

Pursuit Minerals – In the Triangle of White Gold

12th September 2023

Newly acquired tier 1 lithium play in the much coveted ‘Lithium Triangle’ of Latin America being swiftly moved up the valuation curve by a team with a proven track record.

Pursuit Minerals Limited has explored a succession of metals in its quest for a project that would move the needle. This search is over following the successful recent acquisition of Trilogy Minerals, which has all the makings of potentially being a big winner within lithium brines. Trilogy has a large acreage on Rio Grande Salar, a brine lake in Argentina containing commercial lithium grades. Lithium brine plays are richly rewarded by the market for defining JORC-compliant resources and given bumper re-ratings as they move towards production, given their lower CAPEX requirements versus hard rock peers.

▪ **Maiden JORC resource expected to be announced before the end of 2023**

An Ni 43-101 resource exists for the whole salar, but Pursuit will focus initially on its southern tenements, where the current geophysical surveys pinpoint good drill locations for 4 diamond drill holes (400-600m) and a pumping well. These results, combined with historical drilling results, are expected to be sufficient to generate a maiden JORC resource of lithium carbonate equivalent in the measured resource category.

▪ **Lithium production is much closer than the market appreciates**

Pursuit has completed its acquisition of a Pilot Plant in the city of Salta, which will process the pumped brines and provide 1-2kg samples for leading battery manufacturers and lithium carbonate end users in Q1 2024. A Bankable Feasibility Study for a 20,000tpa LCE project could be completed as early as the end of 2024.

▪ **Bumper valuations as successful lithium brine plays are richly rewarded**

Pursuit does not look that far off from being able to bask in the sector’s bumper valuations like the A\$1.1 billion that was awarded in early 2023 to Argosy Minerals (ASX:AGY) (current market capitalisation A\$344m), which is in the process of commissioning a 2,000tpa plant.

▪ **Peer group comparisons suggest 575% upside potential mainly on the lithium**

Peer group analysis show lithium interests could attract a valuation of A\$196m on establishing a JORC resource >250kt LCE plus gold/nickel interests giving a **A\$0.061 target price**. We initiate coverage of Pursuit with a **Strong Buy** stance.

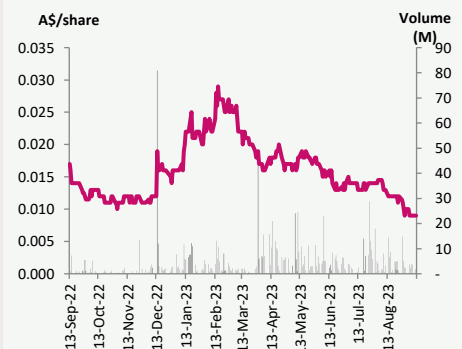
STRONG BUY

Target price A\$0.061

Key Data

EPIC	PUR
Share price	A\$0.009
52 week high/low	A\$0.030/A\$0.009
Listing	ASX
Shares in issue	2,944m
Market Cap	A\$29.4m
Sector	Mining

12 month share price chart



Shareholders

Citicorp Nominees Pty	4.18%
BNP Paribas Nominees	3.21%
Whale Watch Holdings	2.70%

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Table: Financial overview. Source: Company accounts & Resolve Research

Year to end June	2021A	2022A	2023E	2024E
Revenue (A\$'000)	152	269	300	500
PTP (A\$'000)	(2,280)	(2,421)	(3,210)	(9,460)
EPS (Acents)	(0.58)	(0.21)	(0.22)	(0.31)

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Business Overview

Pursuit Operations

Pursuit Minerals is a mineral exploration and project development company focused on advancing a pre-production lithium brine operation in Argentina along with PGE-nickel-copper and gold projects in the world-class mining jurisdiction of Western Australia.

Core Project

- **Rio Grande Sur Lithium Project** – The company has a highly attractive lithium resource on its tenements which span some 9,260 hectares (ha) located within the Rio Grande Salar (27,500ha), situated in the heart of the Lithium Triangle. Pursuit's acreage is located within an Ni 43-101 inferred resource of 2.1Mt lithium carbonate equivalent (LCE) at an average grade of 370mg/litre (mg/L) to a depth of 100m. The resource is considered open to depth and offers a clear pathway to production. The current strategy is to undertake a resource evaluation programme within the existing Ni 43-101 resource to define a JORC resource, along with production of Lithium Carbonate at a continuous rate of 100tpa from its Pilot Plant. In conjunction with these development workstreams the company will carry out a Bankable Feasibility Study for a 20,000tpa commercial plant, targeting production at either a 2,000tpa level or 20,000tpa level upon completion of its BFS.

Non-Core Projects

- **Warrior Nickel-Copper Gold Project, WA** – Pursuit holds a 100% interest in this project which is prospective for PGE-Ni-Cu/Gold/REE. Warrior lies 20km north and 170km northeast of Chalice's high-grade Gonneville PGE-Ni-Cu discovery on the Julimar Project with highly prospective landholding >648km².

- **Commando Gold Project, WA** – The company has a 100% interest in 11 tenements covering ~ 30km² just 30km north of Kalgoorlie, proximal to Golden Cities (+1.5Moz) and Paddington (+5Moz) gold mines.



Rio Grande Sur Lithium Project. Source: Company

Lithium

Leading battery metal

Lithium is a soft silvery-white alkali metal with the atomic number 3 and is both the least dense metal and element. As with all alkali metals, lithium is highly reactive and burns easily, so it must be stored either in a vacuum or in an inert liquid like mineral oil. When cut, the metal shows a metallic lustre but quickly becomes tarnished. Lithium only occurs naturally in ionic compounds such as pegmatite minerals, which were once the main source of lithium. The metal is present in the sea due to its solubility as an ion and is now commonly obtained from brines. Lithium's main use is in lithium metal and lithium-ion batteries, accounting for 80% of global consumption. Alongside nickel and cobalt, lithium is one of the critical components in Electric Vehicle (EV) batteries.

Supply and demand

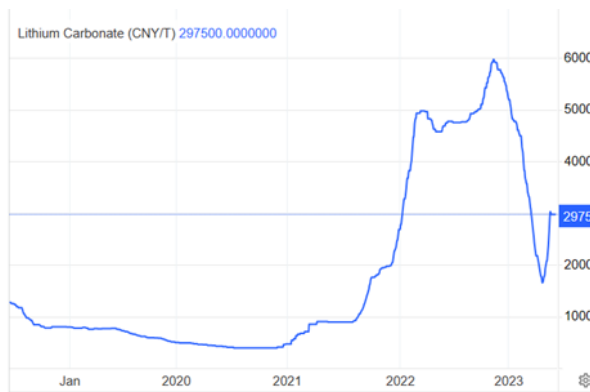
In its latest mineral commodity summary, the US Geological Survey (USGS) believes that most of the world's lithium production came from less than twenty lithium projects dotted around the globe. These were six mining operations in Australia, one tailings project in Brazil, two brine operations in both Argentina and Chile and three mining and two brine projects in China. Plus, there are smaller-scale projects in Brazil, Canada, China, the US and Portugal. US data is kept secret by the USGS, but in 2020 the country was thought to have produced around 900t. World reserves have been put at 26 million tons, but due to continuing exploration, identified lithium resources have increased substantially and now total about 98 million tons, led by Bolivia and Argentina with 21 and 20 million tons of lithium resources, respectively.

Lithium – world mine production and reserves. Source: USGS Mineral Commodity Summary January 2023

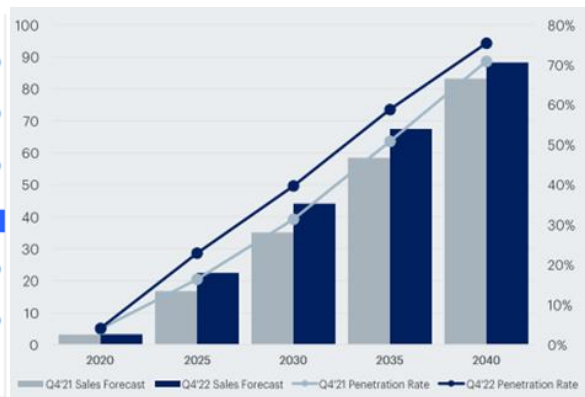
Country	Mine production (tons)		Reserves (tons)
	2021	2002e	
Australia	55,300	61,000	6,200,000
Chile	28,300	39,000	9,300,000
China	14,000e	19,000	2,000,000
Argentina	5,970	6,200	2,700,000
Brazil	1,700e	2,200	250,000
United States	Withheld	Withheld	1,000,000
Zimbabwe	710e	800	310,000
Portugal	900e	600	60,000
Canada	-	500	930,000
Other countries	-	-	3,300,000
World total	107,000	130,000	26,000,000

The US is estimated to have 12 million tons of resources from various sources, such as continental brines, claystone, geothermal brines, hectorite, oilfield brines and pegmatites. There are two primary sources of commercial lithium: spodumene and salar brine water. Hard rock and clusters of crystals which contain lithium called spodumene are mined traditionally. Such deposits are found worldwide, with Australia home to the world's largest spodumene mine. The other primary source is the accumulations of saline groundwater enriched in dissolved lithium and found across South America in countries like Argentina, Bolivia and Chile. Hard rock miners had the advantage in the past, but now brine is the main source of lithium which is responsible for close on 60% of the global identified reserves.

The rapid increase in demand and rising lithium price has meant that more players are attempting to get into production and established operations are seeking to increase their production capacity. Lithium is one of the critical components in EV batteries, but global supplies are under pressure due to the rising EV demand. The International Energy Agency (IEA) believes the world will face lithium shortages as early as 2025. Credit Suisse has forecasted that lithium demand could treble over the 2020-25 period, which would see supply stretched. There are several real lithium supply challenges, not just from surging demand but also because the resources are concentrated in just a few places.



Lithium carbonate price
Source: Trading Economics



Rising forecasts – Evs and penetration rates
Source: Benchmark Minerals Intelligence via Piedmont Lithium

Lithium brine vs hard rock

Recent years have seen investors turn their back on large-scale low-grade mining projects in favour of low-capex, high-return projects. Lithium brine scores highly in this respect as exploration, development and construction costs are lower than hard rock lithium mining. By and large, lithium brine deposits are found in salars which are flat, barren areas which are a good setting for fairly straightforward exploration. From a regulatory standpoint, brine deposits are considered placer material (deposits of any valuable minerals accumulated by erosion). So they are quicker and easier to get a permit than hard rock mines. As brine is a liquid, drilling is somewhat akin to drilling for water. On top of that, once the brine is found, continuity is much simpler. Developing a lithium brine project is far cheaper and much quicker than a traditional hard rock project.

For example, the Pursuit board believes that 20,000 tonnes per annum of 99.95% lithium from brine will have a capex of ~US\$450m, including drilling, plant etc. Compare that to a hard rock lithium project, where the capex of putting the 30,00tpa LiOH Carolina Lithium Project in North Carolina, USA (owned by Piedmont Lithium (ASX:PLL)) into production was estimated to be US\$988 million in its December 2021 BFS. This figure does not include all the exploration work, drilling, feasibility studies etc.

LFP (Lithium Iron Phosphate) Lithium Batteries have emerged as the popular choice for auto manufacturers over the past few years. These batteries utilise Lithium Carbonate. There is no doubt that LFP was embraced by the EV industry leader Tesla two years ago. CEO Elon Musk praised this battery technology, commenting that *"...the heavy lifting for electrification will be iron-based cells..."*. This move has sparked new interest, especially in the US, where a clutch of domestic and overseas manufacturers has pledged more than US\$11 billion in investment in new production facilities. Outside of the US, in the past couple of months, two of the world's largest automakers Toyota and Hyundai have both announced plans to equip their future vehicles with LFP batteries, although the pair have not as yet announced their plans for the US.

Battery-grade lithium on the critical list

Undoubtedly, battery-grade lithium products will remain critical to the planet's renewable energy future as countries worldwide focus on decarbonising and achieving net zero carbon emissions. Today, many governments worldwide are implementing emissions targets and stricter environmental regulations that incentivise consumers to move to EVs. As EV sales keep climbing, battery manufacturers are racing to secure their supply chains as the global demand for lithium takes off.

At the COP26 climate talks, thirty governments agreed to stop the sales of new petrol and diesel models by 2040. With these developments, it is no surprise that lithium prices have reached an all-time high. It looks pretty certain that lithium's long-term path has been set and infrastructure in place, whilst the supply chain scaling has only just begun. There seems to be no stopping EV demand growing dramatically. However, lithium shortfalls are anticipated as the characteristic long development timescales of mining projects and regulatory hurdles to get any new mine into production will compound supply deficits.

Background

Significant strategic move into lithium

Despite encouraging exploration results in PGE-Ni-Cu and gold in WA, these interests did not attract a decent market following. Subsequently, the board looked long and hard for an acquisition that would move the needle and their interest alighted on lithium. And where better to look than the Lithium Triangle in South America?

March 2023 saw the company complete the acquisition of Trilogy Minerals Pty Ltd, which is the 100% owner of a 9,260-hectare Rio Grande Sur Project in Argentina. This move saw Pursuit expanding its operations to become an emerging lithium exploration company with resources in a well-known and highly prized lithium-rich region. Following the acquisition from the Trilogy team, Pursuit appointed Tom Eadie as a Non-Executive Director and Aaron Revelle as COO and later Managing Director & CEO to develop this project.

The purchase price was satisfied by a cash payment by Pursuit of A\$2.9 million and the issue of ~1.46 billion shares. It was less than initially envisaged as the company was able to negotiate a reduction in the option exercise price for the Cateo licence (the largest licence area, which is now being referred to as Mito) from US\$2.5 million to US\$1.94 million. The table below shows the resulting capital structure following this move.

Capital structure following the acquisition of Trilogy. Source: Company 29 March 2023

	Shares	Options	Performance Rights	Performance Shares
Current issued capital	1,187,250,867	158,500,000	59,666,666	Nil
Founding consideration	372,916,667	Nil	Nil	710,016,585
Trilogy Class A Noteholders	335,416,666	Nil	Nil	Nil
Trilogy Class B Noteholders	666,666,667	Nil	Nil	Nil
Cateo Shares	20,833,334	Nil	Nil	Nil
Total	2,583,084,201	158,500,000	59,666,666	710,016,585

Operations

Building a top-tier lithium exploration and development company

Introduction

Pursuit Minerals is a mineral exploration and project development company focused on advancing a pre-production lithium brine operation in Argentina along with three highly prospective and complementary PGE-nickel-copper and gold projects in the world-class mining jurisdictions of Australia. The recent acquisition of the lithium brine project in Argentina is now the company's real focus moving forward.

Lithium Project

Rio Grande Sur Project

Game-changing acquisition

Pursuit has a 100% stake in circa 9,260 hectares of tenements known as the Rio Grande Sur Project, which are highly prospective for lithium located within the 27,500ha Rio Grande Salar in Argentina. The company gained this project by acquiring Trilogy Minerals Pty Ltd, completed in March 2023.

The Rio Grande Sur Project is strategically located at a Tier 1 address in the heart of the Lithium Triangle and proximity to Livent's Fenix operation at Hombre Muerto Salar as well as Allkem's (ASX:AKE) Olaroz Lithium Mine. The Lithium Triangle is the home to several more prominent lithium players such as SQM (NYSE:SQM), Albermarle (NYSE:ALB), Galan Lithium (ASX:GLN) and Argosy Minerals (ASX:AGY).

Five tenements prospective for lithium on the Rio Grande Salar Source: Company

Tenement	Hectares	File number
Maria Magdalena	73.26	3571
Isabel Segunda	59.25	16626
Sal Rio 2	298.26	21942
Sal Rio 1	142.19	21941
Mito	8,660.00	23704
TOTAL	9,232.96	

The project is located 280km from the major city of Salta in Argentina, providing a full suite of mining services. There is good access to the Chilean port of Antofagasta, which lies 336km from the border crossing of Socompa, just some 40km north of the Rio Grande Project. Antofagasta provides impressive port and rail facilities for export to global markets via Chile. In closer proximity to the project is the town of Tollar Grande, approximately 2 hours via road to the project site. Tollar Grande comprises the resources to conduct geological exploration programs and construction of on-site infrastructure such as worker camps and small production facilities.

Lithium Triangle, home to salars with the highest lithium concentration

The Andean plateau is a relatively small region of South America between northwest Argentina, southwest Bolivia and northern Chile, where the world's most considerable lithium brine resources are concentrated in its numerous salars in the Lithium Triangle. Undoubtedly, the huge ones in Bolivia, Chile and Argentina have received plenty of attention, but probably less is known about the smaller salars in Argentina.

The Lithium Triangle is a region of the Andes rich in lithium reserves around the borders of Argentina, Bolivia and Chile. The lithium in the triangle is concentrated in various salt pans that exist along the Atacama Desert and neighbouring arid areas; the largest ones include Salar de Uyuni in Bolivia, Salar de Atacama in Chile and Salar del Hombre Muerto in Argentina.

The archetypal salar is Salar de Atacama, the largest dry salt flat in Chile, surrounded by mountain ranges and having no drainage outlets. It is one of the driest places on the planet as parts of the Atacama Desert have gone without rain in living memory. However, beneath this flat surface lies water rich in dissolved salts, particularly lithium. The source of lithium is typically volcanic rock of high-silica composition that is generally associated with hot springs. Another critical feature is topographic control to allow the generation of thick sediments.

High-quality exploration

The Rio Grande Salar has benefitted from being explored by several companies, including LSC Lithium Inc and ADY Resources, over recent years. This has resulted in relatively high-quality exploration information in the public domain, which is an excellent help for Pursuit.

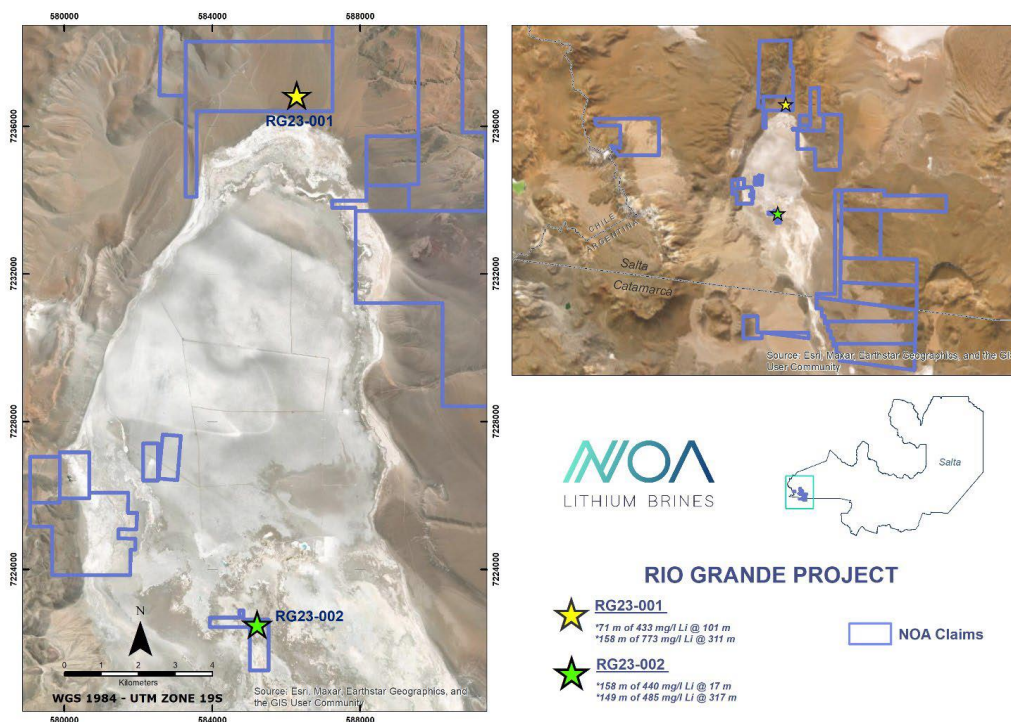
Over the 2010-18 period, exploration of the Rio Grande salar included Controlled Source Audio-Frequency Magentellurics (CSAMT) surveys and shallow drilling. CSAMT geophysical surveys successfully identified lithium-enriched brines down to a depth of 500m.

Drilling in 2011 by ADY Resources for a sodium sulphate resource returned lithium results ranging between 350 – 400mg/Li consistent across all exploration holes. In total, ADY drilled eight production wells, two exploration wells and two piezometer monitoring holes (to measure the pressure of the brine).

NOA Lithium update

In late June 2023, NOA Lithium Brines (TSX-V:NOAL) announced that NOA had drilled a high-grade lithium brine discovery in the first hole at the Rio Grande, including 158m averaging 773mg/l lithium. This was the first hole of its Phase 1 diamond drill programme, and this hole intersected two high-grade lithium brine aquifers of significant thickness. The drill hole is located approximately 2km from the Pursuit Mito tenement in the north of the Salar.

Highlights included: 71m permeable interval with grades averaging 433mg/l lithium starting at a depth of 101m, along with a 158m permeable interval with grades up to 925mg/l lithium and averaging 773mg/l lithium, beginning at a depth of 311m. NOA's President and CEO was quick to point out that ".....these rank among some of the highest grading salars in the region – one of the most prolific lithium districts in the world.....".



NOA Lithium Brines' Rio Grande project – plan showing the position of Hole RG23-001 and RG23-002
Source: NOA Lithium Brines announcement 31 July 2023

In late July 2023, NOA Lithium further updated the market with its second drill hole, RG23-002. The second hole was drilled on the Cynthia Ines tenement, approximately 2km from the Pursuit Maria Magdalena tenement. The hole was drilled within the salar, intersecting two high-grade lithium brine aquifers of significant thickness. Highlights include 158 meters (“m”) permeable interval with grades up to 556 milligrams per litre (“mg/l”) Li, and averaging 440 mg/l, starting at a depth of 17 m and 149 m permeable interval with grades up to 552 mg/l Li, and averaging 485 mg/l Li, beginning at a depth of 317 m, representing a newly discovered deeper aquifer in the salar.

NOA Lithium holds approximately 300ha of tenement ground on the face of the salar, compared to Pursuit, who hold close to 650ha on the face of the salar, near double the land tenure.

Big read across for Pursuit

There is no doubt that NOA’s recent results are really impressive. It is worth noting that Pursuit MD Aaron Revelle, has held the belief that grades would increase with depth at the salar and that this drilling proves this hypothesis with high grades being achieved. These results have significant implications for the entire salar. NOA’s new release also highlighted that the results validated NOA’s thesis that the brine horizon extends beyond the surface manifestation of the salar. This means that these results have implications for the entire salar, at depth, and the prospectivity at large Mito tenement is largely de-risked.

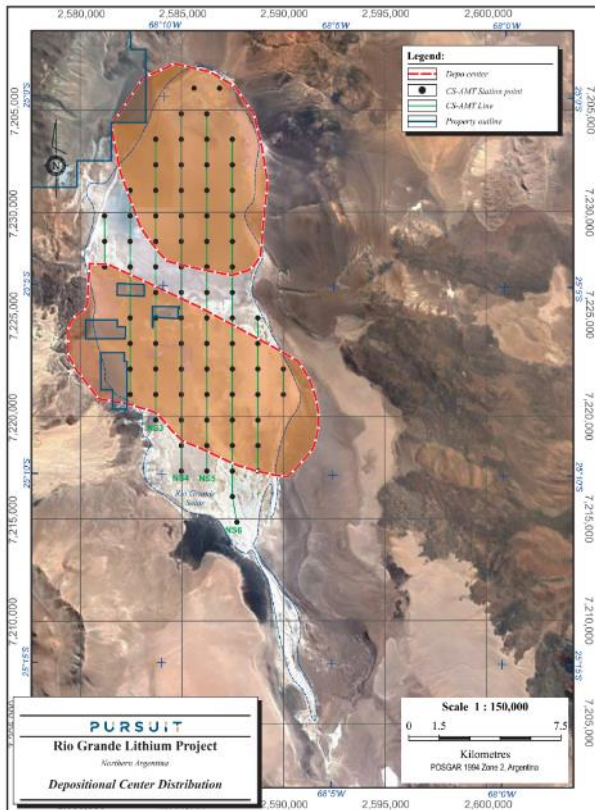
Impressive results from previous exploration



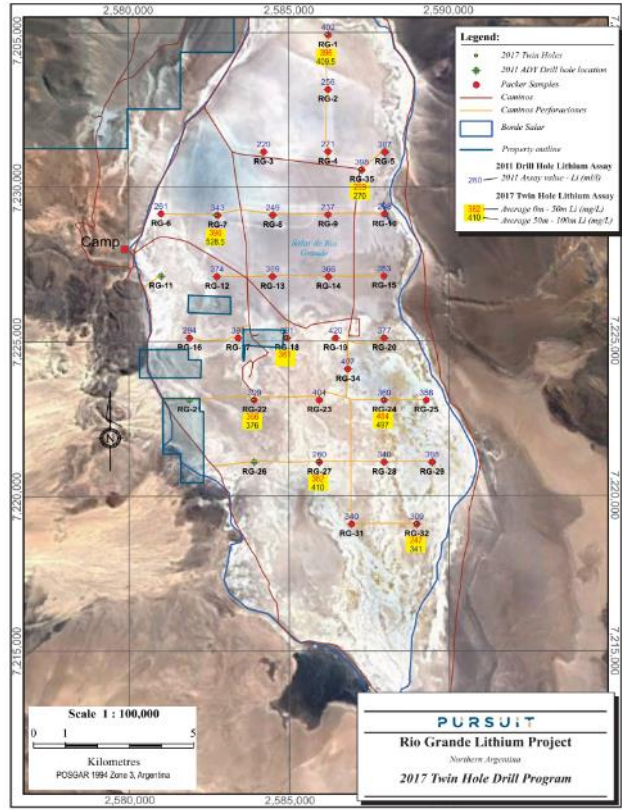
Left - The Rio Grande Sur Lithium Project lies at the heart of the Lithium Triangle and is the home to many large-scale lithium projects. Source: Company

Above - Pursuit’s mineral tenements at the Rio Grande Sur Lithium Project. Source: Company

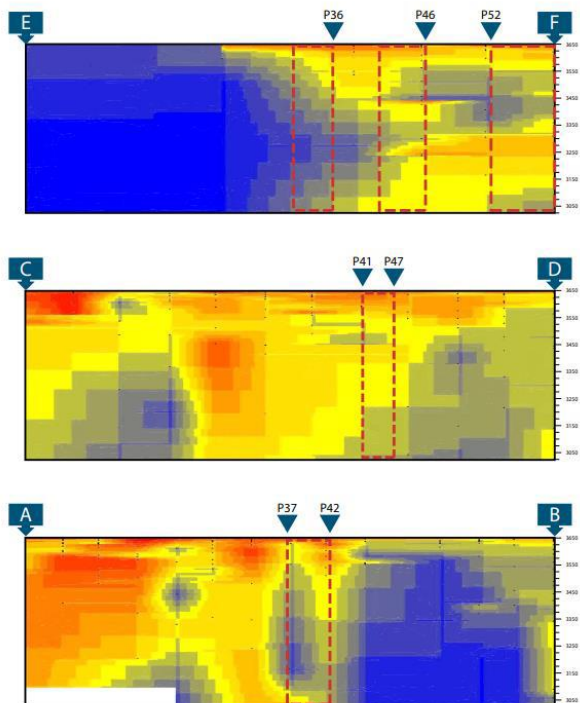
CSAMT geophysical surveying and twin hole drilling carried out by LSC Lithium in 2017/18 and ADY Resources close to Pursuit’s lease revealed two major brine depocentres (part of the sedimentary basin where the brine has its maximum thickness), which supports the prospectivity of the Rio Grande Salar for commercial lithium production operations. Historic CSAMT provides good regional coverage, and prior drilling to a depth of 50 meters on the border of Pursuit’s central tenement showed the following results: 395mg/Li (RG-17), 391mg/Li (RG-18) and 361mg/Li (RG-18T). In addition, brine has been identified at deeper depths.



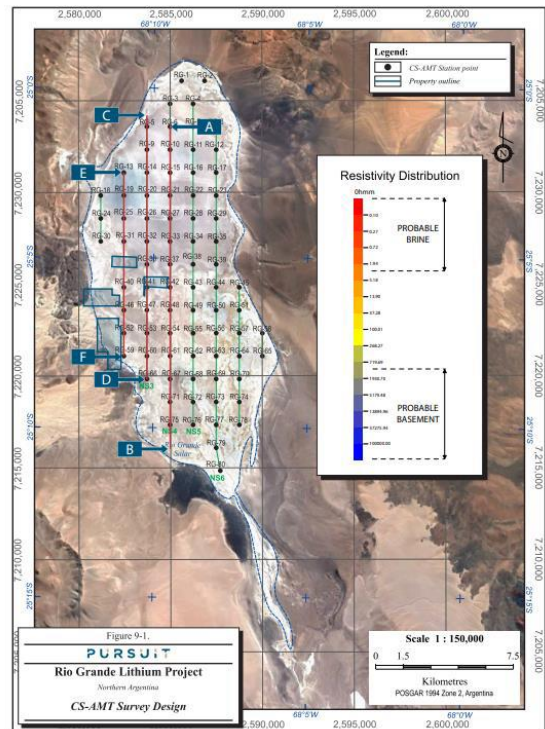
Brine depocenter model from CS-AMT geophysical survey.
Source: Company



Drillhole locations by previous exploration.
Source: Company



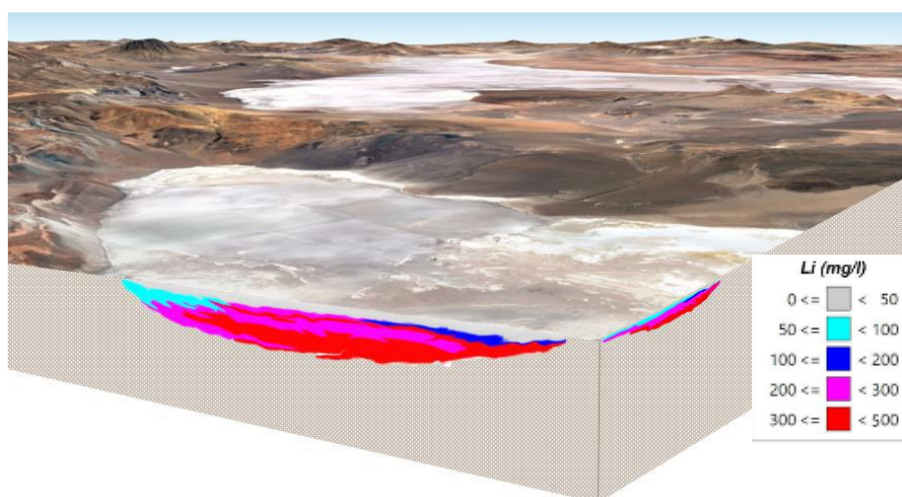
Continuity of mineralisation/presence of deeper Lithium brines is suggested by CSAMT studies by LSC Lithium.
Source: Company



Inferred resource defined for the whole salar

Previous exploration work enabled explorer LSC Corporation of Canada to outline a 2018 NI 43-101 resource for the whole salar of 2.19Mt LCE @ 374mg/Li at the Inferred category. This was across the surrounding salar area, where Pursuit has 9,260 hectares.

Notably, this is just to a depth of 100m, with the resource remaining open at depth as evidenced by geophysical surveys and recent deep drilling by NOA Lithium. Pursuit's tenements cover approximately 9,260 hectares of the resource area. It must be pointed out that this mineral resource complied with Canadian National Instrument 43-101, is a foreign mineral resource estimate and was not prepared in accordance with and did not comply with the JORC code.



Rio Grande NI 43-101 LSC Resource Statement February 2018. Source: Company

Rio Grande NI43-101 LSC Resource Statement February 2018. Source: Company										
Classification and Zone	Assay Value (mg/L)					Total Brine Vol (B m ³)	RBRC ¹ (%)	Available Brine Vol ⁵ (MM m ³)	Li Ktonnes (as metal)	LCE ² (Ktonnes)
	Li	Ca	K	Mg	SO ₄					
Inferred										
Top 50m, 5km radius of pump well	338	3,570	6,170	1,320	29,100	4.170	13.5	563.049	190.3	1,013.0
Remaining area, top 50m	338	3,570	6,170	1,320	29,100	2.898	6.95	201.432	68.1	362.4
Sub-total	338	3,570	6,170	1,320	29,100	7.069	10.81	764.482	258.4	1,375.4
Lower 50m – 100m	410	710	7,520	4,920	34,130	7.069	5.28	373.245	153.0	814.6
Total Inferred	374	2,149	6,845	3,129	31,615	14.138	8.05	1,327.727	411.4	2,190.0

Notes

¹ Relative Brine Release Capacity

² Calculated after application of the RBRC factor

³ Li metal converted into Lithium Carbonate Equivalent (LCE) using a factor of 5.323

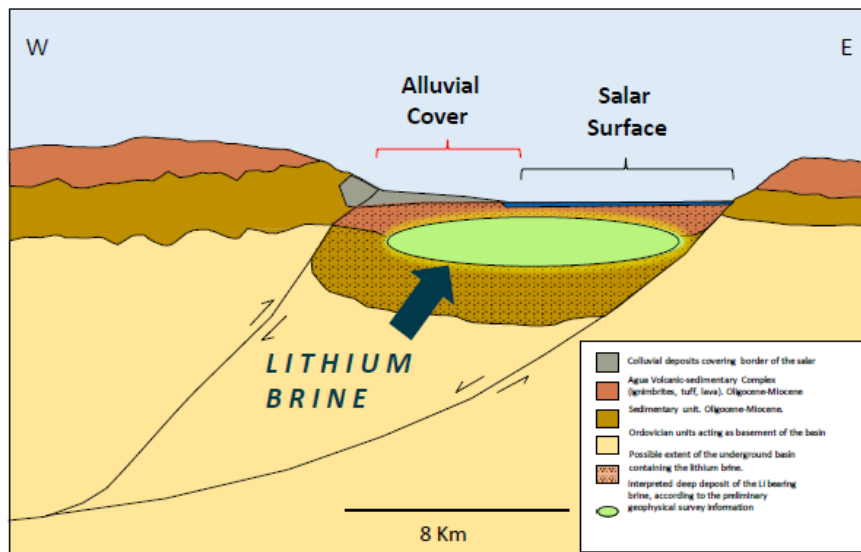
⁴ A cut-off grade of 100 mg/L of Li was applied as a standard to produce a sellable lithium product in an economically profitable manner. It is expected that the extraction and production of brine follow traditional wellfield. The geochemical properties of the brine also suggest that the production of saleable lithium can be conducted through traditional techniques currently used in the lithium brine operations in Chile, the USA and China.

⁵ Resource estimated using CIM 2014 resource classification definitions.

Compelling geology

A geophysical CSAMT survey was carried out on the Salar by LSC Lithium (now owned by PlusPetrol), showing high potential for lithium brine bearing formations to 500m+ depth. CSAMT is a powerful geophysics method which transmits a controlled electric signal at a series of frequencies into the ground from one location and measures the received electric and magnetic fields in the area of interest to provide critical information about the geologic structure, lithology, water-table trends, pore fluid salinity and contaminant concentrations.

Rio Grande Sur is seen as a mature halite salar with favourable geophysical properties, and the brine is likely to extend beyond the salar surface. The geological conceptual model developed for this deposit shows a basin controlled by a set of faults that dip to the west. The basin is the largest to the northwest, which appears to have its deepest section close to Pursuit's larger Mito tenement.

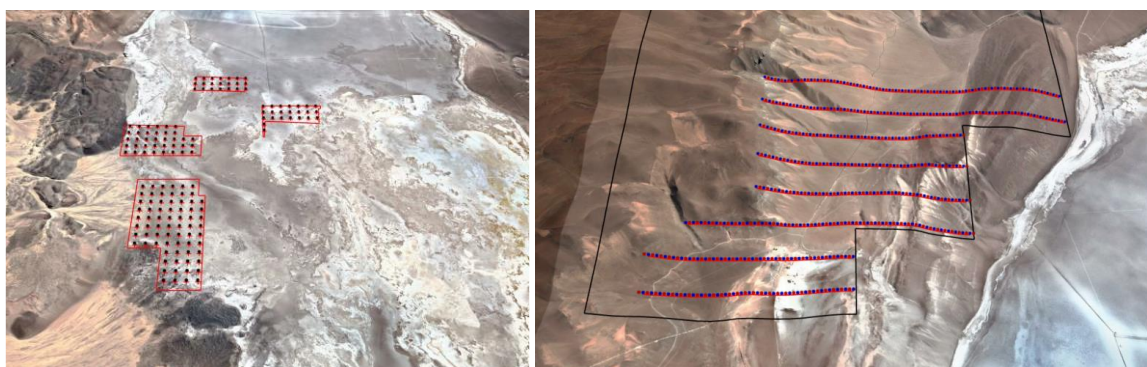


Geologic formation of Rio Grande Sur. Source: Company

Pursuit's exploration programme is already in motion

The company has wasted no time beginning the work to determine a JORC-compliant resource. Based on historical work around the project area, Pursuit has established an exploration target of 400,000-700,000t LCE @ 370-400mg/L. Additionally the team has produced an internal scoping study demonstrating highly positive results using brine grade at Rio Grande Sur to produce battery grade Lithium Carbonate and Lithium Hydroxide products.

The TEM / CSAMT survey began in May 2023 and is being undertaken by Quantec Geoscience Argentina S.A. (Quantec). This survey has been designed to complement the existing geophysical data and help select the best drilling locations for the proposed campaign, which will begin in mid-2023. This drilling programme will focus on confirming the proven shallow lithologies and identifying the geological structures at a 250 -300m depth.



TEM/CSMAT survey being carried out over the salar tenements and the northern tenement. Source: Company

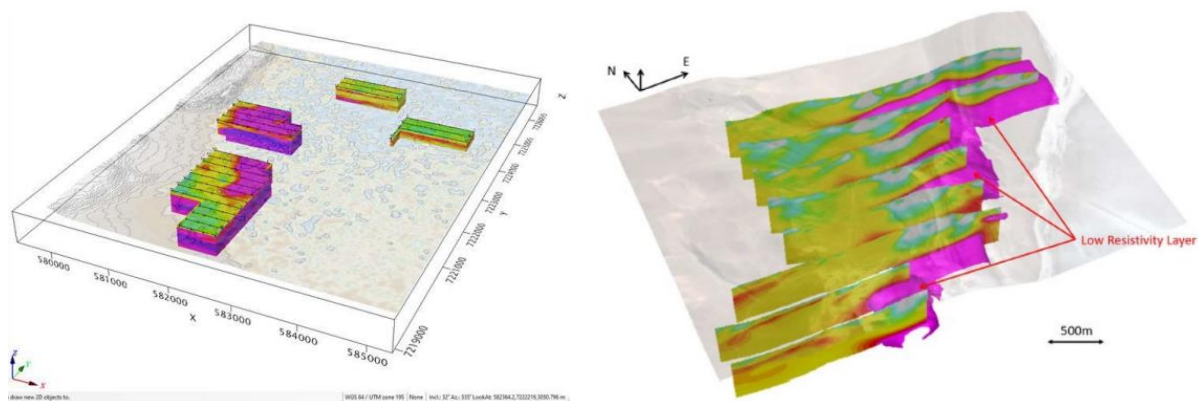
Drill hole locations will be selected both to confirm the prior drilling data, based on a well located on the boundaries of the southern tenements, as well as to define the potential of the deeper brines. Deeper brines have been tested in the northern part of the salar and encouragingly had higher associated lithium grades, as is commonly encountered at depth in other salars in the Lithium Triangle.

Although the large Mito tenement in the north was principally seen as an excellent location to site the processing plant and evaporation ponds, it now seems to have its own significant exploration potential. Many regional projects have proven the existence of productive brines in the subsurface that extend beyond the surface expression of the salar.

A CSMAT survey at the Mito tenement will also provide insights into the brine potential at the edge of the salar. This survey will enable the determination of lithologies associated with aquifers with lithium in brine as well as geological structures to depths in the range of 500m within the area. All this depends on the local geology and grid geometry.

TEM/CSAMT survey results

In late August/early September 2023, the company announced the completion of the TEM and CSAMT geophysical surveys at the Rio Grande Sur Project, which produced significant results. The TEM survey identified multiple zones which were highly prospective for lithium-enriched brines. Two distinct geological regimes were highlighted that provide the potential to extend to significant depths with multiple transmissive layers. The results made for good reading, with the identified low resistivity or high conductivity layers considered highly prospective for future exploration activities.



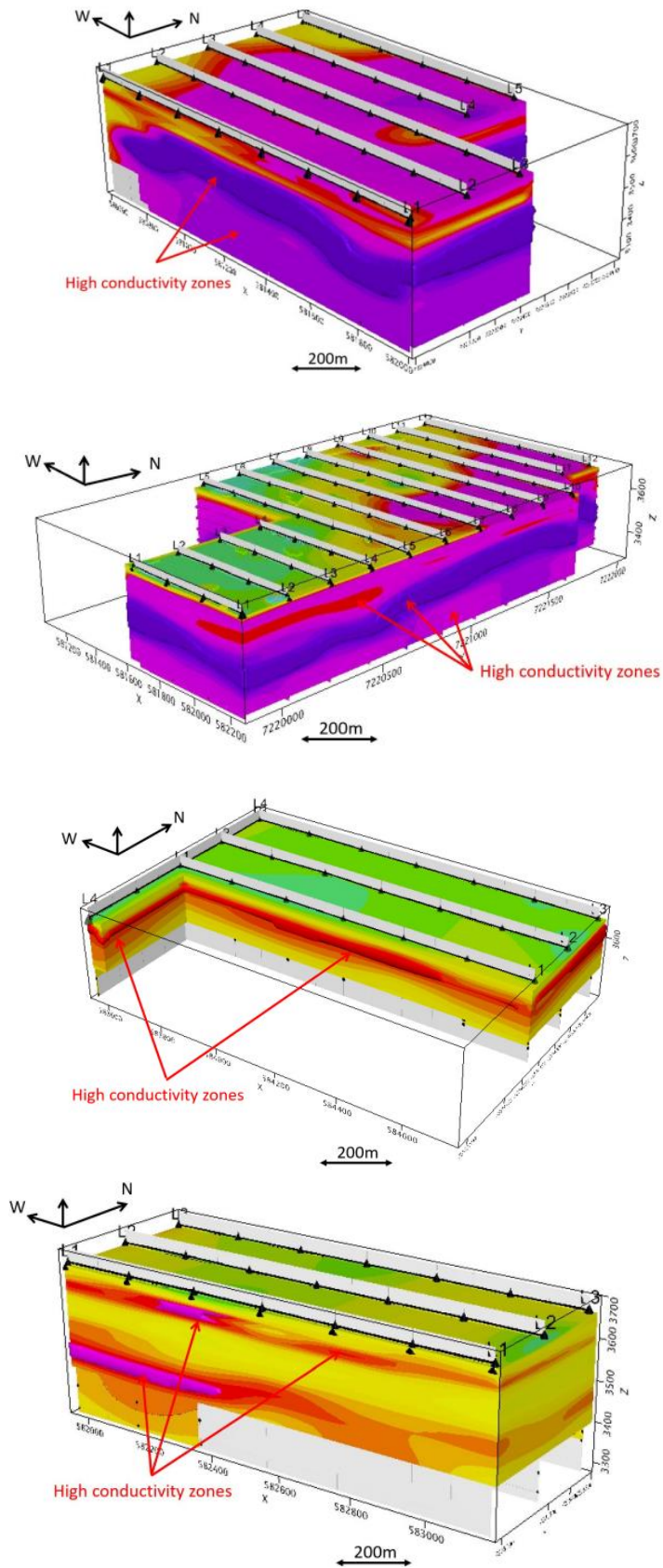
TEM Survey Results in 1D resistivity volume distributions & CSAMT survey results showing a 3D rendering of Low Resistivity Layer on the Mito tenement. Source: Company

Sal Rio I - The TEM data has outlined two high-conductivity zones. One around 100m thick low resistivity (high conductivity) layer at 100- 250m depth. TEM seems to struggle below this high conductivity layer, which can reduce the accuracy of data collected for material below 250m. However, the available data also suggests that the material deeper than 250m is conductive.

Sal Rio II – As with Sal Rio I, the TEM data has outlined a 100m thick low resistivity from 150 -300m depth. As with Sal Rio I data, the resolution of the TEM data below identified a high conductivity layer was not easy, but available data suggests that the material deeper than 300m is conductive.

Maria Magdalena – TEM data outlined a 50m thick low resistivity later from 100m to 150m. The data correlates well with available drilling data, which indicate a more traditional halite-dominant salar stratigraphy, with lower resistivity layers corresponding to higher porosity and permeability halite layers. This tenement is directly adjacent to two drill holes on its boundary lines which, when drilled in 2011 by ADY Resources, returned results of 395mg/Li at hole RG-17 and 391mg/Li at hole RG-18. Hole RG-18T was a twin of RG-18 in 2017 by LSC Lithium, which returned an average grade of 361mg/Li.

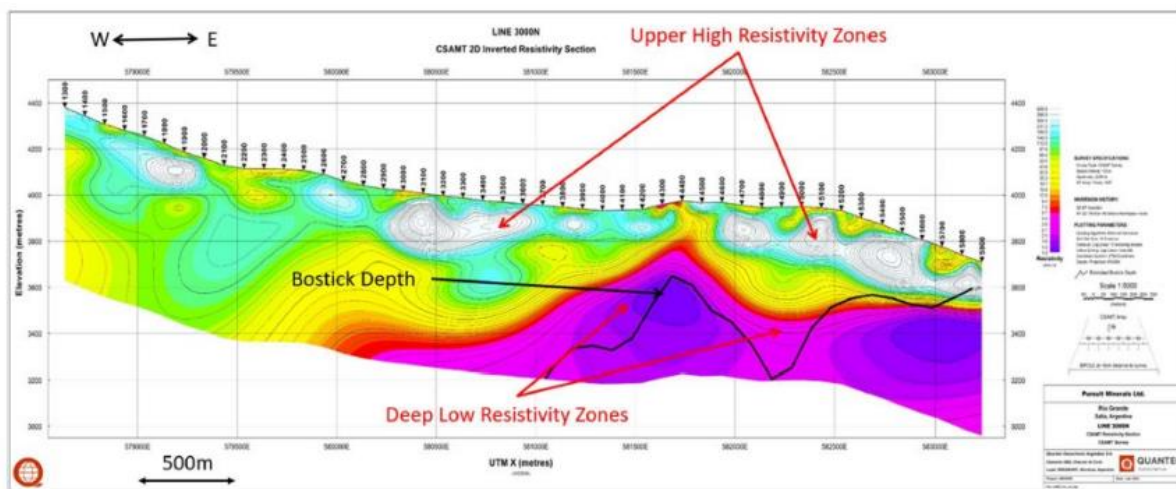
Isabel Segunda - The TEM data outlined two low resistivity layers underlying the tenement. The first is some 75m thick at a depth of 75-150m, and the second is 100m thick at a depth of 250-350m. Again, the data correlates well with available drilling data, which indicate a more traditional halite-dominant salar stratigraphy, with lower resistivity layers corresponding to higher porosity and permeability halite layers.



3D visualisation of processed TEM data for Sal Rio I, Sal Rio II, Maria, Magdelene and Isabel Segunda.
Source: Company

The CSAMT survey also yielded significant results identifying multiple resistivity layers which are considered highly prospective for lithium-enriched brines. Importantly, this data demonstrated that the potential of the Rio Grande Sur Project to host a significant resource now extends to the Mito tenement to the north. The CSAMT survey provided valuable insights into the underground geology and hydrogeology of the tenement, particularly within the 500m range, which will be important in assisting with the identification of the best drilling locations. Pursuit plans a drilling programme at Mito following the completion of the maiden drilling programme at the on salar group of tenements.

The results of the CSAMT survey allowed two distinct resistivity layers to be identified. The data revealed an Upper High Resistivity Layer at c.100 – 200m deep. This layer is thought to be composed of silt or fine sand, as seen at the surface. Relatively high resistivity values are likely due to brine being diluted by fresh or brackish water coming from the western margin of the salar basin. The discovery of a significant quantity of fresh water firmly suggests that the host lithologies are promising for future brine extraction. Also, a large, thick and contiguous extremely Low Resistivity Layer from 200 – 600m deep was suggested at the Mito tenement from the CSAMT lines.



2d inversion Resistivity Section: 3000 north from GSAMT survey. Source: Company

The results of the TEM/CSAMT survey demonstrate that the Rio Grande Sur Project can potentially host a significant resource of lithium brine. The TEM data outlined multiple 100m thick low resistivity (high conductivity) layers from 150m to 300m depth underlying various tenements. These layers are below the current NI43-101 Inferred Resource drilling, extending only to 100m. TEM data also clearly pointed towards the material deeper than 250m being conductive, which means that it can be considered prospective for future lithium brine exploration.

The results of the GSAMT survey show that this potential extends into the large Mito tenement. In addition, the data suggests that the area is conductive and might yield similar to a company which drilled some 2km to the NE of the Mito tenement off the Rio Grande, which yielded exceptionally high grades averaging 773mg/Li with several samples returning more than 850mg/Li from 300m below the surface.

Tremendous upside potential

Without a doubt, there is plenty of growth potential both at the salar and northern tenements. At the salar tenements, there is the potential to upgrade the existing resource by drilling to a depth of 500 – 600m. Still, the team will also investigate the two deep-seated depositional centres hosting lithium-bearing brines, which the team has clearly outlined.

At the far larger northern tenement, Pursuit's preliminary exploration work has highlighted the potential resource upside consistent with other mature salars, such as Rincon Salar and Hombre Muerto Salar, which both lie in the Salta Province in Argentina. Plus, there is a strong possibility of a piggyback basin northwest of Rio Grande Salar.

We know that drilling and CSAMT surveys have shown a brine depocenter to the north, where the basin disappears under cover of alluvial andesites and breccias. The geological model indicates the possible presence of brines beneath this quaternary alluvial cover. On top of that, it is also thought that there is a high chance that permeable units may connect a subbasin to the main basin.

This geological model has been confirmed by similar deposits in different salars, such as Argosy Minerals at the Rincon Salar, Arena Minerals at the Pastios Grande Salar, Power Minerals at Icahuasi Salar and Galan Lithium at Hombre Muerto.

Interestingly, in late April 2023, Pursuit reported that NOA Lithium's drilling of some 500m off the salar surface on a tenement directly neighbouring the northern tenement of Mito had intersected multiple potential lithium brine aquifers of significant thickness. The news is that the single hole progressed through alluvial gravels from the surface to ~55m depth. Below 55m through to the full depth of the hole, several encouraging salar evaporites and semi-consolidated sedimentary lithologies were intersected, including black sands, fractured halites, gravely sands, carbonate sands and conglomerates. Highlighted intersections up to 400m depth included a 150m thick brine-bearing black sand/fractures halite unit (~90-240m) and an 80m thick brine-bearing black sand secondary carbonate unit (~320-400m). This does begin to lift the veil on the Mito tenement's exploration potential.

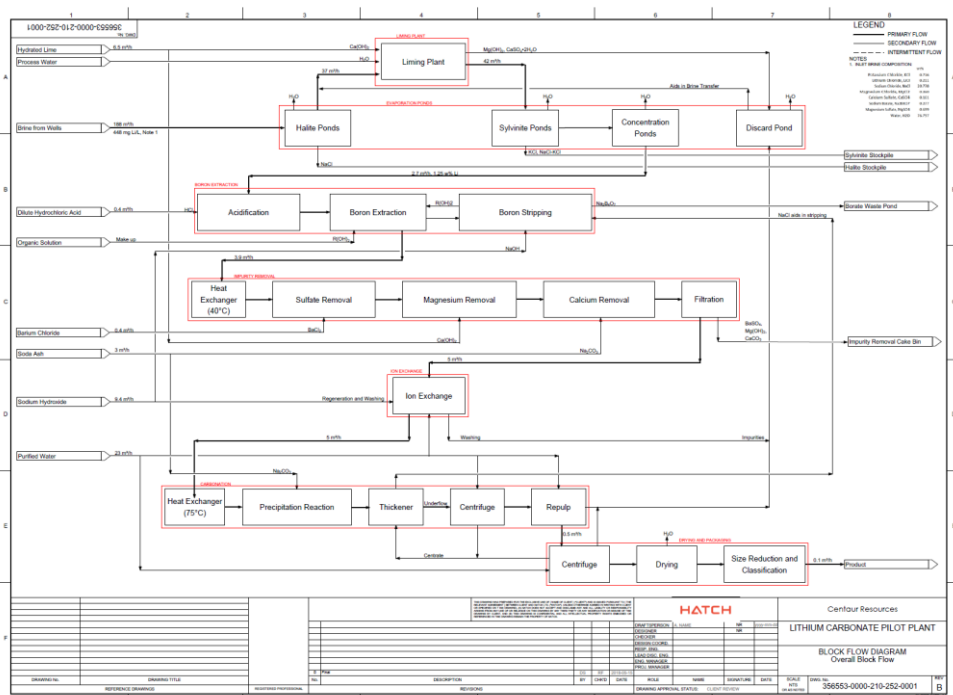
Pathway to production

Pursuit recently completed the acquisition of a 100tpa Pilot Plant which will now focus on continuous production, firstly at a specific site in the city of Salta where following successful production of Lithium Carbonate the plant will be relocated to a site at the Rio Grande Salar.



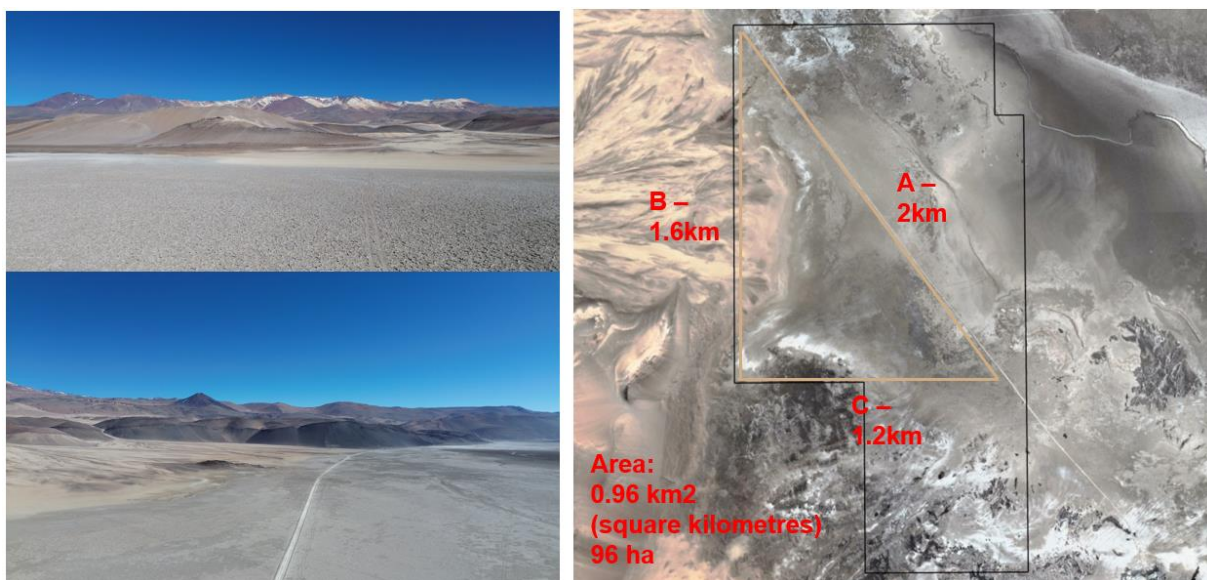
Pilot Plant during site visit March 2023. Source: Company

Pursuit has engaged global engineering firm Worley to optimise the existing flow sheet for the Rio Grande Brines profile to produce battery grade Lithium Carbonate. This will build on the existing historical work relating to the proposed conventional processing plan.



Lithium carbonate production from the demonstrated process. Source: Company

Pursuit is evaluating the construction of approximately 5.3ha of evaporation ponds for the 100tpa to operate at the Rio Grande site. It is intended that these ponds would be constructed on the Sal Rio 2 tenement. A larger plant however would require significantly larger ponds where available space for such an operation is available at the Mito tenement.



Proposed location of initial 100-250tpa pond and plant facility. Source: Company

The 2,000tpa pilot plant and evaporation ponds will likely be constructed at the northern end of Rio Grande Salar within the Mito tenement. The well field is envisaged to supply the pilot plant with an average of 53.3 litres per second (L/s) of brine from the Salar. This brine has an average concentration of 400 mg/L of lithium ions. The processing method of the pilot plant will employ standard industry practices. Modest funding for this plant will be sought from end-use manufacturers seeking to secure a supply of lithium concentrate.

Gold and Nickel Projects in Western Australia



Pursuit's WA asset portfolio of highly prospective gold/nickel projects. Source: Company

WARRIOR

Emerging PGE-Ni-Cu terrane

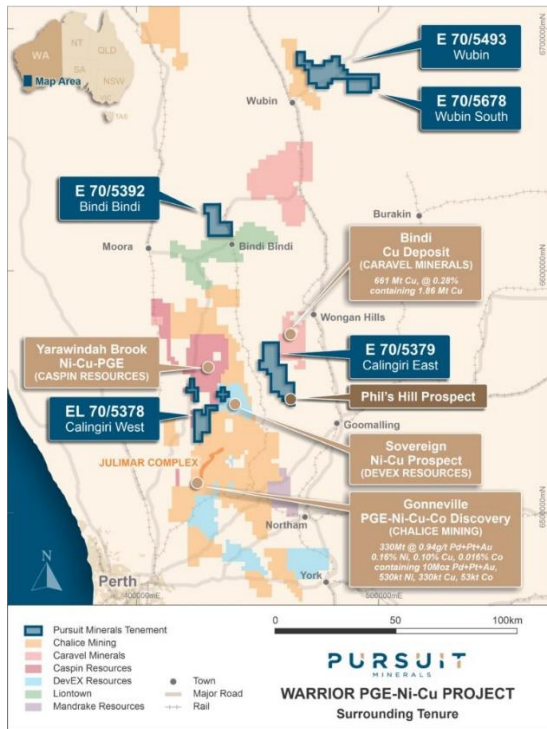
Pursuit has gained a highly prospective land position of 648km² in emerging PGE-Ni-Cu terrane, which covers a series of prominent magnetic anomalies which are seen to be similar to Chalice's Gonnevillle PGE-Ni-Cu discovery on the Julimar Project, 20km to the south. AC drilling at the Ablett Prospect has located a +800m zone of gold mineralisation and Total Rare Earth Oxides (TREO) of up to 0.31%.

February 2021 saw a detailed airborne Electromagnetic (EM) survey over the Calingiri East, Calingiri West, Wubin and Wubin South exploration licences on this project. Several conductive features were identified at Calingiri East and Calingiri West, which warranted follow-up work on the ground.

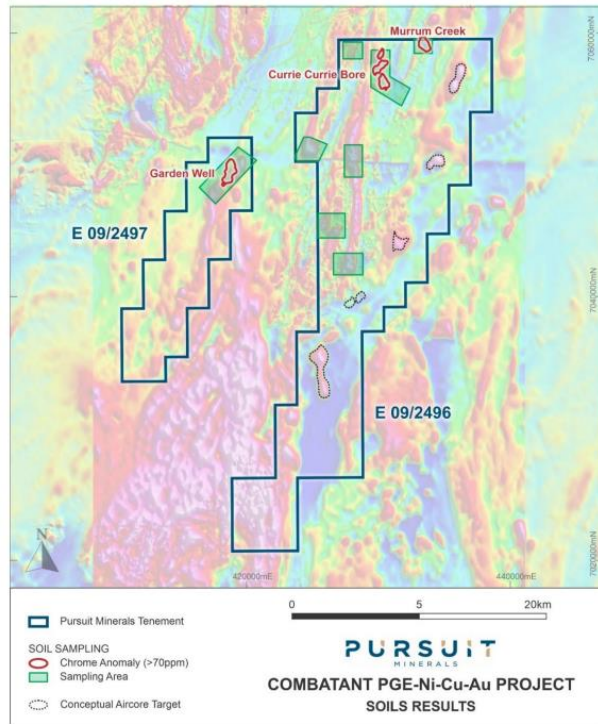
Calingiri East - The Phil's Hill Prospect airborne conductors were shown to be discrete basement conductors by a ground Moving Loop Electromagnetic (MLEM) survey ahead of diamond drilling on this prospect. This led to the discovery of a 1.6km long Ag-Au-Cu-As-Mo-Co-Bi sulphide mineralising system which is being studied further.

Extensive field reconnaissance involving a 2,000+ sample augur geochemistry survey across Calingiri East was completed in March 2022, which located significant drill targets at Phil's Hill West, a new prospect called Smogo's and the Ablett Prospect (which was initially discovered by Dominion Mining in 2010). These targets were drilled by wide-spaced air core drill traverses in April 2022, with results in late June 2022. Ultramafic rocks at Smogo's were further analysed by MLEM surveying in late May 2022.

Calingiri West - Exploration was delayed by negotiating access agreements, but field programmes have begun. Ground MLEM programme commenced at an Airborne Electromagnetic (AEM) target at Roses Prospect adjacent to Devex's intensive exploration of Anzac Hill.



Surrounding tenure at Warrior
Source: Company



Identified ultramafics & AC drill targets at Combatant
Source: Company

COMMANDO

Underexplored tenements close to multi-million-ounce gold deposits

The company has a 100% interest in 11 tenements covering around 30km² which lie just 30km north of Kalgoorlie and are proximal to Golden Cities (Federal, Havana & Suva, +1.5Moz) and Paddington (+5Moz) gold mines. Auger geochemistry by Pursuit led to the discovery of 4 new gold prospects. Follow-up AC drilling found BOH gold mineralisation similar to Golden Cities' early results, with results up to 3.09g/t gold, 900m from the Havana pit.

The Commando Gold Project is under-explored with numerous significant gold drilling intersections to follow up. The project remains under-explored as the ground was previously held in small parcels by undercapitalised groups with little exploration since the 1990s. Exploration will focus immediately on following up impressive gold intersections such as 10m @ 4.5g/t Au from 41m including 2m @ 14.6g/t from 41m, 8m @ 4.78g/t Au from 3m including 3m @ 11.4g/t Au from 3m and 23m @ 1.46g/t Au from 10m.

Strategy for growth

Looking to move the needle

Pursuit's long search for a project that would substantially move the needle has led to the recent acquisition of Trilogy, which seems to bear all the hallmarks of being a company making deal. Trilogy was founded in June 2022, and at that time, lithium had just come back on the radar with lithium stocks beginning to pick up. Trilogy was so named as it was Managing Director and CEO Aaron Revelle's third lithium company. His previous lithium play was Centaur Resources, which was sold to Arena Minerals (CVE:AN) for A\$23 million in 2020 at the bottom of the cycle in December 2022. Subsequently, Arena Minerals was acquired by Lithium Americas Corp (TSX:LAC) for US\$227 million, with minimal additional work done on the project.

Aaron's investors wanted to return to lithium, so Trilogy was formed. Aaron was fortunate to begin his career in lithium in 2008 and has been involved in this rapidly expanding sector since then. Centaur was also an Argentinian lithium exploration play, so the team has plenty of experience in the country. Trilogy chose Rio Grande as the project had plenty of historical exploration work and an existing NI 43-101. This is a brilliant starting

position, as the board already knows that commercial-grade lithium is in place. So instantly, we see that Rio Grande is not pure exploration but a development project.

Trilogy had all the makings of being a successful IPO. Still, its backers were persuaded by the brokers behind Vulcan Energy Resources, the European lithium brine resource in the Upper Rhine Valley of Germany, that Trilogy's backers might get a better outcome by being acquired by Pursuit. This deal was a Reverse Takeover transaction in all but name, but fortunately, no recompliance was required. Indeed, what was the market's loss has been Pursuit's gain. There is no doubt that Trilogy can advance very quickly. The targets and rewards are pretty evident, with a likely immediate goal of aping the progress of Galan Lithium, which sits on an A\$320 million market cap, and thence mimicking Argosy, with a market cap of A\$646 million, which has gone a stage further and is now at the processing stage.

Rio Grande has been explored twice. In 2018-19, LSC Lithium defined the NI 43-101 resource along the full 20 km N/S strike of the salar. Fortunately, the resource was published and publicised months before LCE Lithium was acquired by Argentina's state oil company, PlusPetrol. This means that the information is in the public domain and can be utilised by Pursuit for nothing under public disclosure.

JORC resource planned by the end of calendar year 2023

TEM/CSAMT geophysical surveys have already begun, which are measuring resistivity and will help pinpoint the best drill locations on Maria Magdalena where the initial attention is being focused. TEM is a bit more finely tuned, provides decent 3D models, and allows penetration to a deeper depth for the Northern tenement.

Pursuit can use the existing drill hole data from LCE Lithium in its JORC resource. The plan is to drill four diamond drill holes to a 400-600m depth to find the basement along with one pumping well. Lithium brine exploration and project development have attractive economics compared with a hard rock project, which would require quite tight drill hole spacing to improve confidence. Lithium brines are a dynamic resource, so much less drilling is required, but as a dynamic resource, there is the need to get data from a pumping well for 35 days to measure flow rate (essential for production), porosity and PRC. Indeed, 35 days of data is enough, as the data does not change much afterwards.

Galan Lithium defined a JORC resource of 8Mt LCE+ from 4-6 holes, although they went on to drill 13 to cover most of the ground. As salars possess more geological certainty, they are much quicker than drilling out copper deposits, some of which have been drilled for years.

Rio Grande measures some 20-25km N/S and 10-15km E/W in total, and once the company has drilled the Maria Magdalena, the plan is to extend beyond that, which includes the large northern Mito tenement, but that is not a priority during the early months.

Investors do not appreciate how close Pursuit is to lithium production.

There is no messing about with Pursuit, which has ticked off another vital box as a 100tpa pilot plant has already been acquired for US\$365,000 in the major city of Salta. Brine from the pumping well will be fed into tankers and trucked to the pilot plant to test the processing flow sheet. The pilot plant uses steaming to mimic an evaporation pond. Indeed, the team will seek to optimise the block flow diagram produced by Hatch Engineering based on what was used at the Pastos Grande Basin. Lithium brine processing experts will do a gap analysis and determine how the system can be improved.

With a resource in place, the processing is Pursuit's key value driver. The acquisition of the pilot plant has saved the company much money, but perhaps, more importantly, it has saved tremendous time. Today, this facility would cost US\$4 million to build and take two years to get fully permitted. The processing requires some reagents traditionally used in manufacturing narcotics. For this reason, the permit to handle these chemicals is nicknamed the Narco Permit, which can take a good while to get for obvious reasons.

First production of 5-10t of lithium carbonate is expected in January – March 2024, as the pilot plant can produce up to 750kg per day. Produced material is planned to be sent in 1-10kg samples to a number of battery manufacturers for their analysis. Once the first batch tests have been completed, the pilot plant will be moved on-site initially to the Sal Rio 2 tenement and later the large Mito tenement in the north for a larger commercial facility. Notably, the processing flow sheet must be proven in the real environment, and the pilot plant requires 5.3 hectares of evaporation ponds at the 100tpa run rate. The company has sufficient funds to complete the exploration but will need US\$6-8 million over the next twelve months, including building evaporation ponds, pumping and drilling at Mito. Every step the team is looking to take will be walking the project up the valuation curve, which should allow such funds to be raised at a significant premium to the current low valuation.

The Mito tenement was chiefly acquired for the space to build evaporation ponds with a long valley running around towards the north, which is seen as the perfect location for such infrastructure. In addition, the company has access to water from a public water well with a permit obtained for use of this well for drilling. There will be the scaling of the operation to 100tpa of continuous production and evaluation of expansion alternatives. With that achieved, the company would look to expand the operation to a nameplate capacity of 20,000tpa as the processing route will have been well-proven meaning that there is realistic data for the Bankable Feasibility Study for a 20,000tpa project, which could be produced as early as the end of the calendar year 2024.

A 20,000tpa project would come with a capital cost of ~US\$400 million and require a staff of 500+, including multiple pond managers, compared to a 100tpa pilot plant, which needs just ~25-30 people. The economics of such a larger plant is expected to show a C1 payback in a year. A pilot plant is purely for demonstration purposes and proving the technology. At the far larger scale of 20,000tpa, the operators are purchasing reagents at scale, which dramatically reduces input prices with an expected C1 Opex in the ~\$3,500 USD per tonne range.

Risks

Geological risks

There are a series of technical risk factors concerning the amount of understanding of the geology of the project areas, the mineralisation style being targeted and the distribution and magnitude of the indicators that have been identified in exploration work.

Lithium and gold price risks

Metal prices are highly cyclical, and changes in the prices of lithium and gold could negatively or positively impact the valuation of the company's projects and revenue from the sales.

Exchange rate risks

The company's accounts are in Australian dollars, metal prices are in US dollars, and the company is actively exploring in Argentina so that local bills will be priced in Argentinian Pesos. Fluctuations in the value of the Australian dollar against the US dollar and the Argentinian Peso may well affect the valuation that the ASX stock market awards Pursuit.

Future funds

The market for raising funds for small-cap companies looks to have improved from the worse conditions a couple of years ago when the global spread of the COVID-19 pandemic meant that equity markets had become extremely difficult. Even though the planet has begun to live more freely once more, the ratcheting of political tensions concerning Ukraine, steeply rising gas prices, and growing global inflation has made the market turn its back on risky plays. This has led to several recent fundraisings in the resources sector, seeing share prices being undermined by incoming investors demanding 30-50% discounts to provide the necessary capital.

Directors & Management

BOARD

Aaron Revelle – Managing Director & CEO

Aaron is a senior mining executive with significant experience developing and founding natural resources companies. He has over 15 years of experience across various commodities, focusing on bringing resource deposits into production. Before founding Trilogy Minerals, Aaron founded Argentinian lithium-focused exploration company Centaur Resources, which was sold to Arena Minerals (CVE:AN – market cap C\$190.9 million) for A\$23 million in 2020. In December 2022, Arena Minerals was acquired by Lithium Americas Corp (TSX:LAC) for US\$227 million (C\$311 million).

Peter Wall – Chairman

Peter is a lawyer with a wide range of experience in mergers and acquisitions, including takeovers and schemes of arrangement. He has advised on many successful IPOs and back-door listings on the ASX. He also specialises in corporate reconstructions and recapitalisations of listed entities, acting as principal or adviser to the transaction. His other core practice areas include energy and resources, capital markets, corporate and strategic advice, securities law, commercial law and contract law.

Peter graduated from the University of Western Australia in 1998 with a Bachelor of Laws and a Bachelor of Commerce (Finance). He has also completed a Masters of Applied Finance and Investment with FINSIA (formerly the Securities Institute of Australia). He is a Partner at leading Australian law firm Steinepreis Paganin and a non-executive director of numerous ASX-listed companies.

Peter is a Partner with leading Australian Law Firm Steinepreis Paganin with significant experience in wide-ranging experience in mergers, acquisitions, takeovers, reconstructions and recapitalisations. His core practice areas include energy, resources, capital markets and strategic advice. Peter is a director of several companies listed on ASX.

Tom Eadie – Non-Executive Director

Tom has over 40 years of experience as an explorer and geologist in the resources industry. He is currently Chairman of ASX listed companies Southern Cross Gold (ASX:SXG) and Alderan Resources Limited (ASX:AL8). Tom was the founding Chairman of Syrah Resources (ASX:SYR). At Syrah, he was the Chairman during the acquisition, discovery and early feasibility work on the Balama graphite deposit in Mozambique, which commenced production in mid-2017.

MANAGEMENT TEAM

Alejandro Rodrigues Bidegain – Argentina Country Manager

Prior to joining Pursuit, Alejandro Rodriguez Bidegain was previously Vice President: Operations & Financial Management for Rincon Lithium Limited, responsible for developing its main project at the Rincon Salar in Argentina. Mr. Bidegain was responsible for the commissioning of a lithium pilot plant and demonstration plant in Salar del Rincon. Following his tenure at Rincon, Mr. Bidegain was country manager of Centaur Resources developing the Lobo Blanco Lithium Project at the Pastos Grandes Salar prior to its acquisition by Arena Minerals. Mr. Bidegain additionally has held senior roles at Grupo Puente, a mining consultancy business based in Argentina as well as PwC and Citibank. Mr. Bidegain is a dual Australian and Argentine citizen.

Ian Lowrie – WA Operations Manager

Ian has spent 35 years in mineral exploration, with 29 years in a supervisor's role and the last 10 years as Operations Manager of a wide range of exploration programmes across Australia. He has worked extensively in Western Australia, Northern Territory, New South Wales, Queensland and overseas in PNG, Laos and Mongolia. Ian has experience implementing exploration programs for gold, nickel, base metals and mineral sands.

Vito Interlandi – Company Secretary

Vito is the Managing Partner of Nexia Melbourne and is responsible for Corporate Advisory at Nexia Melbourne. He has over 20 years of finance, accounting, and capital markets expertise, where he has served as a board member and advisor to a number of listed and unlisted companies across a range of industries.

Forecasts

FYs 2023 & 2024

The year ending 30th June 2023 saw ongoing drilling and exploration of the WA gold and nickel tenements along with the beginning of geophysical surveys at the newly acquired Rio Grande Sur Project in Argentina. We are expecting a pre-tax and net loss for the year of A\$3.21 million and a loss per share of 0.22 cents.

The exploration and development work on the salar in Argentina looks to shift up a gear or two in the year ending 30th June 2024. This period is expected to see a maiden JORC resource, commissioning the pilot plant and supplying samples to the leading battery manufacturers. This period is expected to include the start of moving the pilot plant on-site and the creation of evaporation ponds, which is expected to cost A\$6-8 million ahead of the BFS. Administration and other expenses are expected to increase to A\$1.500 million to support the enlarged operation. Exploration and evaluation expenses are estimated to be significantly higher as the company takes advantage of the opportunities in lithium brines in Argentina. The pre-tax loss and the net loss for the year come out at A\$9.46 million. The share count increases due to raising the necessary funds to cover these investments, resulting in a loss per share of 0.31 cents.

Forecasts. Source: Company Accounts and Resolve Research

Year End 30 June (A\$'000s)	FY 2021a	FY 2022a	FY 2023e	FY 2024e
Other income	153	299	300	500
Administration and other expenses	(930)	(960)	(1,000)	(1,500)
Exploration and evaluation expense	-	(202)	(500)	(6,000)
Impairment expense	(75)	(184)	(200)	(250)
Depreciation	(8)	(11)	(10)	(10)
Fair value movement on financial assets	-	(1,111)	(1,000)	(1,000)
Share-based payments	(1,418)	(251)	(800)	(1,200)
Finance expense	(1)	-	-	-
Loss before income tax from continuing operations	(2,280)	(2,421)	(3,210)	(9,460)
Discontinued Operations				
Reversal of impairment	-	439	-	-
Impairment charge	(1,465)	-	-	-
Foreign exchange loss	(186)	33	-	-
Gain/(Loss) after income tax from discontinuing operations	(1,651)	472	-	-
Net loss for the year	(3,932)	(1,948)	(3,210)	(9,460)
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit and loss:</i>				
Exchange gain on translation of foreign operations	145	-	-	-
Total comprehensive loss for the year	(3,787)	(1,948)	(3,210)	(9,460)
Loss attributable to:				
Owners of the parent	(3,932)	(1,948)	(3,210)	(9,460)
Total comprehensive loss attributable:				
Owners of the parent	(3,787)	(1,948)	(3,210)	(9,460)
Earnings per share (A\$ cents)	(0.58)	(0.21)	(0.22)	(0.31)
Weighted average number of shares	672,882,345	939,286,290	1,453,669,930	3,005,971,416
Total shares plus options and warrants	356,965,320	1,101,179,194	3,523,480,999	4,003,154,666

Valuation

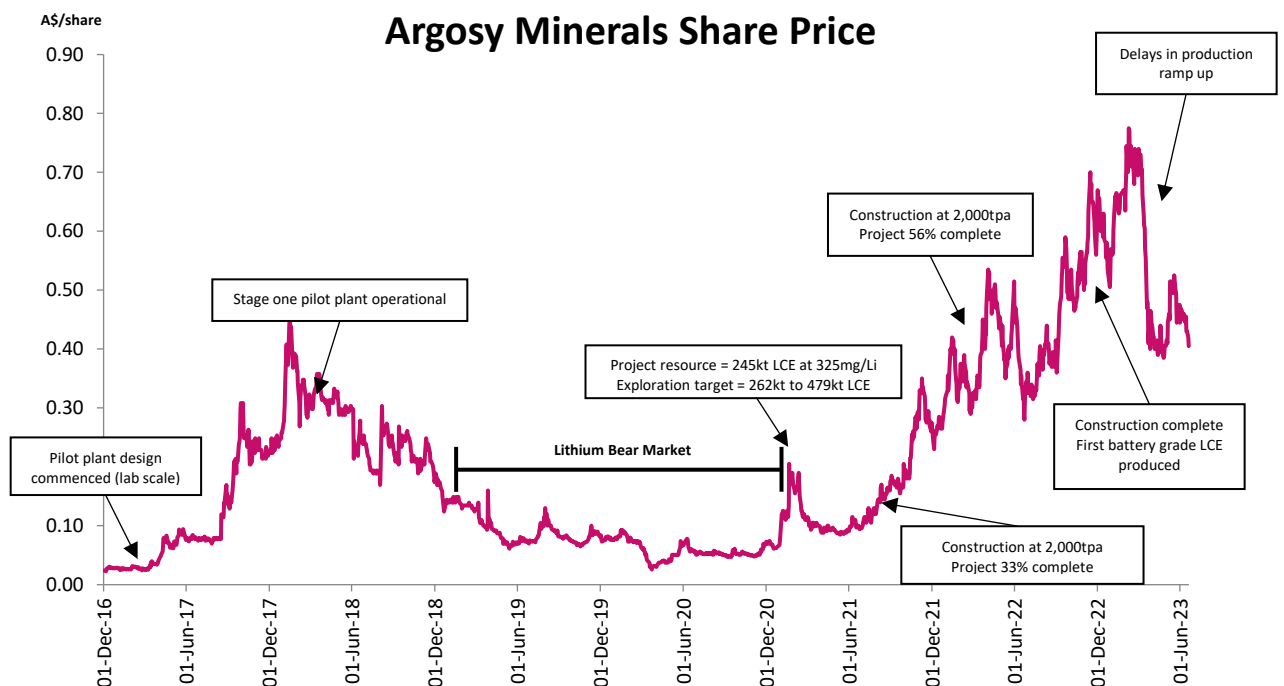
LITHIUM PROJECT

Successful companies are awarded bumper valuations

In seeking to place a valuation that makes sense in the current market, we have relied on peer group comparisons. Lithium brine projects in the Lithium Triangle are in big demand. There has been a wave of M&A action over recent years, which has reduced the number of relevant comparable companies.

Leading lithium producers from brines like Albermarle (NYSE:ALB) and SQM (NYSE:SQM) are trading at market capitalisations of US\$26.6 billion and US\$19.3 billion, respectively. These are followed by slightly smaller brethren Ganfeng Lithium (HKG:1772, market cap US\$17.0 billion) and Allkem (ASX:AKE, market cap A\$10 billion) which also trade on bumper valuations as they have morphed into comprehensive lithium chemicals companies. This shows that successful lithium companies attract tremendous valuations, which the multinational mining giants are beginning to wake up to.

Our peer group comparison table is shown overleaf. In our view, Pursuit does not look that far off from being able to achieve high valuations, like the A\$1.1 billion which was awarded in early 2023 to Argosy Minerals (ASX:AGY), which is in the process of commissioning a 2,000tpa LCE plant. We believe, Pursuit's share price could realistically follow that of Argosy, as shown in the chart below, as the company has well developed plans for a stage one processing plant, also with a capacity of 2,000tpa LCE, and this could come onstream within the next two years.



Argosy Minerals' share price performance from the first resource being announced in 2017 through to first production in 2022. Source: Resolve Research

It is worth highlighting that the market seems to value production greatly. As we have seen, Pursuit is much closer to that point than the market seems to realise. Lithium value drivers seem to be production and the ability to produce. So, who can produce lithium rather than just talking about it? Galan has an A\$313 million market cap with a massive resource, but they are not production-heavy with a focus toward Lithium Chloride which requires further processing to Lithium Carbonate or Hydroxide. Arena is valued at slightly less, C\$249 million

(A\$273 million). However, it has a far smaller attributable resource at 364kt LCE but does have proprietary brine processing technology, which means a lot in this sector.

Global lithium brine resource peer group comparisons. Source: Resolve Research										
Company	LC/LCE resource	Attributable Measured & Indicated				Attributable Total resources				Comments
		Drainable Brine vol Mm ³	Avg Li mg/l	LC/LCE Kt	EV/t A\$	Drainable Brine vol Mm ³	Avg Li mg/l	LC/LCE Kt	EV/t A\$	
COMMISSIONING										
Argosy Minerals (ASX:AGY) Share price: A\$0.23 Mcap: A\$344.08m EV: A\$207.47m	LC	112	325	190	1,618					Rincon Lithium (77.5%) commissioning 2,000tpa Yonopah Lithium, USA (100%)
IN CONSTRUCTION										
Lithium Americas (NYSE:LAC) Share price: US\$18.44 Mcap: US2.95bn EV: A\$4.14bn	LC LCE	2,835	592	1,678 8,938	2,467 463	3,510	592	2,077 11,059	1,993 374	Cauchari-Olaroz (44.8%) Pastos Grande Basin ramping up to stage 1 40ktpa LC
PRE-FEASIBILITY STUDY										
Lake Resources (ASX:LKE) Share price: A\$0.19 Mcap: A\$277.38m EV: A\$165.56m	LCE	2,033	202	820	115	2,959	198	3,095	53	Cauchari, Olaroz, Paso & Kachi Li brine projects. PFS Kachi (2020). Achieved pilot production with DLE. DFS planned by mid-2023
SCOPING STUDY (PRELIMINARY ECONOMIC ANALYSIS)										
Cleantech Lithium (LSE:CTL) Share price: 59p Mcap: £62.80m EV: A\$98.48m	LCE		196	502	86		223	2,269	43	Three lithium projects in Chile. Laguna Verde, (PFS underway) Francisco Basin & Llamara >500km ²
Lithium South Development Corp (TSX-V:LIS) Share price: C\$0.44 Mcap: C\$42.15m EV: A\$47.42m	LCE	142	756	571	83					Hombre Muerto North Lithium Project. Seeking to expand maiden resource. PEA (2019 on 5,000tpa LCE)
Galan Lithium (ASX:GLN) Share price: A\$0.72 Mcap: A\$253.84m EV: A\$217.53m	LCE	1,421	850	6,408	34	1,603	852	7,267	34	Hombre Muerto West (HMW) and Candelas (100%) PEA – DFS expected soon
JORC /NI 43-101 RESOURCE										
Arena Minerals (TSX:AN) Share price: C\$0.60 Mcap: C\$246.26m EV: A\$278.27m	LCE					150	460	364	764	Sal de la Pune (Pastos Grande Salar) (65%) and Antofalla Basin Proprietary brine processing tech
PRE-DRILLING										
Lithium Energy (ASX:LEL) Share price: A\$0.68										Solaroz Lithium Brine Project (90%). Have done geophysical

Mcap: A\$67.99m
EV: A\$59.94m

NOA Lithium

Brines

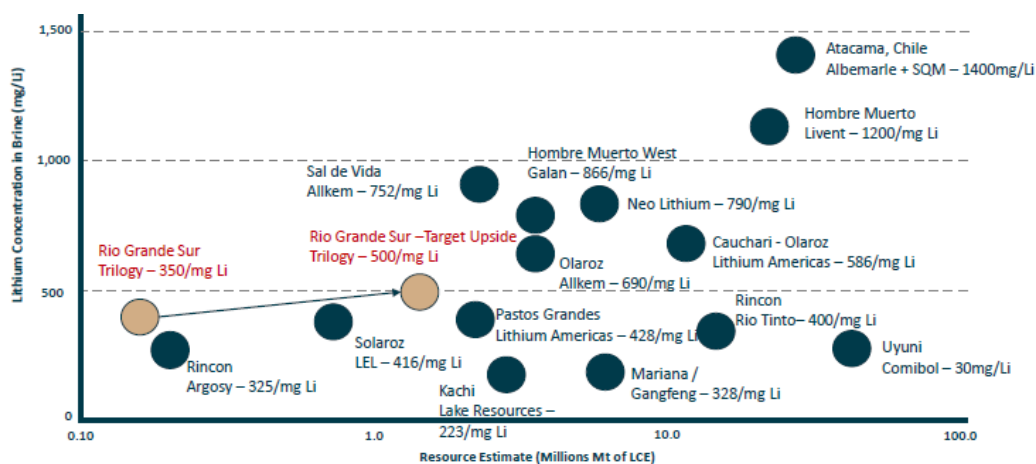
(TSX-V:NOAL)
Share price: C\$0.47
Mcap: C\$43.76m
EV: A\$50.20m

Fully diluted including ITM options
would take the EV to A\$87m

surveys. Moving
to the drilling.

Major position in
3 salars. Historic
drilling. Planning
drilling & maiden
resource at Rio
Grande Salar

So, it does look as though a A\$250-350 million market cap is awarded to companies with a defined resource, but to get to the higher realms of A\$350 – 600 million (like Lake Resources), there needs to be production or at the very least, a proper demonstration that production is possible. With the recent acquisition of a pilot plant and a planned pumping well in Q3 to deliver brine to the plant, the company could see its first pilot production within nine months. From our viewpoint, it looks as though progress for the company could likely follow the path of Argosy Minerals (market cap A\$344 million), taking the project through a BFS followed by signing offtake agreements with leading battery manufacturers.



Global brine resource comparisons. Source: Company

Pursuit is making rapid progress with geophysical surveys ahead of drilling, with a JORC resource expected to be announced by the end of 2023. The exploration target is 250,000 to 500,000t LCE. The table overleaf shows that dramatically higher valuations on an EV/t basis are awarded to companies with higher-grade resources. We have explored valuations at two grades of 200mg/L and 500mg/L lithium for companies at a stage of progress that Pursuit could match in the next 12 months.

Our benchmarks for the lower grade are Lake Resources and Cleantech Lithium, which on a Measured and Indicated basis, have an average EV/t LCE figure of A\$100 and A\$48 for the total resources. We have assumed that M&I account for 50% of the resource total for Pursuit going forward and elected to use a mid-range figure of A\$74 EV/t LCE (mid-way between A\$48 and A\$100) in our further analysis. Here, it is worth pointing out that Lake Resources achieved pilot production using Direct Lithium Extraction (DLE), technologies that seek to produce lithium from brines without needing evaporation ponds. Many of these DLE technologies are unproven, but recent years have seen a bit of a race to start commercial production by such methods.

Our benchmark for the higher grade is Arena Minerals, which only has an Inferred resource, so the EV/t LCE for the total resource is A\$764, a figure that has been employed in our analysis.

Pursuit is working on defining a JORC resource, whilst the team will also be ensuring that the project is quickly moving into feasibility studies with the production of first lithium from the Pilot Plant planned for Q1 2024. The successful definition of 250,000t LCE could attract an EV/t figure similar to that awarded to the peer group at various developmental stages through to PFS. It does look as though the Rio Grande project is shaping up to be

a high-grade project, and the delineation of a 250kt LCE resource ought to value the company's interests at 250kt x A\$784, which equates to A\$196.00 million, which we have used in our sum of the parts valuation table.

We have gone on to investigate how successfully increasing the resource size would affect the valuation using both a low-grade and a high-grade case. The results are shown in the table below.

Range of potential valuations for Pursuit's lithium interests. Source: Resolve Research			
LCE resource	250kt	400kt	500kt
Grade			
Low 200mg/L Lithium	A\$18.50m	A\$29.60m	A\$37.00m
High 500mg/L Lithium	A\$196.00m	A\$313.60m	A\$392.00m

GOLD NICKEL PROJECTS

We have again sought peer group comparisons to place a value on the gold, nickel and copper exploration assets. Looking at the sound progress that Pursuit's gold and nickel exploration projects are making, it is probably fair to compare them with the likes of Artemis Resources (ASX:ARV), Alchemy Resources (ASX:ALY) and Labyrinth Resources (ASX:LRL). They are currently trading on market capitalisations of A\$64 million, A\$14 million, and A\$8 million, respectively. Given these valuations, we have suggested that a valuation of A\$29 million (especially as Pursuit seems to be starting to exhibit rare earth potential) does not look out of place for Pursuit's base metal exploration interests in WA. This figure has gone into the SOTP table.

ADDING IT ALL UP

Sum Of The Parts Table. Source: Resolve Research	
Items	A\$ million
Rio Grande Salar - peer group analysis	196.00
Gold & nickel exploration projects – per group analysis	29.00
Cash	6.00
Debt	-
Sub-total	231.00
Per share based on the current number of shares in issue (2,943,971,416)	A\$0.078
On a fully diluted basis	
Funds on options being exercised	3.13
Sub-total	234.13
Per share based on the number of shares on a fully diluted basis (3,853,154,666)	A\$0.061

After considering current cash and debt, the sub-total comes to A\$231.00 million, equating to A\$0.078 per share based on the number of shares currently in issue (2,943,971,416). Looking on a fully diluted basis, we add in the funds which would result from options being exercised of A\$3.13 million, which gives a total figure of A\$234.13 million – which results in a per share figure of A\$0.061 based on the number of shares currently on a fully diluted basis (3,853,154,666). We have selected the figure, **A\$0.061**, to use as our target price for the stock.

We have also generated a series of potential target prices justified by various permutations of LCE resource size and grade for consideration, shown in the table below.

Range of potential target prices. Source: Resolve Research			
LCE resource	250kt	400kt	500kt
Grade			
Low 200mg/L Lithium	A\$0.015	A\$0.018	A\$0.019
High 500mg/L Lithium	A\$0.061	A\$0.091	A\$0.112

Conclusion

Hard to find space in the sandbox

The lithium brine market in the Lithium Triangle is so tiny that it restricts the opportunity to buy an entire salar, meaning one that has not been consolidated. That is a lot harder than it seems, as with only 17 salars in Argentina, it is hard to find space in the sandbox to play. Most have already been consolidated, such as Pozuelos and Rincon, both via ~\$900m USD acquisitions and more recently the Livent and Allkem proposed merger which will consolidate 90%+ of the Hombre Muerto Salar. Meanwhile in Bolivia, salar mining has never worked, and Chile sees the industry being nationalised.

By and large, there look to be three value chain drivers. Firstly, investors have probably seen the worst in the sector, with the lithium price bottoming out in May 2023. Secondly, Chile's nationalisation policy for lithium is in its absolute infancy. Commentators may suggest that it might be a soft nationalisation. Still, there is no guarantee, and if history repeats itself, it could be a hard nationalisation, just as when the country nationalised copper. Thirdly, the lithium space is getting harder to ignore, with the sort of EBITDAs that companies generate, awakening the attention of the majors who cannot sit on the sidelines for much longer. In FY2022, Vale's Base Metals Unit (VBM) generated an EBITDA of \$500m. In FY2022, Albemarle, the largest lithium producer by output, generated \$3 billion of EBITDA. Comparatively, Vale announced it had reached two separate agreements to sell a total 13% stake in its transition metals business, Vale Base Metals (VBM), for a total consideration of \$3.4 billion. Regarding that transaction, our estimates indicate VBM's 2023-24 EV/EBITDA multiples of 12.3-7.8x.

An excellent short-term and long-term play

There is no doubt that a decent news flow will reward investors. Following the completion of the TEM and CSAMT surveys, the next move in the sensible development plans should result in a maiden JORC resource being announced by the end of 2023 and the commissioning of the pilot plant at the back end of the year. This will be followed by the production of the first kilogram of Lithium Carbonate and then a sufficient quantity to send out samples to battery manufacturers - moves planned for Q1 2024.

Pursuit offers a compelling lithium investment where little progress is reflected in the current share price. Today the stock can be seen as ground floor play by a proven team in a tier 1 jurisdiction. Aaron Revelle has been in lithium for the majority of his career and joining the Pursuit board is Tom Eadie who has over 40 years of experience as an explorer and geologist in the resources industry. He is the former Executive Chairman of Copper Strike, founding Chairman of Syrah Resources and previously Executive General Manager - Exploration and Technology at Pasminco.

The company's valuation will depend on meeting milestones. As we can see, A\$250-350 million is possible on defining a decent resource; starting production suggests a A\$350-600 million valuation and A\$1 billion-plus if they consolidate a whole salar. Lithium demand is rising dramatically, whilst supply has disappointed. A whole salar is worth \$1 billion at the moment. But in a few years, we could talk about US\$2 billion or even US\$4 billion.

We are initiating coverage of Pursuit Minerals with a Strong Buy stance and a target price of A\$0.061.

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