



September 20, 2024

Dear Mr. Daniel Moran and Mr. Joseph Longo,

On behalf of the Indigenous Community of the Comuna of Copiapó in Chile, together with our partner organization, Earthworks,¹ we are writing you from our territory, a place called El Bolo in the Andean foothills, to share our concerns about CleanTech Lithium's (CTL) listing application to join the Australian Stock Exchange (ASX). CTL's public offering has the objective of developing two lithium mining projects in the mountains of the Province of Copiapó, "Laguna Verde" and "Viento Andino," which are approximately 100 and 50 kilometers from our community, respectively. Despite being an Indigenous community that lives in this territory and protects the foothills and the high mountain areas, we have not been consulted about this project, and are against the development of these projects in Laguna Verde and Laguna Negro Francisco due to the impacts they could have for fragile high Andean ecosystems.

We are also concerned that, according to the information presented in the company's prospectus, they are not adequately informing the ASX or potential investors about the material, environmental, social or governmental risks of their project. This defies the regulations for stock exchange listings.

In this letter, we will present more information on how CleanTech Lithium's projects present the following risks that could impact their listing on the stock exchange and potential investments in the company:

1. Environmental risks;
2. Risks to biodiversity and protected areas;
3. Risks due to a lack of compliance with Chilean laws and regulations, and

¹ Earthworks is an organization based in the United States that works with communities impacted by energy and mining projects. Earthworks fights for clean air, water and land, healthy communities, and corporate accountability.

4. Risks to the social license to operate and the right of Indigenous Peoples to Free, Prior and Informed Consent.

We are concerned that if the company is listed publicly, it will continue a pattern of withholding information on the exact risks associated with its projects and its lack of social license to operate, which could misinform potential investors.

Environmental Risks:

CleanTech Lithium is misrepresenting the risks associated with direct lithium extraction (DLE), which it plans to use at the projects mentioned above. In other DLE operations in Argentina, Bolivia and Chile, there are concerns² over the serious environmental impacts associated with the use of water and to the ecosystem, as well as impacts to community rights.

One of the principal risks of DLE technology is that it requires vast quantities of freshwater. According to an article published in “Nature Reviews Earth & Environment,” certain DLE processes require over 500m² of freshwater per ton of LiCo, which is up to ten times the amount used in current lithium extraction processes.³ Considering that we are located in a region that is part of the most arid desert in the world, where scarce water resources are fundamental to our survival, the intense use and depletion of water reserves could have serious consequences for our subsistence way of life and the quality of life of communities.

On the other hand, CTL proposes mitigating the impacts related to water use through the reinjection of brine into the salt lagoons. However, the scientific and corporate worlds have shown that this is not a viable solution.⁴ Given that there are no successful examples of this in our territory, we are concerned over the use of unproven technologies and methods. In their own scoping study from 2023, CTL confirmed this, stating that, “At this point, it is necessary to have more information on the reinjection system and the development of a hydrogeological model that confirms the low impact on groundwater and its null impact on lake surfaces.”⁵

It is crucial for CTL to clarify the full extent of impacts to the water resources of the lagoon’s watershed before being able to claim that their projects will have a low environmental footprint. Their prospectus currently says that DLE be a “less environmentally impactful” way to extract lithium, but that has not been adequately proven. Lithium extraction operations in the Salar de

² <https://climatica.coop/la-sed-de-litio-amenaza-atacama/>

³ <https://www.nature.com/articles/s43017-022-00387-5>

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<https://www.latercera.com/pulso/noticia/el-otro-debate-sobre-el-litio-las-dudas-sobre-extraccion-directa-con-reinyeccion-de-salmueras/QOPRJBZUGFFHFHIXYLA3I4AYYU/>

⁵ <https://minedocs.com/24/Francisco-Basin-Scoping-Study-09262023.pdf>

Atacama in Chile, where companies have been prosecuted⁶ for their mismanagement of water resources and the impacts this has had on the flora and fauna of the salt flat, serve as a warning for companies that present projects with uncertainties and a lack of baseline data regarding the full extent of impacts of brine extraction and DLE technology.

Risks to Biodiversity, a RAMSAR Site and a National Park:

The Laguna Negro Francisco is a RAMSAR site, which recognizes wetlands of international importance, is catalogued as an Area of Turistic Interest, and is part of the Three Crosses National Park (Parque Nacional Tres Cruces), representing a significant national and international interest in its protection and conservation. The lagoon is home to three of the six flamingo species that exist worldwide: the Chilean flamingo, and the large and small puna flamingos. All of these are categorized as “vulnerable,” along with other bird species found there, such as the “vulnerable” Andean goose, the “vulnerable” horned coot, and the “rare” Andean gull. The lagoon is also an important part of the habitat of guanaco and vicuña populations, Andean mammals related to the llama and which are in danger of extinction.⁷

In 2023, CTL stated that, “The Scoping Study outlines a plan to produce battery-grade lithium with a low environmental footprint, which positions the Company extremely well to supply the EU and US markets.”⁸ However, we believe that CTL is downplaying the risks of biodiversity loss and impacts at the two lagoons, which have national and international protected statuses due to the presence of various vulnerable species.

Risks Regarding Compliance with National Laws and Environmental Regulations:

CTL has completed various studies of the Laguna Verde and Negro Francisco territory to advance its lithium extraction projects. However, the behaviour of the company when completing these studies was in noncompliance with Chilean environmental regulations, which resulted in a fine from the National Water Agency (DGA for its name in Spanish) in 2023.⁹

In 2022, CTL, under its Laguna Negro Francisco Spa project (now called Viento Andino), requested permission from the DGA to “collect brine samples from different strata and geological registers to understand the subsurface environment.”¹⁰ After this request, the DGA, through a complaint filed with the National Forest Corporation (CONAF) in May 2023, completed an audit and discovered that the company was using a pool to collect water, which

⁶ <https://www.lta.cl/consejo-de-defensa-del-estado-demanda-a-tres-mineras-por-dano-ambiental-en-salar-de-atacama/>

⁷ <https://rsis Ramsar.org/RISapp/files/RISrep/CL877RIS.pdf?language=es>

⁸ <https://minedocs.com/24/Francisco-Basin-Scoping-Study-09262023.pdf>

⁹ <https://dga.mop.gob.cl/noticias/Paginas/DetalledeNoticias.aspx?item=1035>

¹⁰ <https://drive.google.com/file/d/1jbbAhWC49d6SDDMgeKB9LuujjKJTQEO-/view?usp=sharing>

was transported from the drilling area located to the east of Laguna Negro Francisco through a ten inch pipe.

For this, CTL was sanctioned by the DGA for not informing them of changes to the exploratory studies presented in their technical report.¹¹ This sanction highlights the extremely questionable behavior of the company that could affect their relationships with regulatory agencies in Chile and with their investors, as well as presents risks for the environment and water resources.

Risks to the Social License to Operate and Free, Prior and Informed Consent:

CleanTech Lithium has misrepresented their relationship with local Indigenous groups. In its prospectus, CTL mentioned that it has the support of and relationships with Indigenous communities in the area. However, it did not mention the existence of other Indigenous communities that also stand to be impacted by the projects.

CTL's declarations on the matter have been made despite public information about the number of Indigenous groups in the region. While they have shown photographs with communities and claim that they co-designed the Environmental Impact Study with them, they have not consulted all of the communities in this territory and only some have accepted the environmental and social impacts that the project could bring. The company has not entered into any agreements with the communities that have been omitted from their materials.

The Colla Indigenous Community of the Comuna of Copiapó has expressed its opposition to the lithium extraction projects in various media sources,¹² in presentations at the European Parliament,¹³ in presentations at the United Nations Permanent Forum on Indigenous Issues and the Conference of the Parties 27 and 28,¹⁴ and in various webinars and seminars.¹⁵ CTL has not publicly acknowledged this information, making misleading statements regarding community support for their projects. The company also attempts to convey that it has the consent of the communities with which it has signed agreements, but Chilean law stipulates that consent for environmental projects must be obtained through a process that is regulated by legislation that is based on Article 6 of the International Labor Organization's Convention No. 169. This means that, under Chilean law, an agreement cannot be equated to community consent. While the company does not file its project in the Environmental Evaluation System, the conversations that

¹¹ <https://drive.google.com/file/d/1jbbAhWC49d6SDDMgeKB9LuujiKJTQEO-/view?usp=sharing>

¹² <https://ethic.es/2023/07/litio-transicion-energetica-a-costa-de-quien/>

¹³

<https://salares.org/los-pueblos-tienen-el-derecho-a-decir-no-a-los-proyectos-mineros-de-litio-integrante-de-opsal-expone-ante-el-parlamento-europeo/>

¹⁴ <https://www.culturalsurvival.org/es/node/13885>

¹⁵ <https://www.fima.cl/biblioteca/iii-seminario-internacional-boom-del-litio-y-extractivismo-del-litio-en-los-salares-an>

it has with communities are not covered under national and international frameworks regarding Free, Prior and Informed Consent. They instead should be categorized as an agreement between two private entities under the civil legislature of the country, wholly separate from the traditional systems of Indigenous communities.

Given this, the company is noncompliant with Chilean laws, which is a material and financial risk for investors and could cause delays to its projects.

Conclusion and Demands:

According to the evidence and arguments presented in this letter, CleanTech Lithium appears to be at risk of violating the transparency requirements of the ASX for companies that are publicly listed. For this reason, we request the following of ASX and the Australian Securities and Investments Commission:

1. Guarantee that the prospectus for the public listing presented by CTL recognize the full breadth of risks associated with its lithium extraction projects in Chile.
2. Obligate CTL to divulge, without omissions, the environmental and social impacts of its projects.
3. Obligate CTL to adhere to the regulations and laws in the country where it operates, especially with regards to Chilean legislation on the FPIC and community consultation process.
4. In the case that CTL does not divulge all of the relevant information available to investors, the ASX should intervene to ensure that its public offering does not move forward due to a lack of corporate responsibility and due diligence.

These issues are a priority for affected communities and for the conservation and protection of biodiversity in the region. We await your response and are happy to provide further information, if requested.

Sincerely,

Lesley Muñoz Rivera, Colla Indigenous Community of the Comuna of Copiapó

Paulina Personius, International Campaigner at Earthworks