salar, with brine also extending beneath sporadic volcanic units north of the salar.

### **5.8 Brine Sampling**

Greenwing carried out surface sampling between 23 September and 14 October 2021. Field conditions were difficult, with high winds and snow during the field work. Brine samples were planned to be taken on a 1km x 1km grid over the surface of the salar using a power auger. Due to the weather conditions and surface water on parts of the salar, several of the planned samples were unobtainable. Figure 5 shows the distribution of brine samples taken and the lithium grades obtained. The red dashed outline indicates a zone of higher sample grades in the order of 100-285mg/L lithium. There is a surrounding zone with concentrations from 3 to 78mg/L lithium towards the margins of the salar, which appears to reflect greater inflow of freshwater on the margins and in the inflow area to the north.

The fluid observed in the surface sampling pits was a poorly developed brine and brackish water, reaching a maximum density of 1.1g/cc (with fully concentrated brines typically at concentrations of 1.2g/cc). The sampling was undertaken during a period of the year which is generally dry. This suggests there is a significant volume of recharge water flowing into the basin from rain, snow melt and groundwater discharge. The low salinity character of the fluid immediately below the lake level was confirmed by the lake freezing in severe weather during the field sampling. Unless brackish water to weakly developed brine is present above more concentrated brine, the surficial data suggests the salar has a significant volume of natural recharge, which results in limited evaporation and concentration of water into brine with a density of 1.2g/cc. Drilling is required to sample the brine at depth and to determine whether higher lithium concentrations exist than those observed at surface.

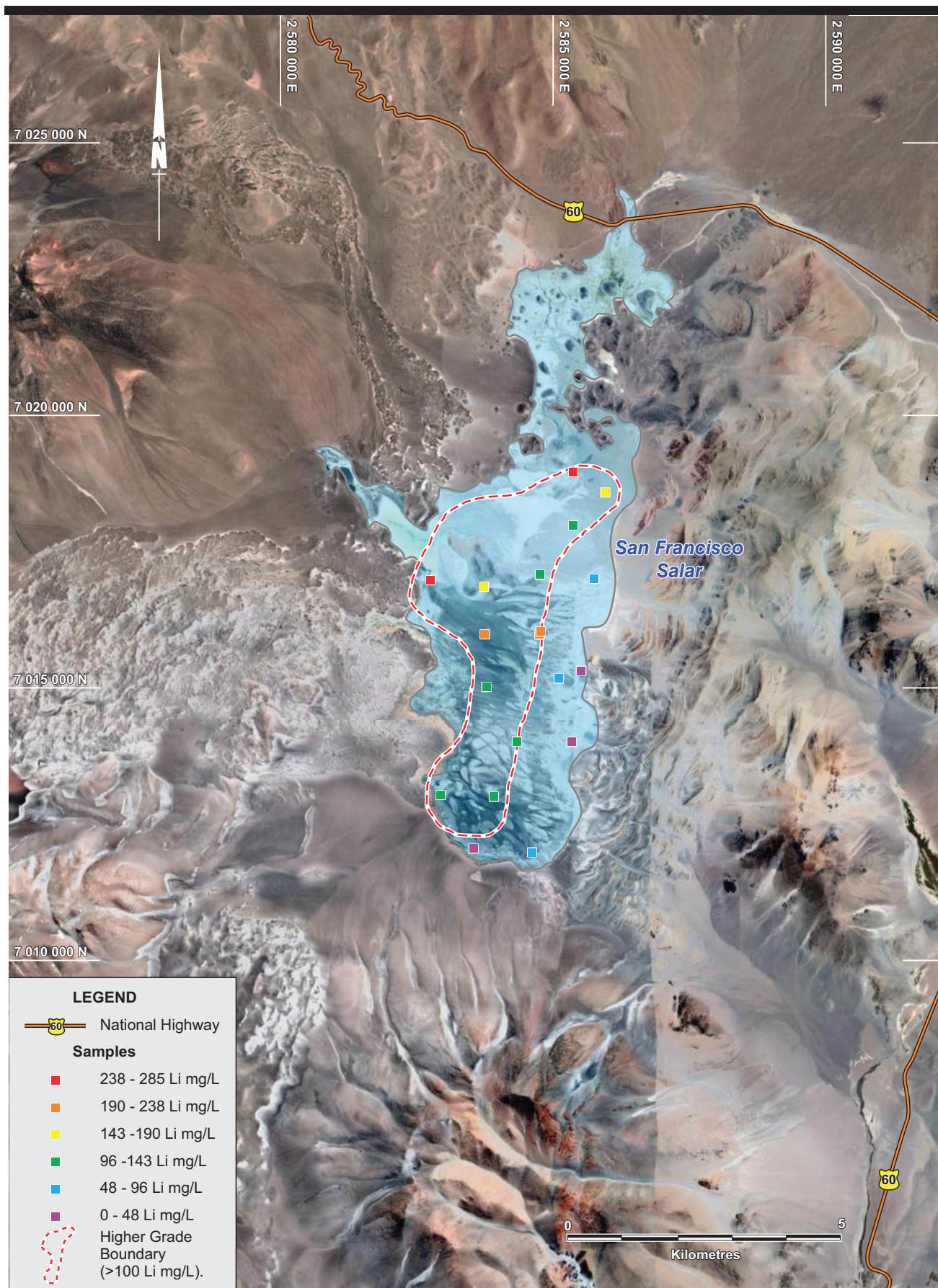
There could conceptually be more concentrated brine at depth, given the shallow depth of sampling to date. Surface pit sampling (particularly in the centre of salars) is generally a good guide to the brine concentration at depth, however, with the apparent high recharge volume to the salar, it is recommended that drilling is conducted to confirm the subsurface lithium concentration. However, if the recharge to the basin is disproportionately high compared to evaporation, deeper brines may only be in the range of 100-200mg/L lithium (as displayed at surface).

The sampled brine exhibits an extremely high magnesium to lithium ("Mg/Li") ratio, in the order of 25 to 50. This is probably a reflection of the predominance of mafic volcanic units in the catchment and is not considered to be suitable for conventional evaporation pond processing.

The sulphate to lithium concentration is extremely variable, ranging from 9 to 193, related to a large range in sulphate content from 2,000 to 28,000mg/L. The calcium concentration is also highly variable. Potassium concentrations are high (reaching 7,653mg/L) for the relative lithium concentrations.

New Direct Lithium Extraction ("DLE") technologies can potentially extract lithium from brine down to concentrations of 100mg/L. Consequently, there is potential to apply one of these new technologies to the San Jorge project, provided sufficient resource can be defined.





**Greenwing Resources**

*San Jorge Lithium Brine Project*

Figure 5

## BRINE SURFACE SAMPLING

## 5.9 Future Work Programmes

To complete the earlier geophysical and surface sampling programmes that were inhibited by weather, additional passive seismic lines would encompass 14 lines with 10 stations each line, for 140 stations and approximately 30 repeat measurements, for a total of 170 stations.

It is proposed to infill the spacing of surface brine samples from 1km x 1km to 0.5km by 0.5km. The additional samples would provide a higher degree of confidence in variability in the brine concentration at surface and a better understanding of freshwater inflow into the salar.

Planning work continues for the Company's maiden drilling programme at San Jorge, subject to receiving the required approvals. Drilling is considered the next essential step, to confirm basin sediment stratigraphy and basement depth, as well as providing the first brine samples at depth. The Company is in advanced discussions with an Argentine drilling contractor with experience working on salars, and with availability towards the end of 2022.

The drilling programme is planned around the western and northern margins of the salar, where the TEM survey has confirmed the presence of brine extending away from the salar. Three diamond holes to the bedrock depth (estimated to be around 400m) are planned, with the objective of confirming the lithium concentration and obtaining initial information about the different types of host lithologies. Positive results from the maiden drill programme would justify construction of access roads on to the salar to undertake resource drilling on a regular grid, which is currently planned as a follow up to the initial programme. Concurrently to undertaking the drilling programme, the Company will also extract larger brine samples for processing evaluation.

## 5.10 Direct Lithium Extraction (DLE)

Direct lithium extraction does not use the traditional series of large evaporation ponds to produce dewatered lithium brine salts for processing on-site to produce lithium carbonate. Instead, brine is pumped directly from the wellfield to the DLE plant where resins or ion exchange sorbents are used to selectively recover lithium from the brine solution. Lithium is then stripped from the resin or sorbent with fresh water, the resin/sorbent regenerated for reuse and the lithium product upgraded to lithium carbonate or lithium hydroxide. After lithium removal, waste brine is typically re-injected into a suitable geological structure nearby or evaporated in an unlined pond system (ie. Posco at Salar de Hombre Muerto).

While the traditional evaporation pond approach is well proven, it has the drawbacks of high initial capital costs for evaporation pond construction and evaporation times typically in excess of twelve months before harvest salts are available for processing. DLE generally avoids the need to construct a network of evaporation ponds but does require a process plant capable of handling the entire wellfield flowrate, which for a relatively low lithium grade deposit like San Francisco, could be substantial in order to produce an economic quantity of Lithium Carbonate Equivalent ("LCE"). In addition, significant quantities of fresh water are required in most DLE plants for stripping lithium from the resin/sorbent.

Disposal of brine post processing with DLE can involve disposal of the brine in unlined surface ponds or reinjection of the spent brine. Reinjection is generally considered in the case when there are multiple property owners in a salar or where there is limited surface area for disposal in evaporation ponds. In the San Jorge project, the Company owns the majority of the salar and does not have to consider neighbouring properties in regard to brine disposal. Consequently, the Company has flexibility as to how spent brine would be disposed of post lithium extraction. As discussed, finding a site for the re-injection of the lithium depleted brine can be challenging in many projects. Re-injection in or near the salar can lead to dilution of the remaining brine resource. Finding a suitable geological environment remote from the salar can be equally challenging to handle the volume of brine to be disposed of. In the case of this project, if suitable lithological units for reinjection are not confirmed by drilling, evaporation ponds are expected to be a viable option for disposal of the waste brine.

Greenwing is currently evaluating multiple DLE technologies using San Jorge brine, covering the range of different DLE technologies available. This includes fully integrated systems capable of producing lithium carbonate or lithium hydroxide product. The Company will continue advancing with multiple technology partners prior to the drilling programme and extraction of bulk samples for pilot scale test work. BDA notes that several other existing and development projects are currently trialling DLE technologies. The Livent (formerly FMC) project in Hombre Muerto has used a sorbent technology for over 20 years, for the production of lithium compounds. That company is currently in the process of expanding its production by 20,000tpa. The Rincon project, purchased by Rio Tinto earlier in 2022, also plans to use a DLE technology for the production of lithium compounds. The project is currently at the definitive feasibility stage, having undergone operation of a pilot plant for DLE extraction.

As part of the upcoming drilling programme, well screens will be installed in holes to allow extraction of quantities of brine sufficient for bulk pilot testing, with upwards of 10,000 litres of brine required for testing at each of the different process facilities.

### **5.11 Regional Infrastructure**

There is no significant infrastructure or other facilities in the immediate San Jorge project area.

The project is located 20km from the Laguna de Negro Francisco border crossing into Chile. The sealed road (National Route 60) from Fiambalá up to the border crossing and Customs Post is in good condition.

The customs post has a mobile tower with excellent phone signal and moderate data access. Data and phone access can be obtained at various locations around the salar, generally at high points. The Customs Post also provides a medical facility to assist anyone with medical conditions when crossing the border.

Vialidad (the roads department) has a depot at the Customs Post where equipment is stationed in winter to clear the road from snow or debris. Vialidad also has accommodation (two rooms and a bathroom), a large storage shed and a 30,000-litre diesel tank on site. Greenwing is enquiring as to the availability of these facilities and equipment to help support exploration activities at the project.

The nearest accommodation is provided by the Cortaderas Hotel at Cortaderas (the closest hotel to the town of Fiambalá). This is a tourist hotel with comfortable accommodation, but extremely poor mobile reception. Different construction and mining companies stay at this hotel and obtaining accommodation can at times be difficult.

### **5.12 Environmental Regulations and Permitting**

Greenwing's existing permitting does not allow for drilling activities. The Company is continuing to work with authorities on permitting for the drilling programme with the required community consultation meeting having already successfully being held. The high level of mining activity in the area, together with a lack of resourcing within the government departments, is the challenge in getting permits processed.

The environmental approval for activities may require an addendum to be submitted to cover the construction of raised roads (terraplen) to allow access into the salar for a second stage drilling programme. Terraplen construction is expensive and time consuming and for that reason, initial drilling will be conducted around the edges of the salar, to minimise road construction. Notwithstanding the likely cost, it is recommended that approval is obtained to drill on the salt lake in the future, to allow more rapid advance of the project, providing the initial drilling is positive.



## 6.0 OTHER GREENWING PROJECTS

### 6.1 Graphmada Graphite Project

The Graphmada Mining Complex is located near the town of Brickaville on the east coast of Madagascar, 236km by road east of the capital Antananarivo. Madagascar is an island country in the Indian Ocean, off the southeast coast of Africa and is governed under a French legal system with a low corporate tax rate of 20% and a low mining royalty of 2%.

Systematic exploration activities have been conducted since 2013 and results obtained confirm that the area contains shallow, regolith-hosted large flake graphite mineralisation that is extensive both laterally and by width, as well as hard rock mineralisation that is suitable to lithium battery anode manufacture.

The Graphmada Mining Complex holds two granted mining permits (PE 25600 and PE 26670) and one permit pending renewal. Graphmada has 40-year mining permits and 20-year landholder agreements in place. With all associated mining infrastructure and logistics in place, the Stage 1 mine and process plant has previously produced for 20 months and sold a range of graphite concentrates into multiple market segments, without penalty or rejection to customers in Europe under an off-take agreement and on order to customers in India, China, and the United States. The mine is currently on care and maintenance pending a Stage 2 expansion.

During the June 2022 quarter, Greenwing completed a diamond drilling programme consisting of 69 holes for a total of 3,268m. At the Ambatofafana Zone, the primary aim was to expand the Mineral Resource, which was achieved with 31 drill holes for 1,889m. This zone demonstrates significant graphite mineralisation that is open laterally and in depth, with most drill holes ending in mineralisation.

The drilling programme expanded the Graphmada Mineral Resource to 61.9Mt at 4.5% Fixed Carbon ("FC") (refer Table 6.1). Greenwing intends to move towards advancing feasibility studies on a large-scale mining and processing facility.

**Table 6.1**  
**Graphmada Mining Complex – Mineral Resource Estimate, July 2022**

	Tonnes (Mt)	FC%	Contained Graphite (kt)
Measured	18.7	4.9	911
Indicated	12.3	4.7	582
Inferred	30.9	4.2	1,288
<b>Total</b>	<b>61.9</b>	<b>4.5</b>	<b>2,780</b>

### 6.2 Millies Reward Spodumene Project

The initial 2018 field programme identified a virgin discovery of potentially high-grade pegmatite-hosted lithium mineralisation in the form of spodumene located in central Madagascar. Approximately 200 multiple pegmatite surface occurrences have been identified along a strike length of 10km which to date have returned rock-chip grades of up to 7.1% Li<sub>2</sub>O.

The exploration programmes included geological mapping, rock-chip sampling, geochemical soil sampling, pitting and trenching and limited drilling programmes. Eight high priority prospects within the project area were identified and planning is underway for a future exploration programme.

### 6.3 Research Partnership with Swinburne University

Greenwing's research partnership with Swinburne University achieved the characterisation of graphene as defined by International Organisation for Standardisation ("ISO standards"). This milestone, the second milestone reached as part of the collaboration, is a key step in the Company's plans to create a patentable and environmentally friendly process to produce advanced materials such as expandable graphite and graphene. The Company aims to utilise these advanced materials in the manufacture of next generation fireproof products, with a focus on mechanical strength and high-quality fire resistance. The graphene demonstrated monolayered large graphene sheets, which are highly sought after in high performance applications. Graphene was produced via an environmentally friendly process using an organic solvent with Liquid Phase Exfoliation ("LFE"), a promising method due to scalability.

## 7.0 VALUATION DISCUSSION

### 7.1 Valuation Principles and Methodologies

#### Valuation Principles

As a general principle, the fair market value of a property as stated in the VALMIN Code is the amount a willing buyer would pay a willing seller in an arm's length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

#### Standards and Procedures

This report has been prepared in keeping with the VALMIN Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005 and 2015. Resource and reserve estimation procedures and categorisations have been reviewed in terms of the JORC Code, 2012, however, no resources or reserves have yet been defined at the San Jorge project, which remains at an early stage of exploration.

The effective date for this valuation is the date of this report.

#### Valuation Methods

The valuation methods considered are detailed in Section 3 of this report.

There is no single valuation methodology which is appropriate for all situations. Rather, there are various methods, all of which have some merit and are more or less applicable depending on the circumstances.

For operating assets and development assets with Mineral Resource and Ore Reserve estimates and reasonable estimates of development schedules, process routes and costs, are often valued using a discounted cash flow approach.

The San Jorge project may be regarded as purely an exploration property where uncertainties concerning potential resource size and quality, development timing, production and costs are such that a discounted cash flow analysis is not considered appropriate. In this case, BDA has considered exploration-type valuation methodologies, including comparable transactions, yardstick values and exploration expenditure.

The asset to be valued and the approaches adopted are summarised in Table 7.1.

**Table 7.1**  
**San Jorge Lithium Brine Project Valuation**

Project/Property	Valued By	Methodology/Comment
San Jorge Lithium Brine Early-stage exploration project without drilling confirmation	BDA	Exploration/transaction methodologies

### 7.2 Valuation Methodology Applied to the San Jorge Lithium Brine Project

#### Methodology Adopted

BDA has valued the San Jorge lithium brine project on the basis that the entire tenement area is still at an early exploration stage, the size and brine content of the San Francisco salar is currently uncertain, the recoverability and lithium grades of the contained brine are unknown and no resources have yet been outlined.

BDA has estimated the value of the project on a dollar per hectare yardstick basis, using other comparable transactions over early-stage lithium brine projects to derive an appropriate dollar per hectare yardstick.

While limited exploration work has been undertaken to date, past exploration expenditure and a 'prospectivity enhancement multiplier' (PEM) has provided another estimate of value.

#### Lithium Carbonate Price

In deriving comparable transaction valuations, it is common to apply a normalising factor to the transaction parameters to allow for changes in value over time, related, for example, to changes in commodity price. Figure 6 highlights the lithium carbonate price appreciation since a low of Chinese Yuan ("CNY") 75,000 in October 2020 to the high CNY 542,500 in October 2022, a seven-fold increase.

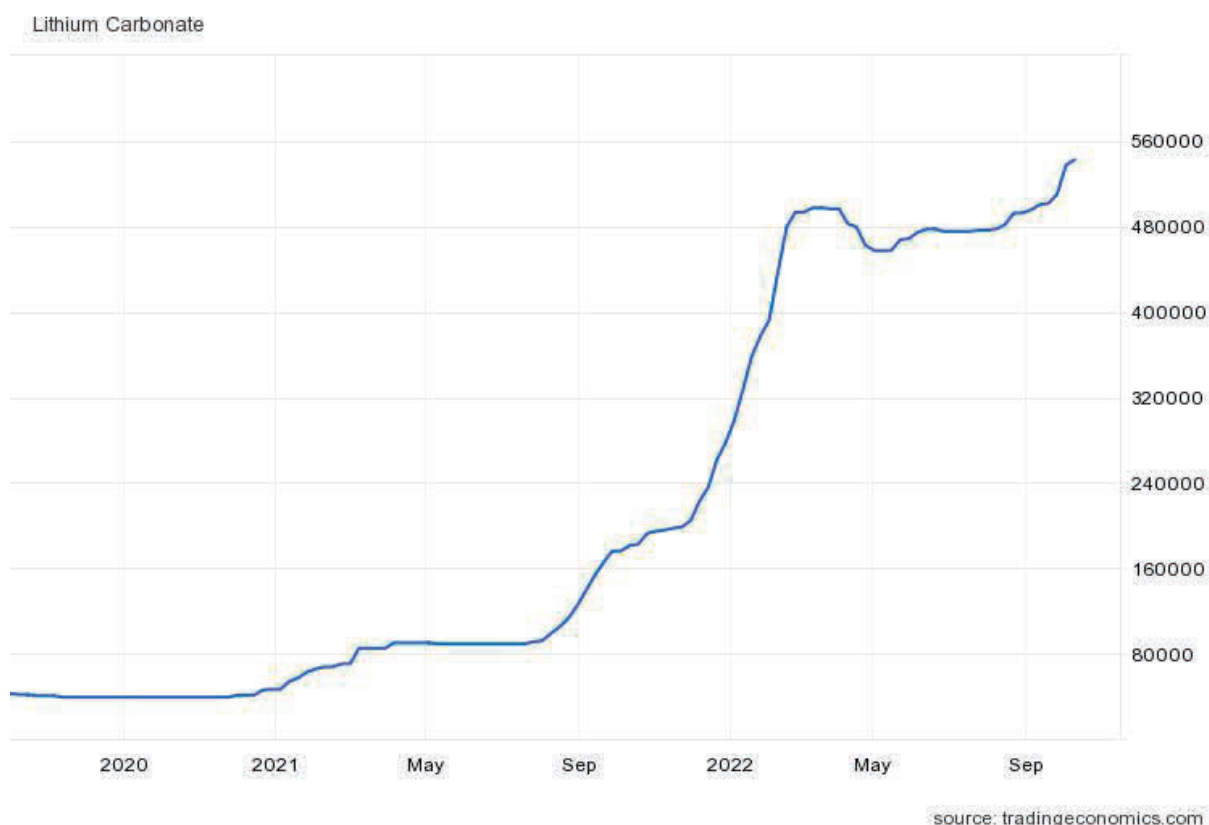
Lithium carbonate prices in China have increased 95% year-to-date as surging demand coincides with tight supply. Strong momentum in sales of electric vehicles continues to support lithium demand for battery manufacturers,

with added stimulus and cash incentives by local Chinese governments contributing to an 83% year-on-year and 15% month-on-month increase in new energy passenger vehicle sales in September 2022.

Lithium resource company equity valuations and the value of their underlying projects are impacted by rising lithium demand and prices. The correlation for early-stage exploration equity valuations and project values however can be significantly discounted due to the time and risk associated with achieving production.

**Figure 6**

**Lithium Carbonate Price History - June 2020 to October 2022 (Chinese Yuan CNY)**



### 7.3 Comparable Transaction Area Multiples

BDA has considered a number of early-stage lithium brine tenement acquisitions to determine a US\$/ha yardstick to apply to the San Jorge project. While the entire San Jorge tenement holding covers 36,000ha, the surface extent of the San Francisco salar is reported to be approximately 2,800ha. The recent seismic and TEM surveys indicate modest extensions of the salar under the surface gravels to the west that are likely to contain some brine. It appears however from the geophysics that this portion of the salar is quite shallow in depths. BDA has made an allowance of 15% for this potential increase in area of the salar, giving a total estimated area of 3,220ha.

#### 1. Advantage Lithium acquisition by Orocobre, Early-Stage Projects in Argentina

As part of the acquisition of Advantage Lithium in 2020, Orocobre Limited acquired a number of early-stage exploration projects in Jujuy, Salta and Catamarca, namely Guayatoyoc, Incahuasi, Antofalla Norte and Antofallita.

These properties were all early-stage exploration properties. Limited surface and near-surface pitting had been carried out and all properties exhibited relatively low lithium values and potassium-enriched brines.

BDA valued these properties as Independent Technical Expert for the Orocobre-Galaxy merger in 2021. Early exploration salar properties of this nature, based on comparable transactions at the time, typically transacted for around US\$200-500/ha. Given the limited prospectivity based on results to date, BDA considered the applicable range for the Advantage Lithium projects would be towards the lower end of the range, or US\$200-300/ha.

Lithium carbonate prices have increased by at least 200% since that valuation and applying a 50% lithium market uplift factor (ie. 25% of the 200% market uplift) to the range of US\$200-500/ha for early-stage exploration

properties would give a potential valuation range of US\$300-750/ha. BDA considers that San Jorge has a greater prospectivity than many of the former Advantage Lithium properties and estimates an appropriate valuation range of US\$500-750/ha. On this basis the tenement package of 3,220ha of prospective salar would be valued at US\$1.6-2.4M.

## 2. *Voltaic Acquisition of 1146915 B.C. Ltd, Unexplored Tolliar Salar, Argentina*

Voltaic Minerals Corp. ("Voltaic") (subsequently renamed Alpha Lithium) acquired 1146915 B.C. Ltd ("114") by means of a share exchange in a binding Letter of Intent signed 17 April 2019. 114 was a private company holding claims covering approximately 20,699ha in Salar Tolliar, Salta Province, Argentina. No work had been undertaken on Salar Tolliar at the time of the transaction. The share exchange was undertaken on a 1:1 basis with the issuance of 14,958,172 shares and the issuance of 2,958,172 purchase warrants at C\$0.30/Voltaic share to the warrant holders of 114 on closing. Prior to closing, Voltaic undertook to complete a private placement of units at a price of C\$0.25/Voltaic Unit. Each Voltaic Unit to consist of one Voltaic Share at C\$0.25/share and a Purchase Warrant for one additional Voltaic Share at a price of C\$0.50 per Warrant.

Upon completion of the transaction, Voltaic would assume the purchase and cash-based payment obligations of 114 related to the Argentine properties held by 114. These obligations included the following payments:

- US\$250,000 on the closing of the acquisition and the 6, 12 and 18-month anniversaries based on the then price of the shares (initial price US\$0.25/share) for an initial cost of US\$1.0M
- US\$250,000 in cash on closing and US\$250,000 on the 6, 12 and 18-month anniversaries, based on the then price of the shares (initial price US\$0.25/share)
- the maximum shares to be issued limited to 11,260,000 shares.

The transaction was valued on the basis of a share price of US\$0.25/share for shares to be issued, plus cash payments. On this basis, the value of the transaction was:

Cash purchase	US\$ 500,000
Share consideration (maximum @ US\$0.25/share)	US\$2,815,000
Share exchange (at deemed US\$ 0.25/share)	US\$3,739,534
Share purchase warrants at US\$ 0.30/warrant	<u>US\$ 887,452</u>
Total consideration	US\$7,941,986
Consideration/ha	US\$7,941,986/20,699ha = US\$384/ha

The lithium carbonate price has appreciated by some 620% since the 114 acquisition was agreed. Again, if early-stage exploration properties were to benefit from 25% of this uplift (ie. 25% of 620% = 155%), then the Salar Tolliar valuation would be around US\$980/ha.

On the basis of this yardstick the San Jorge tenement package of 3,220ha of prospective salar would be valued at around US\$3.2M.

## 3. *Lithium Chile – Option of 75% Interest in Salar de Laguna Blanca Property, Chile*

The Laguna Blanca project is located near San Pedro de Atacama. Lithium Chile announced an option agreement with Monumental Minerals Corp. on 30 March 2022 for Monumental to acquire up to a 75% interest in the project. The property is 5,200 ha in size. To earn the 75% interest, Monumental issued 3,401,874 shares to Lithium Chile, plus staged payments and must incur specified exploration expenditures. The terms of the option agreement were:

- cash payments of C\$1.5M by the 3<sup>rd</sup> anniversary of the Acceptance Date
- incur exploration expenditures of a minimum of C\$1.5M before the third anniversary of the Acceptance Date
- issue 3,401,874 shares in Monumental to Lithium Chile within 30 days of the Acceptance Date.

Based on the terms of the transaction and the US\$/C\$ exchange rate as of 30 March 2022, the deal is valued at:

3,401,874 shares @ C\$0.51/share =	C\$1,734,956
Cash	C\$1,500,000
Exploration expenditures	<u>C\$1,500,000</u>
Total	C\$4,734,956 @ C\$1.247/US\$
	US\$3,797,078/0.75 = US\$5,062,770 for 100% interest
	<b>US\$974/ha</b>

On the basis of this yardstick the San Jorge tenement package of 3,220ha of prospective salar would be valued at around US\$3.1M.

#### 4. *Lithium Chile – Option of 50.01% Interest in Salar de Turi Property, Chile*

The Salar de Turi project comprises 8,500ha and is located approximately 60km northeast of the city of Calama, Chile. Lithium Chile announced an option agreement with Monumental Minerals Corp. on 5 October 2022 for Monumental to acquire an option for 50.01% interest in the project. The terms of the option agreement specified:

- cash payments of C\$700,000 within 2 years of the Anniversary Date
- incur minimum exploration expenditures of C\$1.4M within two years of the Anniversary Date
- deliver to Lithium Chile, Monumental shares equaling 9.9% of the issued and outstanding shares of Monumental within 10 days of the earlier of the closing date of Monumental's next equity financing or 14 months of the Acceptance Date.

As of 5 October 2022, Monumental had 38.2M shares issued and outstanding. Thus, 9.9% of shares would be 3,781,800 shares prior to any new financing. The closing price of the shares on 5 October 2022 was C\$0.205. The C\$/US\$ exchange rate on 5 October 2022 was 1.3641.

Based on the terms of the deal, the option agreement was valued at:

Cash	C\$ 700,000
Exploration Expenditures	C\$1,400,000
Shares @ C\$0.205	<u>C\$ 775,269</u>
Total	C\$2,875,269 = US\$2,107,814
Value for 100% interest =	US\$2,107,814/.5001 = US\$4,214,785
	<b>US\$496/ha</b>

On the basis of this yardstick the San Jorge tenement package of 3,220ha of prospective salar would be valued at around US\$1.6M.

#### 5. *Sale by Lithium Chile of 1,600ha in Ollagüe Basin, Chile to Wealth Minerals*

On 3 May 2022, Lithium Chile announced the sale of 1,600ha of non-core tenements in the Ollagüe basin project in Chile. The terms of the deal specified a payment of 2M shares of Wealth Minerals on completion of due diligence, plus an additional 1M shares within 12 months of closing if Wealth Minerals establishes a resource with not less than 300ppm lithium. If Wealth Minerals does not undertake the required work to establish a resource, Wealth Minerals is obligated to pay Lithium Chile 500,000 shares in Wealth Minerals. The closing price of Wealth Minerals' shares on 3 May 2022 was C\$0.16/share. The C\$/US\$ exchange rate on 3 May 2022 was 1.28. Based on the terms of the deal, the transaction was valued at:

$$2.0\text{M shares @ US\$0.12/share} = \text{US\$240,000/1,600ha} = \text{US\$150/ha}$$

On the basis of this yardstick the San Jorge tenement package of 3,220ha of prospective salar would be valued at around US\$0.5M.

#### 6. *Lithium Chile, Arizaro Project, Salar Arizaro, Argentina*

Lithium Chile entered into a joint-venture agreement with SMG S.R.L on 24 August 2021 to explore and develop selected lithium tenements held by SMG on Salar Arizaro in Argentina. The tenements total 23,283ha, of which 20,500ha are located on the salar and 2,783ha located on the periphery of the salar and are reported to be held for fresh water supply. An initial NI 43-101 report dated 22 March 2022 reported a resource of 1.42Mt LCE, consisting of 895,000t Indicated Resource grading 298mg/L Li and 535,000t Inferred Resource grading 298mg/L Li. The joint venture provides for Lithium Chile to earn a 60% interest in the project under the following terms:

- cash payments totaling US\$2.0M within 40 months of the effective date of the agreement, or upon completion of a Prefeasibility Study, whichever occurs first
- exploration expenditures of US\$6.8M, including a Prefeasibility Study report and engineering studies, within 42 months of the effective date
- 1% NSR in favour of the vendors. NSR can be purchased for US\$ 1.5M within 2 years of start of production.

Based on the terms of the agreement, the transaction is valued (on a 100% basis) at:

$$((\text{US\$2.0M} + \$6.8\text{M})/0.60)/23,283 \text{ ha} = \text{US\$14.67M}/23,283 \text{ ha} = \text{US\$630/ha.}$$

Since the terms of the joint venture were agreed, lithium carbonate prices have increased by at least 200% and applying a 50% lithium market uplift factor (ie. 25% of the 200% market uplift) for early-stage exploration properties would giving a potential valuation of **US\$945/ha**.

On the basis of this yardstick the San Jorge tenement package of 3,220ha of prospective salar would be valued at around US\$3.0M, though BDA notes that the Salar Arizaro project is somewhat more advanced than San Jorge, having a reported Indicated and Inferred resource estimate.

#### 7. CleanTech Lithium Option Agreement, Laguna Verde Project, Chile

CleanTech Lithium entered into an option agreement in April 2021 on 2,926ha of tenements at Laguna Verde, Chile which is across the border but relatively close to the San Jorge project. Laguna Verde is a lithium exploration project totaling 9,916 ha. The 2,926ha under option represents the central part of the project. A JORC compliant report has been prepared for this part of the project containing an Inferred Resource of 1.2Mt LCE at 246mg/L. A Scoping Study is underway and it is intended that the project will use a DLE process.

The option agreement provides for a fixed price of US\$334,000 payable by 23 April 2025 and a variable price linked to the price of lithium carbonate with a minimum value of US\$3,500,000, payable in CleanTech Lithium shares.

Based on the terms of the option agreement, the tenements are valued at US\$1,311/ha. It is noted that there is some overlap in tenement boundaries with tenements held directly by CleanTech. Giving effect to the overlap, the tenements subject to the Option Agreement total 2,437ha, for a value of US\$1,573/ha.

Since entering the option agreement, lithium carbonate prices have increased by at least 200% and applying a 50% lithium market uplift factor (ie. 25% of the 200% market uplift) for early-stage exploration properties would giving a potential valuation of **US\$2,359/ha**.

On the basis of this yardstick the San Jorge tenement package of 3,220ha of prospective salar would be valued at around US\$7.6M, though BDA notes that the Laguna Verde project is somewhat more advanced than San Jorge, having a reported Inferred resource estimate.

#### Summary of the Comparable Transaction Area Multiples

Table 7.2 summarises the value per hectare based on recent lithium brine transactions in Argentina and Chile as discussed in Section 7.3.

**Table 7.2**  
**Summary of the Comparable Transaction Area Multiples**

Lithium Brine Property	Implied Valuation US\$/ha	Yardstick Applied to San Jorge US\$M
Advantage Lithium – Assorted Argentine properties	500-750	1.6-2.4
Voltaic – Salar Tolliar, Argentina	979	3.2
Lithium Chile – Laguna Blanca, Chile	974	3.1
Lithium Chile – Salar Turi, Chile	496	1.6
Lithium Chile - Ollagüe Basin, Chile	150	0.5
Lithium Chile – Salar Arizaro, Argentina	945	3.0
CleanTech – Laguna Verde, Chile	2,359	7.6
<b>Average Low/High Range</b>	<b>500-979</b>	<b>1.6-3.2</b>

*Note: Low/High range derived by eliminating the highest and lowest as outliers and considering the remainder.*

Salar Arizaro and Laguna Verde both have advanced to the stage of having Mineral Resource estimates. The other comparable projects are generally earlier-stage exploration with no resource estimates. The multiple for the Ollagüe basin project of Lithium Chile is the lowest yardstick of the comparable transactions considered.

Considering the low valuation of Ollagüe Basin and high valuation of Laguna Verde as outliers, the remaining six project valuations are in a relatively tight range from US\$500-979/ha and applying these ranges to San Jorge gives a value range of US\$1.6-3.2M with a preferred (average) value of around US\$2.5M.

#### 7.4 Past Expenditure

Greenwing has advised that exploration expenditure of US\$733,700 has been incurred on the San Jorge project to date. The surface brine sampling, passive seismic and TEM geophysical surveys have provided sufficient evidence to demonstrate the prospectivity of the San Francisco salar, enough to warrant a maiden drill programme to move the project forward. BDA considers that a 'prospectivity enhancement multiplier' (PEM) in the range of 1.5-2.0 is appropriate, providing a valuation based on past expenditure of US\$1.1-\$1.5M, with a preferred value of US\$1.3M.

## 8.0 ASSOCIATES/CONSULTANTS - QUALIFICATIONS AND EXPERIENCE

Mr Malcolm Hancock and Mr John McIntyre (BDA Executive Directors) have provided project direction and participated in the technical reviews, report preparation and review meetings as required. Mr Hancock is a geologist and Mr McIntyre a mining engineer and both have extensive project review, due diligence and valuation experience. Both Mr Hancock and Mr McIntyre are Members of the Australasian Institute of Minerals Valuers and Appraisers ("AIMVA") and are Certified Mineral Valuers ("CMV"). These are professional qualifications designed to indicate to regulators that a panel of professional peers has established that the individual has more than 10 years of experience in valuation expertise and has been assessed as a recognised valuation expert, competent to sign off on public and corporate documentation in valuing and appraising minerals projects.

Mr Mark Faul (BDA General Manager) has been the Project Leader and a primary contact within BDA for this assignment. He has provided project direction and participated in the technical reviews, report preparation and management and review meetings as required. Mr Faul is a mining engineer with extensive project review, bank due diligence, financial modelling and valuation experience.

Mr Don Hains (BDA Senior Consultant) is an experienced geologist and metallurgist specialising in lithium brine projects and has worked on numerous lithium projects in Argentina, Chile and worldwide. He is a well-regarded lithium expert and has undertaken the detailed San Jorge project technical review.

The BDA review team includes the following specialist consultants:

**Mr Malcolm Hancock** (BA, MA, FGS, FAusIMM, MIMM, MMICA, CP (Geol), MAIMVA) is a Principal and Executive Director of BDA. He is a geologist with more than 50 years of experience in the areas of resource/reserve estimation, reconciliation, exploration, project feasibility and development, mine geology and mining operations. Before joining BDA, he held executive positions responsible for geological and mining aspects of project acquisitions, feasibility studies, mine development and operations. He has been involved in the feasibility, construction, and commissioning of several mining operations. He has worked on both open pit and underground operations, on gold, copper, base metal, uranium, rare earths and strategic minerals and industrial mineral projects, and has undertaken the management and direction of many of BDA's independent engineer operations in recent years. Mr Hancock has provided project direction, geological and resource review and report editing.

**Mr John McIntyre** (BE (Min) Hon., FAusIMM, MMICA, CP (Min), MAIMVA) is a Principal and Managing Director of BDA. He is a mining engineer who has been involved in the Australian and international mining industry for more than 50 years, with operational and management experience in copper, lead, zinc, nickel, gold, uranium and coal in open pit and underground operations. He has been involved in numerous mining projects and operations, feasibility studies and technical and operational reviews in Australia and overseas. He has been a consultant for more than 30 years and has been Managing Director of BDA since 1994, involved in the development of the independent engineering and technical audit role. Mr McIntyre has provided project direction and report editing.

**Mr Mark Faul** (BE. Min (Hons), MBA, MAppFin, FAusIMM, GAICD, MAIMVA) is General Manager of BDA and is a mining engineer with extensive mining finance and investment experience with more than 35 years in the mining, resources investment banking and private equity investing in Australia, SE Asia, PNG, Africa, Europe and the Americas. His experience includes operations management, project feasibility and development, strategic planning, due diligence, cost assessment, financial modelling, project and corporate finance. He is experienced in a range of commodities, including gold, copper, nickel, base metals, platinum group metals, strategic minerals, diamonds and gemstones, rare earths and uranium, in both surface and underground mining. He has extensive experience in mine management, economic analysis, project evaluation, valuation, risk management, project finance from a financier and investor perspective, and as a company director. Mr Faul was the BDA Project Leader on this assignment and contributed to report preparation and management, and project liaison.

**Mr Don Hains** (BA. Chem. (Hons.), MBA, Member CIMM, Registered Professional Geologist Ontario (#0494), MSMME, M Metallurgical Society of AIME, M American Ceramics Society) is a Senior Associate of BDA and is qualified as an industrial minerals exploration and economic geologist with more than 30 years of experience in the development, use and analysis of industrial minerals properties and materials. His experience encompasses most of the industrial minerals and several specialty metals, including lithium, tantalum, antimony, niobium, gallium, germanium and rare earths. Assignments have ranged from valuation reports to feasibility and market studies. He is the author of the *Best Practice Guidelines for Reporting of Lithium Brine Resources and Reserves* and a co-author of the *Best Practice Guidelines for Reporting on Industrial Minerals Resources and Reserves*. Both these guideline documents provide recommended best practice when reporting resources and reserves under NI 43-101. Mr Hains has been the principal consultant undertaking the technical review of the project.

## 9.0 LIMITATIONS AND CONSENT

BDA consents to making this report available to the Directors of Greenwing and Deloitte on the understanding that all parties are aware of and understand the scope of BDA's engagement as set out in the Scope of Work. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document or used for any other purpose without written consent from BDA as to the form and context in which it appears. BDA will be paid fees of approximately A\$100,000 plus expenses for the preparation of this report. The fees are not dependent on the findings or outcome of this report.

This report does not constitute a technical or legal audit. The assessment in this report has been based on data, reports and other information made available to BDA by Greenwing and referred to in this report. Greenwing has advised BDA that all relevant documentation relating to their project has been provided, that the information is complete as to material details and is not misleading.

BDA has reviewed the data, reports and information provided and has used consultants with appropriate experience and expertise relevant to the various aspects of the project. The opinions stated herein are given in good faith. BDA believes that the basic assumptions are factual and correct, and the interpretations are reasonable. This BDA report contains forecasts and projections based on information provided by Greenwing. However, these forecasts and projections cannot be assured and factors both within and beyond the control of Greenwing could cause the actual results to be materially different from the assessments and projections contained in this report.

BDA has independently analysed data provided by Greenwing, but the accuracy of the conclusions of the review largely relies on the accuracy of the supplied data. BDA does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from third party use of it. BDA reserves the right to change its opinions on the mining studies expressed in this report should any of the fundamental information provided by Greenwing be significantly or materially revised.

BDA warrants that its activities have followed accepted engineering standards through the use of professionally qualified engineers and the adoption of standards as specified by the appropriate professional Associations. BDA takes no responsibility for any loss or damage arising from the use of this report or information, data or assumptions contained therein, except for where loss or damage results from the bad faith, wilful misconduct or negligence on the part of BDA.

In commissioning BDA for this report, Greenwing has indemnified BDA for any liability:

- a) resulting from BDA's reliance on information provided by Greenwing that is materially inaccurate or incomplete; and
- b) relating to any consequential extension of workload through queries, questions or public hearings arising from the BDA Public Report.

This indemnity does not absolve BDA from critically examining the information provided.

Sincerely yours

**BEHRE DOLBEAR AUSTRALIA PTY LTD**



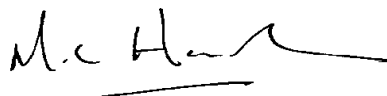
**Mark Faul**

**General Manager**

Telephone: 612 9954 4988

Mobile: 61 419 012 161

Email: [mark.faul@behredolbearsyd.com](mailto:mark.faul@behredolbearsyd.com)



**Malcolm Hancock**

**Executive Director**

Telephone: 612 9873 1955

Mobile: 61 417 446 440

Email: [mhancock@bigpond.com](mailto:mhancock@bigpond.com)



**John McIntyre**

**Managing Director**

Telephone: 612 9954 4988

Mobile: 61 418 210 333

Email: [bdaus@bigpond.com](mailto:bdaus@bigpond.com)



## **APPENDIX I**

### **GLOSSARY**

## GLOSSARY

Term/Abbreviation	Description
114	1146915 B.C. Ltd
Andes Litio	Andes Litio SA, a wholly owned subsidiary of Greenwing
AIMVA	Australasian Institute of Minerals Valuers and Appraisers
AMSL	Above Mean Sea Level
AusIMM	Australasian Institute of Mining and Metallurgy
A\$	Australian Dollar
B	Billion
BAC	Base Acquisition Cost
bcm	Bank Cubic Metre (in situ volume)
BDA	Behre Dolbear Australia Pty Limited
Blackearth	Blackearth SA
Blue Northstar	Blue Northstar Limited
CIM Standards	Canadian National Instrument 43-101 and the Guidelines Published by the Council of the Canadian Institute of Mining, Metallurgy and Petroleum
CMV	Certified Mineral Valuer
Company	Greenwing Resources Limited
DCF	Discounted Cashflow
Deloitte	Deloitte Corporate Finance Pty Limited
DFS	Definitive Feasibility Study
DLE	Direct Lithium Extraction
ESIA	Environmental and Social Impact Assessment
FC	Fixed Carbon
FS	Feasibility Study
FY	Financial Year
g/cc	Grammes per cubic centimetre
Greenwing	Greenwing Resources Limited
ha	Hectare
IER	Independent Expert Report, prepared by Deloitte
IRR	Internal Rate of Return
ISO	International Standards Organisation
ITSR	Independent Technical Specialist Report, prepared by BDA
IX	Ion exchange
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" as Prepared by the Joint Ore Reserves Committee of the AusIMM, AIG, and the MCA
Kb	Kilobar
km	Kilometre
km <sup>2</sup>	Square Kilometre
kt	Thousand Tonnes
ktpa	Thousand tonnes per annum
kV	Kilovolt
kW	Kilowatt
LCE	Lithium Carbonate Equivalent
LFE	Liquid Phase Exfoliation
Li <sub>2</sub> O	Lithium Oxide
LOM	Life of Mine
LPG	Liquefied Petroleum Gas
m	Metre
M	Million
Ma	Million Years Ago
m <sup>3</sup>	Cubic Metre
m <sup>3</sup> /h	Cubic Metres per Hour
Ma	Million Years
masl	Metres Above Sea Level
mg/L	Milligrams Per Litre
Mg/Li	Magnesium to Lithium Ratio
µm	Micron (m x 10 <sup>-6</sup> )
mm	Millimetre
mm/a	Millimetres per annum
mm/d	Millimetres per day

Term/Abbreviation	Description
Mt	Million Tonnes
Mtpa	Million Tonnes Per Annum
MW	Megawatt
NI 43-101	Canadian Securities Administrators' National Instrument 43-101 - Standards of Disclosure for Mineral Projects
NIO	NIO Inc
NPV	Net Present Value
NR	National Route, road designation in Argentina
NSR	Net smelter return
OK	Ordinary Kriging
Opex	Operating costs
PEA	Preliminary Economic Assessment
PEM	Prospectivity Enhancement Multiplier
PFD	Process Flow Diagram
Proposed Transaction	Blue Northstar, a subsidiary of Nio Inc, acquiring a 12.2% interest in Greenwing and an option to acquire a 40% interest in Andes Lito
Project	San Jorge Lithium Brine Project in Argentina
ppm	Parts Per Million
QA/QC	Quality Assurance/ Quality Control
Q1	Quarter 1
RC	Reverse Circulation
RL	Reduced Level
RO	Reverse Osmosis
ROM	Run of Mine
RP	Provincial route, road designation in Argentina
SG	Specific Gravity
TEM	Transient Electromagnetics
tpd	Tonnes per day
tph	Tonnes per hour
t/m <sup>3</sup>	Tonnes per Cubic Metre
tpa	Tonnes per Annum
tph	Tonnes Per Hour
TSF	Tailings Storage Facility
VALMIN Code	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
Voltaic	Voltaic Minerals Corp.
XRF	X-Ray Fluorescence



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FLAT 123  
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+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



### YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (Brisbane time) on Saturday, 17 December 2022.**

## Proxy Form

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### PARTICIPATING IN THE MEETING

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms".

### Lodge your Proxy Form:

**XX**

#### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

#### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

#### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

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THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark ☒ to indicate your directions

### Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Greenwing Resources Ltd hereby appoint



the Chairman  
of the Meeting

OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Greenwing Resources Ltd to be held at Level 21, 110 Mary Street, Brisbane, Queensland 4000 on Monday, 19 December 2022 at 10:00am (Brisbane time) and at any adjournment or postponement of that meeting.

### Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Approval to issue Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to grant and exercise Call Option	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to enter into the Offtake Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to grant and exercise rights of Call Option Security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Election of Mr Alan Zeng as a Non-Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

**Update your communication details** (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

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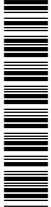


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## Greenwing Resources Ltd General Meeting

The Greenwing Resources Ltd General Meeting will be held on Monday, 19 December 2022 at 10:00am (Brisbane time). You are encouraged to participate in the meeting using the following options:



### MAKE YOUR VOTE COUNT

To lodge a proxy, access the Notice of Meeting and other meeting documentation visit [www.investorvote.com.au](http://www.investorvote.com.au) and use the below information:



**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

For your proxy appointment to be effective it must be received by 10:00am (Brisbane time) Saturday, 17 December 2022.



### ATTENDING THE MEETING IN PERSON

The meeting will be held at:  
Level 21, 110 Mary Street, Brisbane, Queensland 4000

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.