

Lithium Power International

Sale of Australian assets agreed

Asset divestment

Metals and mining

22 June 2023

Price **A\$0.33**
Market cap **A\$208m**

Net cash (A\$m) at end March 2023	15.1
Shares in issue	629.2m
Free float	100%
Code	LPI
Primary exchange	ASX
Secondary exchange	N/A

Share price performance



Business description

Lithium Power International's main asset is its 100% interest in the Maricunga lithium brine project in Chile. Subject to securing a funding package, the first stage of the project is expected to produce 15.2ktpa of high-grade lithium carbonate, starting from 2026. It also owns a number of early-stage exploration lithium projects in Western Australia, which it is currently in the process of selling to Albemarle.

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Lithium Power International (LPI) has entered into a binding agreement to sell its 100%-owned Australian lithium tenements to Albemarle. This is an all-cash transaction that will see LPI receive A\$29m on completion, which is expected in early July 2023. The company will use the proceeds to further advance its flagship Maricunga lithium project in Chile. The deal is positive in our view in that it allows LPI to significantly extend its cash runway without further diluting its shareholders.

Year end	Revenue (A\$m)	PBT* (A\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
06/20	0.0	(12.7)	(4.9)	0.0	N/A	N/A
06/21	0.0	(6.0)	(2.2)	0.0	N/A	N/A
06/22	0.0	(12.6)	(3.8)	0.0	N/A	N/A
06/23e	0.0	(2.7)	(0.6)	0.0	N/A	N/A

Note: *PBT and EPS are from continuing operations and normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

LPI has announced that it has reached an agreement with Albemarle to sell its wholly owned Western Australian hard rock lithium tenements for A\$30m in an all-cash transaction. The deal is expected to close on or around 3 July. Of the overall consideration, A\$29m will be received at completion, while the remainder (A\$1m) will be paid if certain tenement applications are granted within 18 months of completion. LPI had previously considered a spin-off and subsequent listing of the assets. However, due to subdued stock market conditions and the attractive nature of the Albemarle proposal, it has decided to proceed with the sale.

While the Australian assets were excluded from our valuation of LPI due to their early (pre-resource) stage of development, we believe the sale is positive for LPI as it allows the company to significantly extend its cash runway without further diluting its shareholders. Cash of A\$15.1m at end March 2023 implies a comfortable pro forma cash position of c A\$44m post the transaction. LPI will use the proceeds to further advance its flagship Maricunga lithium project in Chile. For more details on the valuation of Maricunga, please see our recent [update note](#).

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