

Completion of Due Diligence and Start of Work Program - Brazil Lithium Projects Acquisition

ASX Announcement
28 May 2024

Lightning Minerals (L1M or the Company) is pleased to announce the completion of due diligence on its transaction (ASX Announcement 22 April 2024) to acquire (Proposed Acquisition) of Bengal Mining Pty Ltd (Bengal). Bengal holds, via its wholly owned subsidiary Tigre Mineracao Ltda (Tigre) option agreements over two lithium projects, Caraibas and Sidrônio (the Projects) in Brazil's prolific Lithium Valley district in the state of Minas Gerais. This marks an important stage for the Company in its progress in finalising the Proposed Acquisition with the outstanding Extraordinary General Meeting (EGM) which will be held on the 13 June 2024 (ASX Announcement 13 May 2024).

Works will commence this week with a geological team beginning on ground reconnaissance works at the Projects in preparation for a site visit by Managing Director, Alex Biggs and Exploration Manager, Jarrad Woodland in early June.

HIGHLIGHTS

- All due diligence satisfied on Bengal Mining and Caraibas and Sidrônio projects. All Conditions Precedent met except shareholder approval which is sought at upcoming EGM
- Contract geologists to begin on ground reconnaissance works this week
- Projects located in the prolific Lithium Valley region of Minas Gerais 20km south of Latin Resources' (ASX: LRS) Colina project
- Multiple pegmatites have been identified at the Caraibas Project, with peak lithium rock chip assay results grading up to 0.53% Li₂O (lepidolite)¹
- Significant tantalum (1,245ppm), rubidium (1,175ppm) and caesium (1,455ppm) rock chip assay results are considered positive exploration indicators¹
- Strong aeromagnetic geophysical trends correlate with regional mineralised trends
- Projects lie within geology of the Salinas Formation which hosts other significant lithium Resources in the region
- Proposed Transaction based on 5Mt, 10Mt and 30Mt Resource milestones presenting significant upside at both a project and company level demonstrating vendor confidence
- Managing Director, Alex Biggs to attend Lithium Summit 2024 in Belo Horizonte and site trip to Caraibas and Sidrônio projects

Note 1: Further exploration work to verify historically mapped and sampled pegmatites is necessary. The scale of the geological outcrops are unknown and the presence of pegmatitic lithologies does not necessarily indicate the presence of lithium, tantalum or caesium mineralisation.

Note 2: The Company is optimistic about concluding the transaction and acquisition outlined herein, however at the date of this announcement no assurance that the outstanding conditions precedent with respect to the transaction will be met. Accordingly, investors are cautioned against making investment decisions based on this announcement.

Lightning Minerals Managing Director Alex Biggs said, "It is with great pleasure that we announce completion of due diligence on Bengal Mining and the Caraíbas and Sidrônio projects in Brazil's Lithium Valley region of Minas Gerais. All Conditions Precedent (except shareholder approval which is sought at the upcoming EGM) have also been completed. Gaining access to these projects and this region of Brazil is a significant achievement for the Company and provides us with highly prospective lithium ground in one of the most prospective lithium regions globally. We are believers of the lithium and green energy thematic and have used the downturn in lithium prices as an opportunity to acquire projects that we see as cornerstones to our growth. We endorse Brazil as an excellent jurisdiction in which to do business and have some clear analogues from other operators in the region on how quickly projects can be defined and developed. I will be on the ground in early June to complete a site visit plus attend the Lithium Summit conference in Belo Horizonte and look forward to updating you all on our progress".

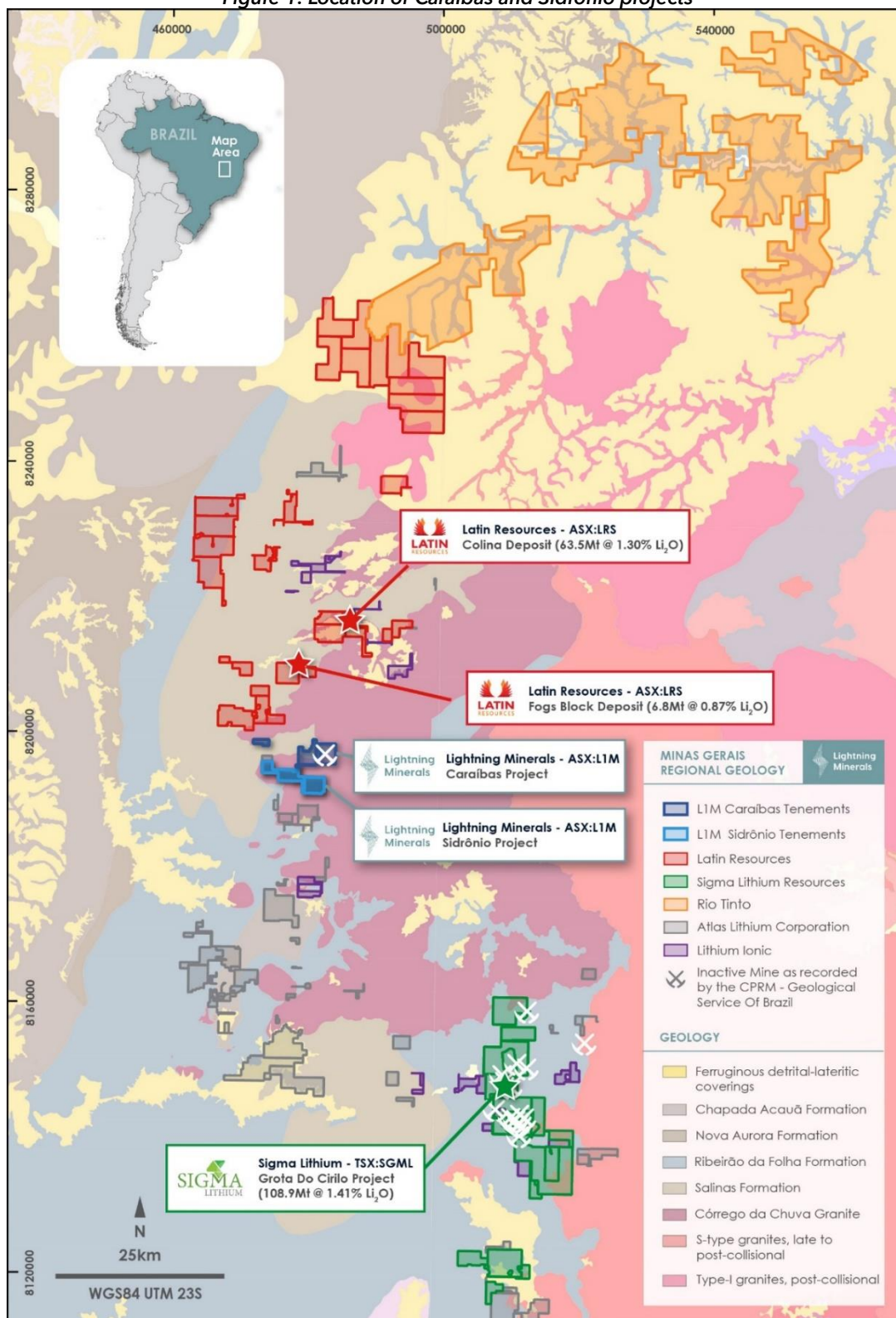
About the Projects and Minas Gerais as a Lithium Region

The Projects are located in the Lithium Valley region of Minas Gerais, Brazil. The Projects cover 3,372 Ha comprising seven (7) exploration licences and are located approximately 20km south of Latin Resources' (ASX: LRS) Colina lithium project² hosting 70.3Mt @ 1.27% Li₂O and 60km north-west of Signa Lithium's (NASDAQ: SGML) Grota do Cirilo project³ hosting 108.9Mt @ 1.41% Li₂O. The region has emerged as one of the world's premier lithium districts over the past few years and presents significant exploration potential.

The Company will benefit from access to a seasoned ground team, providing invaluable fieldwork expertise and insights, enhancing the Company's strategic approach to exploration. Relationships the Company already has in the region will help facilitate project growth and advancement.

Minas Gerais is Brazil's third largest economy with over 300 mines operating in the state with tier-1 operators including Vale, BHP and Rio Tinto. The state boasts a strong mining labour pool and presents a cost competitive jurisdiction for exploration and project development with mature infrastructure, hydro power and road access.

Figure 1: Location of Caraíbas and Sidrônio projects



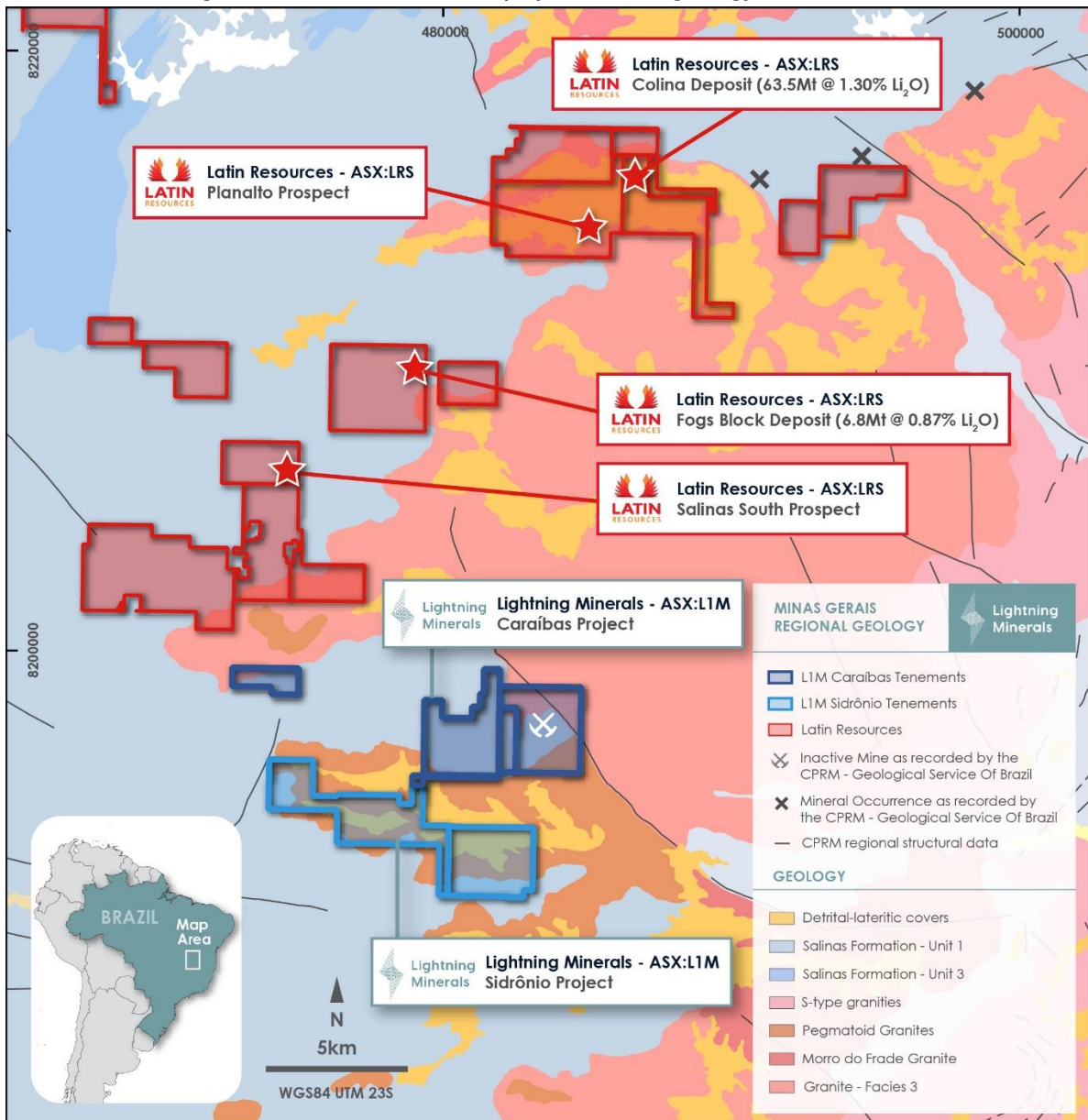
Caraíbas and Sidrônio Projects

The Projects are located in the Eastern Brazilian Pegmatite Province that encompasses approximately 150,000 km², stretching from Bahia state to Rio de Janeiro state. The Caraíbas Project consists of five (5) separate tenements covering 1,733 Ha and the project area contains a series of albite and muscovite

rich pegmatites identified by Bengal's initial reconnaissance works. Aeromagnetic data shows the tenements are located along regional structures and shear zones which are analogous to the trends present at Latin Resources' (ASX: LRS) Colina deposit. The Caraíbas Project is located approximately 20km to the south in the same Salinas geological formation.

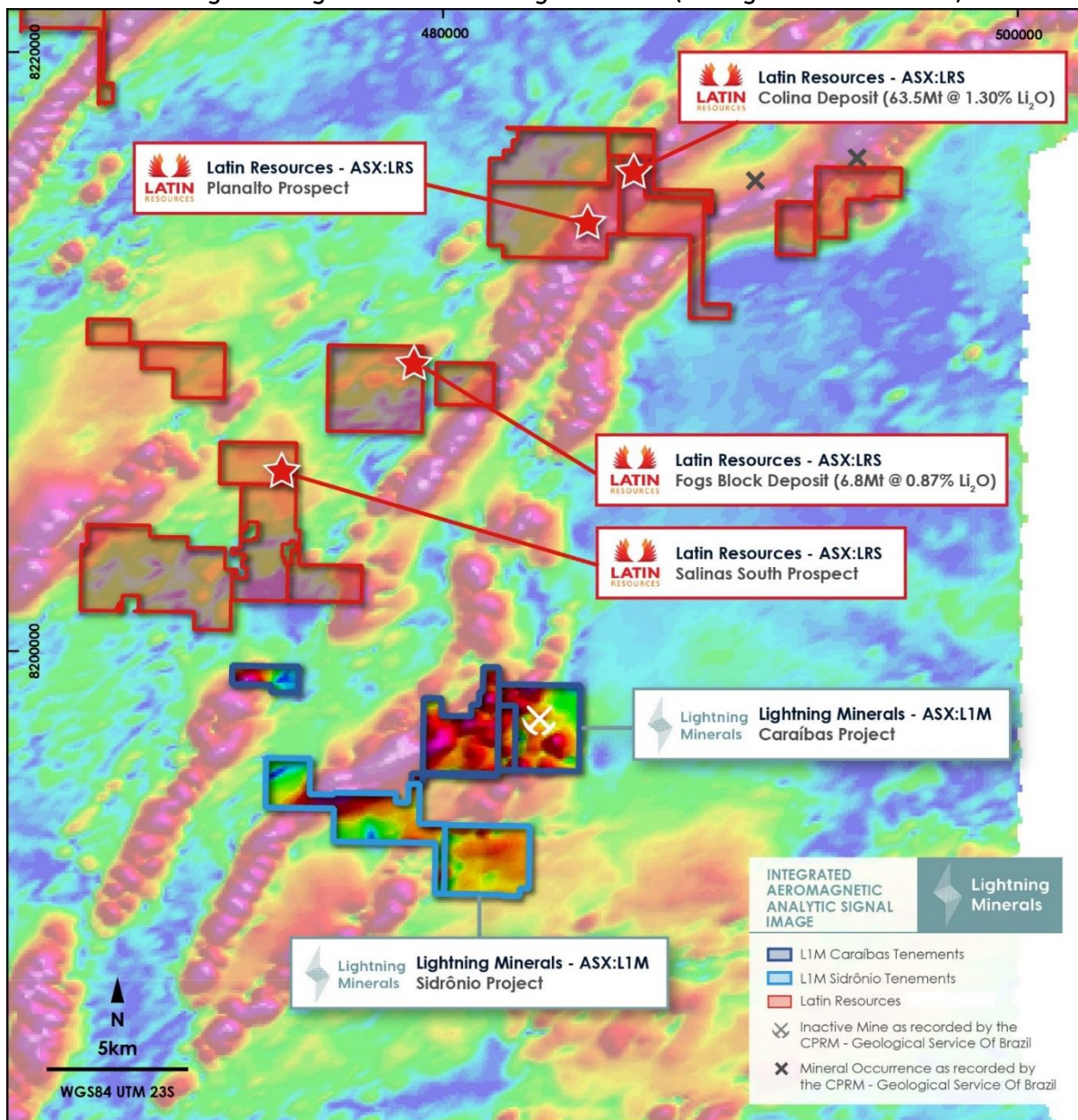
The Sidrônio Project consists of two (2) tenements covering 1,638 Ha, strategically located adjacent and along strike to the south from the Caraíbas Project. Aeromagnetic data shows the tenements are located along similar interpreted structural trends that may potentially be conduits for mineralisation. Both Projects cover prospective Salinas Formation geology which is thought to provide adequate rheological conditions suitable for the emplacement of late hydrothermal fluids. In similar geological settings, proximal to S-type granites, the Salinas Formation is known to host fertile lithium mineral bearing pegmatites.

Figure 2: Caraíbas and Sidrônio project location, geology and tenements



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Figure 3: Caraíbas and Sidrônio projects location and tenements plotted against publicly available analytic signal aeromagnetic image from Serviço Geológico do Brasil (Geological Service of Brazil)



Work Program

The option agreements that the Company will acquire via the proposed transaction with Bengal allows for clear identification of drill targets prior to full acquisition of the Project areas, either in full or in part. The Company has existing relationships with contractors and personnel in the region which will significantly accelerate its work programs and has a strong relationship with other operators in the region.

Work programs will focus on ground reconnaissance, geophysical drone survey works, drill target identification and drilling. It is estimated that these works will occur over the next 6-months but are subject to change as the Company gains further knowledge on the projects. Initial reconnaissance works have already begun focusing on areas of interest already identified. Further mapping and sampling will

now be undertaken as a first step across the projects. A site visit by Managing Director, Alex Biggs and Exploration Manager, Jarrad Woodland will focus on developing relationships in the region, analysis of the proposed work programs and review of the target areas.

Conditions Precedent

The Proposed Acquisition is subject to the following conditions precedent with current status at date of this announcement noted.

Table 1: Conditions precedent and status

Condition Precedent	Status
The minority shareholders of Bengal executing a binding share sale agreement	Complete
Satisfaction of the Company's due diligence investigations	Complete
The repayment of loans owed by Tigre	Complete
The Company completing the Placement	Complete
The Company obtaining any necessary ASX or shareholder approvals, including issue of the Consideration Shares, Consideration Options, Performance Rights and Tranche 2 Placement Shares and Options	Outstanding ⁴
The parties obtaining any required third party approvals	Complete

Cautionary Statement

The Company is optimistic about concluding the Proposed Acquisition, however, at the date of this announcement there is no assurance that the outstanding conditions precedent with respect to the Proposed Acquisition will be met. Accordingly, investors are cautioned against making investment decisions based on this announcement.

Extraordinary General Meeting (EGM)

The issue of the Consideration Shares, Consideration Options, Performance Rights and the Tranche 2 Placement Shares and Options will be subject to the Company obtaining shareholder approval at an upcoming EGM of its shareholders on 13 June 2024.

References

¹Lightning Minerals' ASX Announcement 22 April 2024

²Latin Resources' (ASX: LRS) Colina project hosting 70.3Mt @ 1.27% Li₂O (1.73Mt @ 1.47% Li₂O Measured, 39.29 Mt @ 1.36% Li₂O Indicated, 29.26Mt @1.13% Li₂O Inferred)

³Sigma Lithium's (NASDAQ: SGML) Grota do Cirilo project hosting 108.9Mt @ 1.41% Li₂O (94.3Mt @ 1.40% Li₂O Measured and Indicated, 14.6Mt @ 1.37% Li₂O Inferred)

⁴to be determined at Extraordinary General Meeting 13 June 2024

Approved for release by the Board of Directors

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More information at www.lightningminerals.com.au

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ABOUT LIGHTNING MINERALS

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

FORWARD LOOKING STATEMENTS

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

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

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

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

COMPETENT PERSONS STATEMENT

The information contained herein that relates to exploration results is based on information compiled or reviewed by Mr Jarrad Woodland, who is a Competent Person and a member of the Australasian Institute of Mining and Metallurgy. Mr Woodland is a full-time employee of the Company. Mr Woodland has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Woodland consents to the inclusion of his name in the matters based on the information in the form and context in which it appears. Mr Woodland holds options in Lightning Minerals.

REFERENCES TO PREVIOUS ANNOUNCEMENTS

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