

Power enters into Term Sheet with Summit to develop world's first multi-salar lithium project in Salta

Highlights

Power Minerals has executed a non-binding Term Sheet with Summit Explore Corporation, ("Explore") a wholly owned subsidiary of world-leading sustainable Direct Lithium Extraction (DLE) provider Summit Nanotech ("Summit") for strategic investment and development of Power's five lithium brine salars at its Salta Lithium Project in Argentina's lithium triangle; Incahausi, Rincon, Pocitos, Pular and Arizaro ("the Projects") defined geographically by the Area of Influence ("Aol").

The Term Sheet establishes a detailed framework of development work and the proposed grant of options under which the parties will use commercially reasonable efforts to negotiate and execute a binding Definitive Agreement for the Projects development

Explore will secure under the Definitive Agreement a joint venture option as follows:

- Acquire a 59% joint venture interest over the Projects once it elects to fund and build a 5,000t commercial DLE plant. Explore plans to initially fund up to US\$6m on the Aol to complete required exploration including drilling water and pumping wells; and
- As part of Explore's earn-in obligations and in support of the PFS, Explore shall arrange and fund the analysis of brine compatibility and an extraction efficiency study incorporating all brine from the Aol. Summit's Alpaca DLE demonstration facility in Santiago, Chile will provide detailed engineering designs and estimates for commercial scale production.

Explore may elect to proceed to formation of the Joint Venture by giving formal notice to proceed to commercial scale, or may elect to pay US\$1m standby payments for each of two extensions of 12 months.

Explore will also secure under the Definitive Agreement an option to acquire the Salta Project for US\$50 million, exercisable at any time during the PFS period, the duration of which will be defined in the Definitive Agreement.

The Term Sheet is a pivotal agreement for Power and Explore/Summit to deliver commercial-scale production of high-quality lithium from its Argentinian assets through a joint venture or a high-value divestment to monetise the Project

Summit's world-leading patented denaLi™ DLE technology is able to produce lithium from brines with over 95% lithium recovery and over 98% impurity reduction

Summit Explore is currently in discussions to acquire up to an additional three lithium brine projects within the region to add to the Aol; Power would hold 41% of all additional projects once the JV is formed

Power Minerals Limited (ASX: PNN) is pleased to announce that it has executed a Non-binding Term Sheet (**Term Sheet**) with Summit Explore Corporation (**Explore**), a wholly-owned subsidiary of world-leading Canadian direct lithium extraction (**DLE**) technology provider Summit Nanotech Corporation (BN 753314913) (**Summit**), for the development of its Salta Lithium Project, within the lithium triangle in Salta Province, Argentina.

This is a pivotal milestone in the proposed development of the Salta Project into a significant DLE lithium producing operation. The lithium assets of the Salta Project included in the Term Sheet are the Incahausi, Arizaro, Rincon, Positos and Pular lithium brine salars ("**the Projects**" or "**Salta Project**"; See Figure 1).

The parties will now work collaboratively to execute a binding Definitive Agreement for the development of the Salta Project in a proposed joint venture between Power and Explore, utilising the terms of the Term Sheet as a framework for the Definitive Agreement.

The parties have agreed to a period of 90 days from the execution of the Term Sheet to conclude the Definitive Agreement.

Under the Term Sheet and upon the execution of a Definitive Agreement, it is proposed that at Notice to Proceed (**NTP**), Power and Explore will enter a Joint Venture under which Explore would acquire a 59% interest in the Joint Venture including all five lithium brine assets of Power's Salta Project, with Power holding the remaining 41% interest in the Joint Venture.

Explore is currently in discussions to acquire up to an additional three lithium brine projects in the region, all of which are expected to have existing JORC 2012 Mineral Resource Estimates (MREs). The potential acquisition of these additional projects will be solely funded by Explore, and these projects will be added to the Joint Venture with the aim of expanding the Joint Venture's Mineral Resource base, and the size and scale of the proposed lithium producing operation.

All additional Projects acquired by Explore will be rolled into the Joint Venture at no cost to Power and will have no impact on Power's 41% interest in the Joint Venture.

Under the Term Sheet, Explore also has the option to acquire Power's Salta Project outright for an all-cash amount of US\$50 million, exercisable at any time during the PFS period, the duration of which will be defined in the Definitive Agreement.

The Term Sheet also contemplates that Explore will provide strategic investment funding of up to US\$6 million for water drilling, Minerals Resource drilling and other development work, to deliver a Preliminary Feasibility Study for the proposed Area of Influence (**AoI**), in accordance with Canadian NI 43-101 standards (or equivalent applicable standard) (**PFS**). The AoI comprises Power's five salars and all projects acquired by Explore that will be included in the Joint Venture.

Explore's 59% interest in the Joint Venture will vest only on the delivery of a NTP after Explore has delivered the PFS to Summit and Power.

If Explore elects not to proceed with the formation of the Joint Venture after successfully delivering the PFS, it will be required to pay US\$1m in standby payments to maintain the agreement in good standing for each of two 12-month extensions.

Also, in support of the PFS, Explore shall arrange and fund the testing of brine compatibility and extraction efficiency from the Project's brine samples at Summit's Alpaca DLE demonstration facility in Santiago, Chile.

During the PFS period, it is proposed that the parties will establish a Technical Committee to review and make recommendations in respect of the progress and completion of the PFS. The Technical Committee will govern the functional and relational activities of the parties and ensure that appropriate oversight is in place until the Joint Venture is formed. Explore will chair the Technical Committee.

The matters contemplated under the Term Sheet will be subject to both parties securing any requisite board and regulatory approvals.

Power Minerals Managing Director Mena Habib commented:

"We are delighted to be working with Explore and Summit to progress the proposed transaction which consolidates the development of all four of Power's Argentinian lithium brine projects. The collaboration between Power, Explore and Summit allows for both the application of Summit's world leading DLE technology and expediting the development of all five salars at Incahausi, Arizaro, Rincon, Positos and Pular, which represent all of Power's lithium assets within the Salta project area.

We see Explore and Summit as the ideal partners to help us unlock and maximise the value of all five salars. Explore and Summit bring a combination of leading-edge proprietary DLE technology and development expertise. The opportunity to work together with Explore and Summit is a pivotal step for Power towards producing commercial-scale volumes of high-quality lithium products from Power's Argentinian Lithium projects. Power looks forward to completing this transaction with Explore which builds on a long and mutually rewarding working relationship with Summit."

Power Minerals Chairman Stephen Ross commented:

"We are excited to be advancing a coordinated transaction to develop Power's portfolio of lithium brine projects at Salta in Argentina's lithium triangle. We are looking forward to working with Explore and Summit to complete the Preliminary Feasibility Study to validate project viability and advancing development of our Argentinian lithium projects to unlock the full value upside for both Summit and Power. Power's longstanding relationship with like-minded company Summit is founded on high levels of certainty and competency and we are all very keen to execute on our strategic vision and commitment to sustainable development that will create value for shareholders and advancement of our lithium projects."

Summit Nanotech and Summit Explore CEO Amanda Hall commented:

“This will be the world’s first multi-salar lithium project. The brines in this region are compatible for blending and Summit Nanotech’s technology with its adaptive digital twin, AI monitored process control systems, superior sorbent and proprietary column sequencing, provides the perfect platform for economic extraction and the creation of high-quality lithium products. By launching Summit Explore, our new development company, and working with Power Minerals we begin our land and expand strategy to become a major lithium producer in South America’s beautiful lithium triangle.”

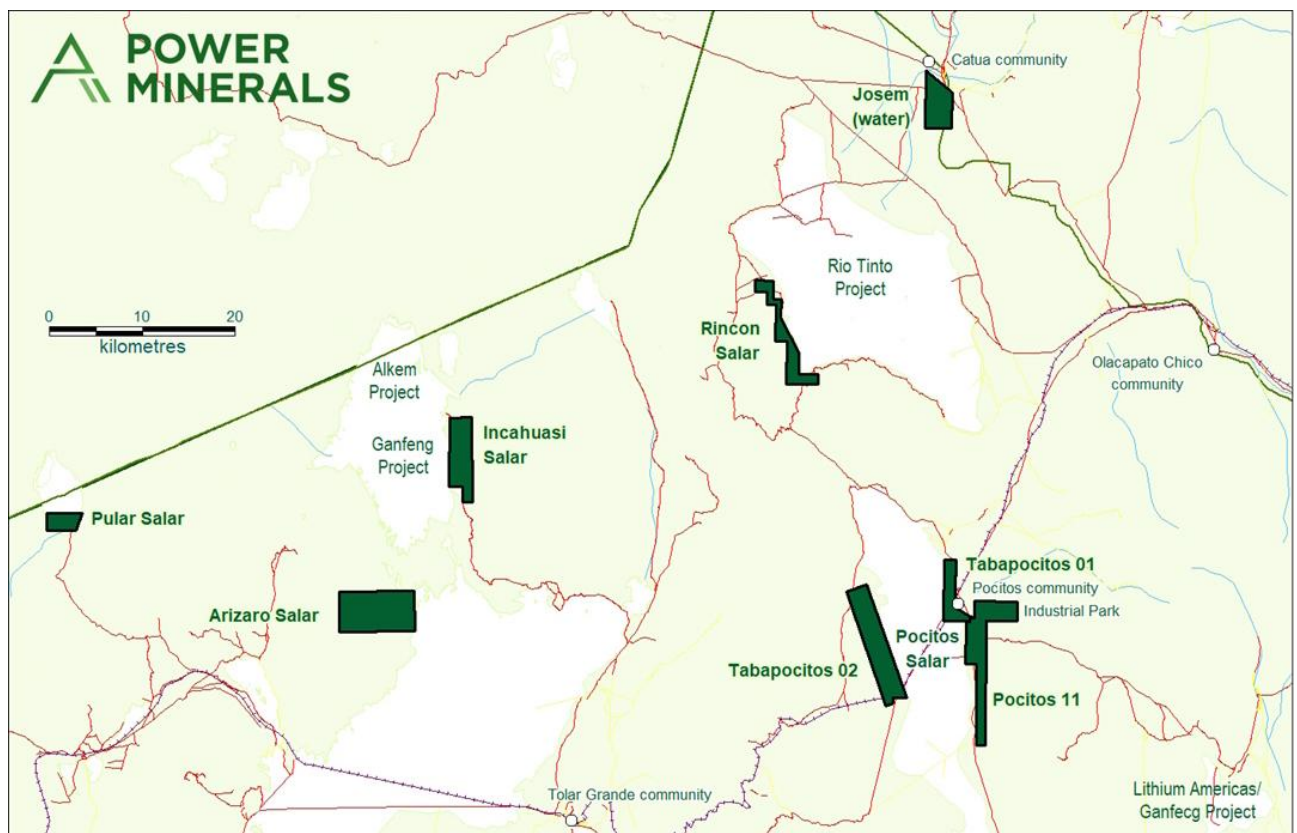


Figure 1: Salta Lithium Project location map, including the key Pular, Pocitos, Rincon and Incahuasi projects.

Next Steps

The Term Sheet between Power and Explore has been successfully executed. The two parties now have 90 days from the execution of the Term Sheet to conclude a Definitive Agreement and Joint Venture for the development of the five Salta lithium brine assets. This period may be varied by mutual agreement between Power and Explore.

The ultimate focus of Summit is to develop the lithium brine assets of the Joint Venture into a significant, commercial-scale, high-quality lithium-producing operation utilising Summit's patented denaLi™ DLE technology fed with brine from multiple salars.

ENDS**Authorised for release by the Board of Power Minerals Limited.****For further information, please contact:**

Power Minerals Limited

E: admin@powerminerals.com.au

T: +61 8 8218 5000

Additional information is available at www.powerminerals.com.au