

**ASX RELEASE****LPI.ASX****18 May 2017****LODGEMENT OF PROSPECTUS**

Lithium Power International Limited (ASX: LPI) ("LPI" or "the Company") encloses a prospectus lodged by the Company with the Australian Securities and Investments Commission on 18 May 2017 in connection with an offer of options.

**For further information, please contact:****Andrew G Phillips – Company Secretary**

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# LITHIUM POWER INTERNATIONAL LTD

## ACN 607 260 328

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# PROSPECTUS

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For an offer of up to 31,052,632 free attaching Placement Options for nil consideration, on the basis of 1 free Placement Option for every 1 Share issued to investors under the Placement (**Placement Option Offer**);

and

For an offer of up to 526,315 free attaching Placement Options for nil consideration, on the basis of 1 free Placement Option for every 1 Share issued to Director Russell Barwick under the Placement (**Director Placement Option Offer**);

and

For an offer of a total of 3,000,000 Placement Options for nil consideration, to EverBlu Capital Pty Ltd, Blue Ocean Equities Pty Limited, Sprott Private Wealth LP and Hartleys Limited (**Broker Placement Option Offer**);

and

For an offer of up to 2,000,000 Unlisted Options for nil consideration to each of Directors David Hannon and Russell Barwick (**Director Unlisted Option Offer**).

The Offers above are each conditional upon the Company obtaining Shareholder approval at the Company's General Meeting scheduled to be held in late June 2017, for which a notice of meeting is expected to be dispatched in late May 2017. Refer to Section 3 for further details.

### IMPORTANT INFORMATION

This Prospectus is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Options offered by this Prospectus should be considered as speculative.

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## IMPORTANT NOTICE

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### Prospectus

This Prospectus relates to the offer of Placement Options and Unlisted Options (together, **Options**) by Lithium Power International Limited (**LPI** or **Company**) under the Offers.

This Prospectus is dated 18 May 2017 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. The expiry date of the Prospectus is 5.00pm (Sydney time) on the date that is 13 months after the date of this Prospectus (**Expiry Date**). No Options will be issued on the basis of this Prospectus after the Expiry Date.

This Prospectus is a transaction specific prospectus for an offer of options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and their professional advisers.

None of ASIC and ASX, and their respective officers, take any responsibility for the contents of this Prospectus or the merits of the securities to which this Prospectus relates.

Applications for Options offered pursuant to this Prospectus can only be submitted on an Application Form.

### No representation other than in this Prospectus

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Except as required by law, and only to the extent so required, neither LPI nor any other person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Prospectus, or on the exercise of the Options issued under this Prospectus.

### Prospectus does not contain investment advice

The information provided in this Prospectus is not investment advice and has been prepared without taking into account your investment objectives, financial situation or particular circumstances. It is important that you read and consider the information in this Prospectus in full before deciding to apply for Options and consider the risks that could affect the performance of Options and Shares issued on exercise of the Options.

If you have any questions, you should seek advice from your financial or other professional adviser.

### Obtaining a Prospectus and Application Form

Paper copies of this Prospectus and an Application Form can be obtained free of charge during the offer period (as set out in Section 3.11 of this Prospectus) by calling Boardroom Pty Limited, the Company's share registry (**Share Registry**), from 9.00am to 5.00pm, Monday to Friday, on 1300 737 760 (callers within Australia) or +612 9290 9600 (callers outside Australia).

### Risk Factors

Potential investors should be aware that subscribing for and exercising Options involves a number of risks. The key risk factors which investors should be aware are set out in Section 6 of this Prospectus. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Options, and underlying Shares, in the future.

### Restrictions on Foreign Jurisdictions

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

No action has been taken to register or qualify the Options being offered under the Offers or otherwise permit a public offering of the Options in any jurisdiction other than Australia and New Zealand. This Prospectus may not be distributed to or relied on by persons outside Australia or New Zealand.

In particular, this Prospectus, the Offers and the Options to be issued under the Prospectus have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and the Offers may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

### Information for New Zealand investors

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

### **Financial information and forward looking statements**

Section 4 sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information.

Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

This Prospectus contains forward looking statements which are identified by words such as “may”, “could”, “believes”, “estimates”, “expects”, “intends” and other similar words that involve risks and uncertainties. Any forward looking statements are subject to various risk factors that could cause the Company’s actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with risk factors as set out in Section 6, and other information in this Prospectus.

### **Defined words and expressions**

Some words and expressions used in this Prospectus have defined meanings. These words and expressions are capitalised and are defined throughout the Prospectus or in the Glossary in Section 8.

A reference to \$ or cents in this Prospectus is a reference to Australian currency (unless otherwise stated). A reference to time in this Prospectus is a reference to Sydney, Australia time.

### **Privacy**

If you apply for Options, you will provide personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your application, service your needs as a Shareholder and Option holder, provide facilities and services that you request and carry out appropriate administration. Company and tax laws require some of the information to be collected. If you do not provide the information requested, your application may not be able to be processed efficiently, or at all.

Each of the Company and the Share Registry may disclose your personal information for purposes related to your shareholding or optionholding to each other and to their respective agents and services providers including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth) (**Privacy Act**):

- In the case of the Company, to the Share Registry for ongoing administration of the share register.
- In the case of the Company and the Share Registry, to printers and mailing houses for the purposes of preparation and distribution of Optionholder information and for handling of mail.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Company or the Share Registry. You can request access to your personal information by telephoning or writing to the Company through the Share Registry as follows:

Boardroom Pty Limited  
Level 12, 225 George Street  
Sydney NSW 2000

## 1 KEY DATES

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The key dates in respect of the Offers are as follows.

Event	Date
Announcement of Placement	Thursday, 6 April 2017
Settlement of Placement	Tuesday, 11 April 2017
Issue and trading of Shares under Placement	Wednesday, 12 April 2017
Lodgement of Prospectus in connection with offer of Placement Options and Unlisted Options with ASIC	Thursday, 18 May 2017
Despatch of Notice of Meeting and Explanatory Statement	Late May, 2017
General Meeting	Late June, 2017
Closing Date for receipt of applications for Options under the Offers	29 June 2017
Indicative date of issue of Shares (under the Director Placement) and Options	On or around 30 June 2017
Indicative date of trading of all Shares and Placement Options	On or around 1 July 2017

LPI reserves the right to vary these times and dates (other than in respect of events that have already occurred) in its absolute discretion by sending a revised timetable to ASX. All times are Sydney times. The timetable is subject to the ASX Listing Rules.

## 2 CORPORATE DIRECTORY

<b>Directors</b>  Mr David Hannon (Non-Executive Chairman) Mr Martin Holland (Managing Director and Chief Executive Officer) Mr Reccared (Ricky) P Fertig (Non-Executive Director) Mr Andrew G Phillips (Executive Director and Chief Financial Officer) Dr Luis Ignacio Silva P (Non-Executive Director) Mr Russell Barwick (Non-Executive Director)	<b>Registered Office</b>  Level 7, 151 Macquarie Street, Sydney, New South Wales, Australia 2000 Telephone: +61 2 9276 1245 Facsimile: +61 2 9276 1284  Website: <a href="http://www.lithiumpowerinternational.com">www.lithiumpowerinternational.com</a>
<b>Company Secretary</b>  Mr Andrew G Phillips	<b>Technical Advisory Board</b>  Mr Murray Brooker Dr Luis Ignacio Silva P
<b>Share Registry</b>  Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000  Telephone: +61 2 9290 9600 Facsimile: +61 2 9279 0664  Website: <a href="http://www.boardroomlimited.com.au">www.boardroomlimited.com.au</a>	<b>Australian Legal Adviser</b>  Clarendon Lawyers Level 29, 55 Collins Street MELBOURNE VIC 3000  Website: <a href="http://www.clarendonlawyers.com.au">www.clarendonlawyers.com.au</a>
<b>Auditor*</b>  Ernst & Young The EY Centre, Level 34, 200 George Street Sydney NSW 2000	<b>ASX Code</b>  LPI

\*The Auditor is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

### 3 DETAILS OF THE OFFERS

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#### 3.1 Background

On 6 April 2017, the Company announced an issue of Shares and Placement Options comprising the following components (**Capital Raising**):

- (a) A placement to professional and sophisticated investors to raise approximately \$11.8 million ("**Placement**") through the issue of 31,052,632 new Shares at an offer price of \$0.38 (38 cents) per Share ("**Offer Price**"). When combined with the Director Placement (defined below), the total cash proceeds of the issue of Shares and Options under the Capital Raising will be \$12 million (before costs). Shares were issued under the Placement on 12 April 2017, utilising the Company's existing placement capacity under ASX Listing Rules 7.1 and 7.1A.
- (b) A placement of \$200,000 worth of Shares (526,315 Shares) to Director Russell Barwick, on exactly the same terms as Shares were offered under the Placement (**Director Placement**). Completion of the Director Placement is subject to Shareholder approval at the General Meeting.
- (c) Shares issued under the Placement and Director Placement have been offered with free attaching Placement Options, exercisable at \$0.55 each and expiring two years from the date of their issue, on the basis of 1 free Placement Option for every 1 Share issued to investors under the Placement and Director Placement.
- (d) An offer of a total of 3,000,000 Placement Options to EverBlu Capital Pty Ltd (**EverBlu**), Blue Ocean Equities Pty Limited (**Blue Ocean**), Sprott Private Wealth LP (**Sprott**) and Hartleys Limited (**Hartleys**) in consideration for services provided in connection with the Capital Raising and ongoing corporate advisory services.

In conjunction with the offers of Shares and Options, the Company is also offering 2,000,000 Unlisted Options to each of Russell Barwick and David Hannon, both of whom are Directors and thus related parties of the Company.

#### 3.2 Placement Option Offer

Investors under the Placement (**Placement Subscribers**) have been offered, subject to Shareholder approval, 1 free attaching Placement Option, for nil consideration, for every Share issued to each investor under the Placement.

The offer of Placement Options to Placement Subscribers (the **Placement Option Offer**) is being made in this Prospectus and may result in the issue of up to 31,052,632 Placement Options to the Placement Subscribers.

#### 3.3 Director Placement Option Offer

Russell Barwick, a Director, has been offered, subject to Shareholder approval, 1 free attaching Placement Option, for nil consideration, for every Share issued to him under the Director Placement. The offer of Placement Options to Mr Barwick (the **Director Placement Option Offer**) is being made in this Prospectus and may result in the issue of up to 526,315 Placement Options to Russell Barwick (or nominee).

#### 3.4 Broker Placement Option Offer

The Company will offer a total of 3,000,000 Placement Options to EverBlu, Blue Ocean, Sprott and Hartleys, for nil consideration, in consideration for services provided by them in connection with the Capital Raising and ongoing corporate advisory services.



The offer of Placement Options to EverBlu, Blue Ocean, Sprott and Hartleys (**Broker Placement Option Offer**) is being made in this Prospectus and may result in the issue of a total of 3,000,000 Placement Options to EverBlu, Blue Ocean, Sprott and Hartleys.

### **3.5 Director Unlisted Option Offer**

Directors Russell Barwick and David Hannon have each been offered 2,000,000 Unlisted Options, for nil consideration (**Director Unlisted Option Offer**). The Director Unlisted Option Offer is being made in this Prospectus and may result in the issue of up to 4,000,000 Unlisted Options to Messrs Hannon and Barwick.

### **3.6 The Offers, Subscribers and Options**

The Placement Option Offer, Director Placement Option Offer, Broker Placement Option Offer and Director Unlisted Option Offer together comprise the **Offers** (and individually, an **Offer**).

The eligible subscribers under the Offers are together referred to as the **Subscribers** (and each a **Subscriber**).

The Placement Options and Unlisted Options are together referred to as the **Options** (and each an **Option**).

### **3.7 Conditional Offers**

Each Offer is conditional on Shareholder approval at the General Meeting.

### **3.8 Ranking of Shares on exercise of Options**

All of the Shares issued upon the future exercise of the Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5.2 for further information regarding the rights and liabilities attaching to the Shares.

### **3.9 Minimum and maximum subscription**

There is no minimum subscription under any of the Offers.

No person may apply for (and LPI will not issue) Options under any of the Offers in excess of the maximum number of Options being offered to each person.

### **3.10 Consideration payable**

The Options will be issued to the Subscribers for nil cash consideration.

The Offers are non-renounceable. Accordingly, a Subscriber may not sell or transfer all or part of their entitlement to subscribe for Options.

### **3.11 Offer Period**

Each of the Offers will open on 18 May 2017 (**Opening Date**).

Applications for Options under the Offers close on 29 June 2017 (the **Closing Date**).

The Opening Date and Closing Date for the Offers are indicative only and subject to change without notice. The Company may vary these dates, including to close the Offers early or extend the Closing Date, at any time prior to the issue of Options.

You are encouraged to lodge your Application Form as soon as possible after the Opening Date.

### **3.12 How to apply for Options**

If you are eligible to subscribe for Options pursuant to the Placement Option Offer, Director Placement Option Offer, Broker Placement Option Offer or Director Unlisted Option Offer, and wish to subscribe, please complete an Application Form.

If the number of Options subscribed for is less than the number of Options to which the relevant Subscriber is entitled under the Offer, LPI reserves the right to reject the application and not allot any Options to the Subscriber, or accept it in respect of the lesser number of Options to which the Subscriber is entitled. Once an application has been made it cannot be revoked. No notice of acceptance of an application will be provided.

Completed Application Forms must be received, in accordance with the instructions on the Application Form, by no later than the applicable Closing Date in respect of each respective Offer.

### **3.13 Withdrawal**

Subject to the Corporations Act, the ASX Listing Rules and any other requirements of ASX or the law, the Directors may decide to withdraw this Prospectus and the Offers at any time prior to the allotment of Options or to waive strict compliance with any provision of the terms and conditions of the Offers.

### **3.14 No underwriting**

The Offers are not underwritten.

### **3.15 ASX quotation**

The Company will apply for quotation of the Placement Options on ASX within 7 days after the date of this Prospectus.

Quotation of the Placement Options on ASX is dependent on the satisfaction of ASX Listing Rule 2.5, condition 6, which requires that there are at least 100,000 Options on issue and 50 holders of Options with a marketable parcel (excluding restricted securities).

Whilst the Company will apply for quotation of the Placement Options on ASX within 7 days of the date of this Prospectus, in the event that quotation of the Placement Options is not granted by ASX within 3 months of the date of the Prospectus, then the offer of Placement Options under the Prospectus will be voided and no Placement Options will be issued by the Company. The fact that ASX may grant official quotation to the Placement Options is not to be taken in any way as an indication of the merits of the Company or the Placement Options.

The Company will not apply for the Unlisted Options to be quoted on ASX.

### **3.16 Allotment and holding statements**

The Company anticipates issuing Options subscribed for under the Offers on or around 30 June 2017 (subject to approval at the General Meeting).

Holding statements for Options granted under the Offers will be mailed as soon as reasonably practicable after the Options are granted.

### **3.17 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not be issuing option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Instead of Option certificates, investors will be provided with a holding statement that sets out the number of Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number.

### **3.18 Enquiries**

Any questions concerning the Offers should be directed to the Share Registry on 1300 737 760 (callers within Australia) or +61 2 9290 9600 (callers outside Australia), from 9.00am to 5.00pm (Sydney time), Monday to Friday.

## **4 PURPOSE AND EFFECT OF THE OFFERS**

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### **4.1 Purpose of the Offer**

The Offers are being made in accordance with the Company's announced intention to offer free attaching Options to Subscribers under the Placement and Director Placement, its agreement to offer Placement Options to EverBlu, Blue Ocean, Sprott and Hartleys under the Broker Placement Option Offer and its agreement to offer Unlisted Options to David Hannon and Russell Barwick (or nominees) under the Director Unlisted Option Offer.

No funds will be raised from the Offers.

### **4.2 Effect of the Offer**

The principal effect of the Offers, assuming all Options offered under the Prospectus are subscribed for and granted, will be to issue a total of 38,578,947 Options comprising 4,000,000 Unlisted Options and 34,578,947 Placement Options.

See Section 4.5 for further details on the effect of the Offers on the capital structure of the Company.

### **4.3 Use of funds raised under the Capital Raising**

The cash proceeds of the Capital Raising will be used to progress to the next stage of the Company's flagship Maricunga Lithium Brine Project, including:

- drilling further deep holes;
- the progressing of the pre-feasibility study;
- the finalisation of the engineering requirements of the Project;
- completion of the environment impact report;
- confirmation of the production methodology, including an enhanced evaporation process;
- securing key infrastructure;
- community engagement; and
- general working capital.

Any cash proceeds received by the Company in consideration for the exercise of Options will be used by the Company to progress development of the Maricunga Project and for working capital purposes.

### **4.4 Pro-forma Balance Sheet**

The reviewed balance sheet for the Company as at 31 December 2016, as per the half year accounts for the 6 month period, and the unaudited and unreviewed pro-forma balance sheet shown below, have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared on the basis of the following key assumptions:

- (a) all Options offered under this Prospectus are subscribed for and granted; and

- (b) all of the resolutions in the General Meeting in connection with the Company's issue of Shares and Options are approved by Shareholders.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	31 December 2016 (Reviewed) (\$'000)	31 December 2016 (Pro forma) (\$'000)
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	7,260	12,257
GST receivable	22	22
Other	67	67
<b>TOTAL CURRENT ASSETS</b>	<b>7,349</b>	<b>12,346</b>
<b>NON-CURRENT ASSETS</b>		
Receivables	3,750	-
Investments	6,080	15,457
Exploration and Evaluation	8,584	8,584
<b>TOTAL NON-CURRENT ASSETS</b>	<b>18,414</b>	<b>24,041</b>
<b>TOTAL ASSETS</b>	<b>25,763</b>	<b>36,387</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	260	260
<b>TOTAL LIABILITIES</b>	<b>260</b>	<b>260</b>
<b>NET ASSETS</b>	<b>25,503</b>	<b>36,127</b>
<b>EQUITY</b>		
Issued and paid up capital	26,269	34,641
Reserves	2,090	5,225
Accumulated losses	(2,856)	(3,739)
<b>TOTAL EQUITY</b>	<b>25,503</b>	<b>36,127</b>

Notes to the unaudited, unreviewed pro forma balance sheet as at 31 December 2016:

**Issued and paid up capital** - \$12m share capital in capital raise less placement fees & value of Placement Options and Unlisted Options issued under the Prospectus.

**Reserve** – Placement Options and Unlisted Options issued under the Prospectus, valued as per Black-Scholes.

**Receivables** – Conversion of loan to MSB to equity at the completion of the JV (as previously announced).

**Investment** – Conversion of loan to MSB to equity plus further contribution of investment funds at the completion of the JV (as previously announced).

**Cash & cash equivalents** – bank balance adjusted to align with the announced Appendix 5B plus total cash raised in Placement and issue of Shares to Directors less fees & costs.

#### 4.5 Effect on Capital Structure

Assuming the requisite Shareholder approvals at the General Meeting and the subsequent completion of the issue of:

- (a) 31,052,632 Placement Options under the Placement Option Offer;
- (b) a total of 526,315 new Shares and 526,315 Placement Options to Russell Barwick under the Director Placement Option Offer;
- (c) a total of 3,000,000 Placement Options to EverBlu, Blue Ocean, Sprott and Hartleys under the Broker Placement Option Offer; and
- (d) a total of 4,000,000 Unlisted Options to Russell Barwick and David Hannon under the Director Unlisted Option Offer,

on or around 1 July 2017, the capital structure of the Company will comprise:

- (e) 195,914,852 Shares;
- (f) 29,456,668 unlisted options issued in accordance with the terms of issue set out in the Company's replacement prospectus dated 26 April 2016, 95% of which are escrowed until 24 June 2018; and
- (g) 37,526,323 listed options issued under the Company's prospectus dated 31 October 2016, which expire on 24 November 2017 and which are quoted on ASX under the code LPIO;
- (h) 34,578,947 Placement Options issued under this Prospectus; and
- (i) 4,000,000 Unlisted Options issued under this Prospectus.

Assuming exercise of all the options expected to be on issue on or around 1 July 2017, the Company's fully diluted share capital would be 301,476,790 Shares.

## **5 RIGHTS AND LIABILITIES ATTACHING TO SECURITIES**

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### **5.1 Options**

The terms of issue of the Placement Options are set out in Annexure A and the terms of issue of the Unlisted Options are set out in Annexure B.

### **5.2 Shares**

A summary of the key rights attaching to the Shares is set out below. The provisions of the Constitution relating to the rights attaching to the Shares must be read subject to the Corporations Act, the ASX Listing Rules and ASX Settlement Operating Rules. This summary is not intended to be exhaustive and does not constitute a definitive statement of the rights, liabilities and restrictions attaching to the Shares.

#### **(a) General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative (where the Shareholder is a body corporate) to speak and to vote at general meetings of the Company. Shareholders may requisition general meetings in accordance with the Corporations Act and the Constitution.

#### **(b) Voting rights**

Subject to any rights or restrictions attached to any class or classes of shares in the Company at any time (at present there is only one class of shares), at a general meeting of the Company:

- (i) every ordinary Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands; and
- (ii) upon a poll every ordinary Shareholder present in person or by proxy, attorney or representative has one vote for every Share held.

#### **(c) Dividend rights and dividend policy**

The Directors may declare and authorise the distribution of dividends from the profits of the Company to Shareholders according to their rights and interests, although there is no guarantee that the Company will ever pay a dividend to Shareholders.

The Directors intend to use the Company's current cash reserves and any surplus cash flow to fund the Company's projects, rather than distributing these funds as dividends.

The Directors' intend to review this policy with reference to the Company's cash flows and financial position, and may potentially initiate a revised dividend policy in the future.

The Directors can give no assurance as to the amount, timing, franking or payment of any future dividends by the Company. The capacity to pay dividends will depend on a number of factors including future earnings, capital expenditure requirements and the financial position of the Company.

#### **(d) Winding-up**

Shareholders will be entitled in a winding up to share in any surplus assets of the Company in proportion to the Shares held by them respectively, less any amount which remains unpaid on their Shares at the time of any such distribution.

(e) **Reports and Notices**

Shareholders are entitled to receive all notices, reports, accounts and other documents required to be furnished to Shareholders under the Constitution and the Corporations Act.

(f) **Transfer of Shares**

Subject to the Constitution and to any restrictions attached to a Shareholder's Shares at any point in time, a Shareholder may transfer any of their Shares by way of a proper ASX Settlement transfer, a written transfer in any usual form or in any other form approved by the Directors.

The Directors may decline to register a transfer of Shares or apply for a holding lock to prevent a transfer in accordance with the Corporations Act or ASX Listing Rules in the event that:

- (i) the Company has a lien on the Shares the subject of the transfer;
- (ii) the Company is served with a court order that restricts a Shareholder's capacity to transfer the Shares;
- (iii) registration of the transfer may break an Australian law;
- (iv) the transfer is lodged during the escrow period for restricted securities;
- (v) the transfer is paper-based and either a law related to stamp duty prohibits the Company from registering it or the Company is otherwise allowed to refuse to register it under the ASX Listing Rules; or
- (vi) if the transfer does not comply with the terms of any employee incentive scheme of the Company where applicable.

(g) **Future increases in capital**

The allotment and issue of Shares is under the control of the Directors of the Company. Subject to the ASX Listing Rules, and restrictions on the allotment of Shares to Directors or their associates contained in the Constitution and the Corporations Act, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

(h) **Variation of rights**

The rights, privileges and restrictions attaching to Shares can be altered with the approval of a resolution passed at a separate general meeting of the holders of Shares by a 75% majority of those holders who, being entitled to do so, vote at that meeting, or with the written consent of the holders of at least 75% of the Shares on issue.

(i) **Directors**

The Constitution contains provisions relating to the rotation of Directors (other than the Managing Director).

(j) **Application of ASX Listing Rules**

On admission to the official list, despite anything in the Constitution, if the ASX Listing Rules prohibit an act being done, then the act must not be done. Nothing in the Constitution prevents an act being done that the ASX Listing Rules require to be done. If the ASX Listing Rules require an act to be done or not to be done, authority



is given for that act to be done or not to be done (as the case may be). If the ASX Listing Rules require a constitution to contain a provision or not to contain a provision, the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the ASX Listing Rules, the Constitution is deemed not to contain that provision to the extent of that inconsistency.

(k) **Constitution**

A summary of the key provisions of the Constitution is set out below.

- (i) Transfer of Shares: A Shareholder may transfer any of the Shareholder's Shares by a written transfer in any usual form or in any other form approved by the Directors. However, the Directors may decline to register a transfer of Shares or apply for a holding lock to prevent a transfer in accordance with the Corporations Act or ASX Listing Rules:
  - (A) if the transfer does not comply with the Constitution;
  - (B) if the Company has a lien on the Shares the subject of the transfer;
  - (C) if a court order restricts a Shareholder's capacity to transfer the Shares;
  - (D) if registration of the transfer may break an Australian law;
  - (E) if the Shareholder has agreed in writing to the application of a holding lock which does not breach the ASX Listing Rules;
  - (F) during the escrow period of restricted securities;
  - (G) if the transfer is paper-based, registration of the transfer will create a new holding which at the time the transfer is lodged is less than a marketable parcel as defined in the ASX Listing Rules;
  - (H) if the transfer does not comply with the terms of any employee incentive scheme of the Company; or
  - (I) if otherwise permitted by the ASX Listing Rules.
- (ii) Quorum at general meetings: A quorum at a general meeting consists of three Shareholders present.
- (iii) Chairperson: In the case of an equality of votes on a show of hands or on a poll, the chairperson of the meeting does not have a casting vote in addition to any vote to which that chairperson may otherwise be entitled.
- (iv) Directors – appointment and removal: The Company may at any time by resolution passed in general meeting appoint any person to be a Director or remove any Director from office.
- (v) Remuneration of Directors: The remuneration paid to Directors shall be consistent with the Corporations Act and the ASX Listing Rules. The Company may at any time by resolution passed in general meeting determine the maximum aggregate cash remuneration to be paid to all Directors.
- (vi) Quorum at meeting of Directors: At a meeting of Directors, the number of Directors whose presence is necessary to constitute a quorum is two.

- (vii) Dividends: The Directors may declare and authorise the distribution, from the profits of the Company, of dividends to be distributed to Shareholders according to their rights and interests.
- (viii) Reports and Notices: Shareholders are entitled to receive all notices, reports, accounts and other documents required to be furnished to Shareholders under the Constitution and the Corporations Act.
- (ix) Winding Up: Shareholders will be entitled in a winding up to share in any surplus assets of the Company in proportion to the Shares held by them respectively, less any amount which remains unpaid on their Shares at the time of distribution.

## 6 RISK FACTORS

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The business activities of the Company are subject to risks and there are many risks which may impact on the Company's future performance. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but many are outside of the control of the Company and cannot be mitigated. There are also general risks associated with any investment. Investors should consider all of these risks before they make a decision whether or not to acquire, and exercise, Options.

The Options offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding to apply for Options pursuant to this Prospectus.

The principal risk factors include, but are not limited to, the following.

### 6.1 Company-specific risks

#### (a) Environmental approvals risk

The Company is reliant on environmental approvals in Chile, Western Australia and Argentina to enable it to proceed and develop its projects. There is no guarantee that the required approvals will be granted in order to allow the Company to proceed and develop and operate the projects. Failure by the Company to obtain the relevant approvals, or any delay in the award or transfer of the approvals, may materially and adversely affect the ability of the Company to develop and operate one or more of the projects.

#### (b) Exploration and evaluation risk

The business of exploration, project development and mining contains risks by its very nature. To prosper, it depends on the successful exploration and/or acquisition of reserves, design and construction of efficient production/processing facilities, competent operation and managerial performance and proficient marketing of the product. In particular, exploration is a speculative endeavour and force majeure circumstances, cost over runs and other unforeseen circumstances can hamper mining operations.

Whilst the Company has attempted to reduce this risk by selecting projects that have identified mineral targets, there is no guarantee of success. There can be no assurance that exploration of the projects or other exploration properties that may be acquired by the Company in the future will result in the discovery of an economic resource. Even if an apparently viable deposit or economic resource is identified, there is no guarantee that it can be viably or commercially exploited.

#### (c) Changes in Commodity prices

The Company's possible future revenues will be mainly derived from the sale of lithium and by-products associated with the production of lithium, such as potash or tantalum (**Commodities**) and/or from royalties gained from potential joint ventures or from mineral projects sold. Consequently, the Company's potential future earnings could be closely related to the price of the Commodities.

The prices of the Commodities fluctuate and are affected by numerous industry factors including demand for the Commodities, forward selling by producers, production cost levels in major producing regions and macroeconomic factors (e.g. inflation, interest rates, currency exchange rates and global and regional demand for, and supply of, the Commodities). If the market price of the Commodities sold by the Company were to fall below the costs of production and remain at such a level for

any sustained period, the Company would experience losses and would have to curtail or suspend some or all of its proposed mining activities. In such circumstances, the Company would also have to assess the economic impact of any sustained lower commodity prices on recoverability.

(d) **Competition risk**

The lithium mining industry internationally is competitive. The actions of an existing competitor or the entry of new competitors into the lithium mining industry may make it difficult for the Company to establish the projects. If the Company is successful in developing the projects, the actions of an existing competitor, or the entry of a new competitor, may make it difficult for the Company to grow or maintain its revenues, which in turn, may have a material adverse effect on the Company's profitability. These actions could include, for example, blocking of access to the tenements, sufficient supply of exploration hardware and sufficient supply to labour resources.

(e) **Technical risk**

The results of future exploration may not reflect the Company's current understanding of the potential lithium mineralization at each of the projects. Whilst the Company has engaged independent experts to provide geological and technical information, there is insufficient information to establish whether further exploration will result in the determination of a mineral resource.

(f) **Geological risk**

A portion of the proposed civil works will be underground and therefore subject to faulting, rock stability and other geotechnical issues which may impact construction costs and safe operation of any infrastructure required for the projects. Any geological issue which impacts the construction or operations of the projects could adversely impact LPI.

(g) **Limited operating history**

The Company has only completed limited due diligence on the projects and has only limited historical operating data and financial information available upon which investors can base their evaluation of the Company's business and prospects. As a result, the Company may not have sufficient experience to address the risks frequently encountered by companies with a limited operating history, including the Company's potential failure to:

- establish and develop the projects;
- conduct profitable mining operations;
- anticipate and adapt to any changes in relation to government regulation, mergers and acquisitions involving the Company's competitors and other significant competitive and market dynamics; or
- maintain adequate control over the Company's costs and expenses.

The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of feasibility, which have a high level of inherent uncertainty.

(h) **Key personnel risk**

The Directors' and senior managers' ability to successfully manage the Company's performance and the opportunities identified in this Prospectus will directly affect the success of the Company. The Company may be adversely affected if any of the Directors or senior management leave the Company. The Company may not be able to replace its Directors or key employees with persons of equivalent expertise and

experience within a reasonable period of time or at all and the Company may incur additional expenses to recruit, train and retain personnel. Loss of such personnel may also have an adverse effect on the performance of the Company pending replacements being identified and retained by, or appointed to, the Board of the Company.

(i) **Future financing**

Future financing will be required by the Company to support its proposed construction and development plans. There can be no assurance that such funding will be available on satisfactory terms or at all. Inability to obtain funding will adversely affect the Company and may result in some or all of the projects not proceeding or defaults in licences or permits which, if not remedied, could result in forfeiture.

(j) **Contractual risks**

As a party to contracts, the Company will have various contractual rights in the event of non-compliance by a contracting party. However, no assurance can be given that all contracts will be fully performed by all contracting parties and that the Company will be successful in securing compliance with the terms of each contract by the relevant third party.

(k) **Sustainability of growth margins**

The sustainability of growth and the level of profit margins from operations are dependent on a number of factors including some outside the Company's control. Industry margins in all sectors of the Company's activities are likely to be subject to continuing but varying pressures, including competition from other current or potential suppliers.

(l) **Operational risk**

If the Company is successful in developing the projects, the Company's proposed activities will be subject to numerous operational risks, many of which are beyond the Company's control.

The Company's operations may be curtailed, delayed or cancelled as a result of factors such as adverse weather conditions, mechanical difficulties, shortages in or increases in the costs of consumables, spare parts, plant and equipment, external services failure (such including energy and water supply), industrial disputes and action, difficulties in commissioning and operating plant and equipment, IT system failures, mechanical failure or plant breakdown, and compliance with governmental requirements.

(m) **Exchange rate risk**

The expenditure of the Company is and will be in Australian, United States, Chilean and Argentinian currencies, exposing the Company to fluctuations and volatility of the rates of exchange between the Australian dollar and the United States dollar, Chilean peso and Argentinian peso as determined in international markets.

(n) **Chilean risks and Chilean Government policy**

The Company holds the Chilean Properties through its wholly-owned Chilean subsidiary, Lithium Power Inversiones SpA, located in Chile who in turn has a 50% share in the newly formed Maricunga JV entity. This structure is subject to risks normally associated with the conduct of business in foreign countries along with external joint venture partnership. Risks pertaining to this may include, among other things, earthquakes and severe weather conditions, labour disputes, corruption,

uncertain political and economic environments, civil disturbances and crime, arbitrary changes in law or policies, opposition to mining from environmental or other non-governmental organisations or changes in political attitudes towards mining activities, infrastructure and increased financing costs.

(o) **Argentinian risks and Argentinian Government policy**

The Company holds the Argentinian properties through its wholly-owned Argentinian subsidiary, Lithium Power SA, located in Argentina and is subject to risks normally associated with the conduct of business in foreign countries. Risks pertaining to Argentina may include, among other things, earthquakes and severe weather conditions, labour disputes, corruption, uncertain political and economic environments, civil disturbances and crime, arbitrary changes in law or policies, opposition to mining from environmental or other non-governmental organisations or changes in political attitudes towards mining activities, infrastructure and increased financing costs.

## 6.2 General risks

(a) **Options**

The Placement Options may not be quoted on ASX – refer to Section 3.15 for further details.

(b) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(c) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities (and Options) regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(d) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offers. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is

unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(e) **Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus.

Therefore, the Options to be issued pursuant to this Prospectus (and the underlying Shares) carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

## **7 ADDITIONAL INFORMATION**

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### **7.1 Litigation**

As at the date of this prospectus the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company which are likely to have a material adverse effect on the business or financial position of the Company.

### **7.2 Continuous disclosure obligations**

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been provided to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with ASIC, being the financial report for the year ending 30 June 2016;
  - (ii) the half-year financial report lodged by the Company with ASIC for the 6 month period ending 31 December 2016; and
  - (iii) any continuous disclosure documents given by the Company to ASX after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest full year statutory accounts and before the lodgement of this Prospectus with ASIC are set out in the table below.



<b>Date</b>	<b>Description of Announcement</b>
18/05/2017	VERY HIGH LITHIUM BRINE FLOW RATES AT MARICUNGA, CHILE
15/05/2017	Drilling commenced at Pilgangoora
11/05/2017	Independent Research Report
10/05/2017	Change in substantial holding
10/05/2017	Change in substantial holding
10/05/2017	Change in substantial holding
10/05/2017	Change in substantial holding
03/05/2017	WORLEYPARSONS AWARDED MARICUNGA JV ENGINEERING CONTRACT
28/04/2017	Quarterly Cashflow Report
28/04/2017	Quarterly Activities Report
12/04/2017	Disclosure under ASX Listing Rule 7.1A
12/04/2017	LPI Cleansing Statement for Placement
12/04/2017	Appendix 3B
06/04/2017	Initial Director's Interest Notice
06/04/2017	Appointment of Mr Russell Barwick as Non-Executive Director
06/04/2017	\$12M DOMESTIC AND INTERNATIONAL INSTITUTIONAL PLACEMENT
04/04/2017	Trading Halt
31/03/2017	FNN Interview with LPI's CEO Martin Holland
13/03/2017	Research Report
10/03/2017	Half Year Accounts
02/03/2017	Independent Research Report
01/03/2017	PDAC & NYC Investor Roadshow
24/02/2017	EVAPORATION TEST RESULTS MARICUNGA LITHIUM BRINE PROJECT
23/02/2017	HIGH LITHIUM FLOW RATES FROM 30 DAY MARICUNGA PUMP TEST
15/02/2017	Investor Conference Call
15/02/2017	DEEP DRILLING CONFIRMS NEW HIGH GRADE LITHIUM DISCOVERY
13/02/2017	Trading Halt
10/02/2017	FNN Interview with LPI's CEO Martin Holland
09/02/2017	Initial Director's Interest Notice
09/02/2017	Strategic Appointment of a new Non-Executive Chairman
01/02/2017	DRILLING SUCCESS CONTINUES AT MARICUNGA
31/01/2017	Maricunga On-Site Independent Research Video
30/01/2017	Quarterly Activities Report
30/01/2017	Quarterly Activities Report

<b>Date</b>	<b>Description of Announcement</b>
17/01/2017	ADDITIONAL HIGH-GRADE LITHIUM INTERSECTIONS AT MARICUNGA
22/12/2016	STRONG LITHIUM BRINE FLOW RATES FOR MARICUNGA PUMP TEST
21/12/2016	THICK HIGH-GRADE LITHIUM INTERSECTION AT WESTERN MARICUNGA
19/12/2016	Lithium Pegmatite Drill Targets Identified At Pilgangoora
16/12/2016	Cleansing Statement
16/12/2016	Appendix 3B
12/12/2016	Listing of Options under code LPIO
07/12/2016	Change in substantial holding
07/12/2016	Change in substantial holding
07/12/2016	Change in substantial holding
07/12/2016	Becoming a substantial holder
07/12/2016	Change of Director's Interest Notice
07/12/2016	Change of Director's Interest Notice
07/12/2016	Appendix 3B Listed Options - inc Top 20 and Distribution
07/12/2016	LPI Presentation - Investor Roadshow - December 2016
07/12/2016	FURTHER HIGH-GRADE LITHIUM BRINE INTERSECTIONS AT MARICUNGA
02/12/2016	Share Issue Cleansing Notice
02/12/2016	Appendix 3B
28/11/2016	Results of Meeting
25/11/2016	Results of SPP and Institutional Placement
11/11/2016	HIGH GRADE LITHIUM DRILLING RESULTS AT MARICUNGA
10/11/2016	Trading Halt
07/11/2016	Final Escrow Release of Seed Capital Shares
01/11/2016	Activities Report for the Quarter Ended 30 September 2016
31/10/2016	LPI dispatches Share Purchase Plan and Options Prospectus
31/10/2016	Appendix 3B
28/10/2016	Appendix 5B - Quarter Ended 30 September 2016
28/10/2016	Notice of AGM and Explanatory Statement
28/10/2016	Notice of AGM and Explanatory Statement
24/10/2016	Acquisition Completion - Maricunga Lithium Option Tenements
24/10/2016	120 Metre Interval Of Lithium Bearing Sands in First Hole
21/10/2016	Appendix 3B
20/10/2016	Capital Raise Cleansing Notice
20/10/2016	Pilbara Pilgangoora Tenement Granted
19/10/2016	Appendix 3B
14/10/2016	Investor Presentation

Date	Description of Announcement
14/10/2016	Successful Institutional Capital Raise
12/10/2016	Trading Halt
07/10/2016	Escrow Release
30/09/2016	Release from Escrow - Appendix 3B
29/09/2016	Diamond Drilling Commences – Maricunga Lithium Project Chile
23/09/2016	Appendix 3B
22/09/2016	Appendix 4G & Corporate Governance Statement
21/09/2016	Full Year Statutory Accounts

Announcements are also available through the Company's website [www.lithiumpowerinternational.com](http://www.lithiumpowerinternational.com).

### 7.3 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offers.

### 7.4 Security holdings of Directors

The relevant interests of the Directors in securities of the Company as at 18 May 2017, and assuming that all of the security issuances contemplated by this Prospectus are approved and occur, and that no securities are purchased or sold by any Director, will be as set out below.

Director	Shares (as at 18 May 2017)	Options (as at 18 May 2017)	Shares post-General Meeting	Options post-General Meeting
David Hannon	20,715,484	1,261,316 LPIO quoted options  7,750,000, \$0.20 unlisted options expiring June 2021	No change	1,261,316 LPIO quoted options  7,750,000, \$0.20 unlisted options expiring June 2021  2,000,000 Unlisted Options
Martin Holland	21,000,001	10,000,001, \$0.20 unlisted options expiring June 2021	No change	No change
Ricky Fertig	17,638,347	7,750,000, \$0.20 unlisted options expiring June 2021	No change	No change
Andrew Phillips	598,158	1,500,000, \$0.20 unlisted options expiring June 2021  263,150, LPIO quoted options	No change	No change
Luis Ignacio Silva	280,000	640,000, \$0.20 unlisted options expiring June 2021	No change	No change
Russell Barwick	Nil	Nil	526,315	526,315 Placement Options  2,000,000 Unlisted Options

## **7.5 Remuneration of Directors**

Please refer to the Remuneration Report, which is contained on pages 15 to 20 of the Company's Annual Report for the part financial year 24 July 2015 to 30 June 2016, for full details of the remuneration of the Company's executive and non-executive directors for FY 2017.

The Annual Report was lodged with ASX on 21 September 2016 and is available on the Company's ASX announcements page at [www.lithiumpowerinternational.com/asx-announcements](http://www.lithiumpowerinternational.com/asx-announcements). A hard copy of the Annual Report is also available free of charge by contacting the Company at its registered address using the details in Section 2 of this Prospectus.

## **7.6 Interests of Experts and Advisers**

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the Offers or a financial services licensee named in this Prospectus as a financial services licensee involved in the Offers,

holds at the date of this Prospectus, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (f) the formation or promotion of the Company; or
- (g) the Offers.

Clarendon Lawyers has acted as the Australian legal adviser to the Company in relation to the Offers (except in relation to stamp duty, taxation, tenement and joint venture matters). The Company has paid or agreed to pay \$20,000 (excluding GST) for these services in connection with the Offers up to the date of the Prospectus. Further amounts may be payable to Clarendon Lawyers in accordance with its time-based charge out rates.

## **7.7 Consents**

Clarendon Lawyers has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Company's Australian legal adviser (except in relation to stamp duty, taxation, tenement and joint venture matters) in the form and context in which it is named. Clarendon Lawyers takes no responsibility for any part of this Prospectus, other than a reference to its name.

Boardroom Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Company's

Share Registry in the form and context in which it is named. Boardroom Pty Limited has not taken part in the preparation of any part of this Prospectus other than the recording of its name as Share Registry. Boardroom Pty Limited takes no responsibility for any part of this Prospectus, other than a reference to its name.

#### **7.8 Financial forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

#### **7.9 Governing law**

This Prospectus, the Offers and the contracts formed on acceptance of applications under the Offers are governed by the laws applicable in New South Wales, Australia. Each applicant for Options submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

#### **7.10 Directors authorisation**

This Prospectus is authorised by each Director, who has given and not withdrawn their consent to the issue of this Prospectus and to its lodgement with ASIC.

## 8 GLOSSARY

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**\$** means the lawful currency of the Commonwealth of Australia.

**Application Form** means an individual application form by which participants in the Offers apply for Options under this Prospectus.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**Blue Ocean** means Blue Ocean Equities Pty Limited.

**Board** means the board of Directors unless the context indicates otherwise.

**Broker Placement Option Offer** has the meaning given to that term in Section 3.4 of this Prospectus.

**Business Day** means Monday to Friday inclusive, except public holidays and any other day that ASX declares is not a business day.

**Capital Raising** has the meaning given to that term in Section 3.1 of this Prospectus.

**Closing Date** has the meaning given to that term in Section 3.11 of this Prospectus.

**Constitution** means the constitution of the Company as amended from time to time.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Director Placement** has the meaning given to that term in Section 3.1(b) of this Prospectus.

**Director Placement Option Offer** has the meaning given to that term in Section 3.3 of this Prospectus.

**Director Unlisted Option Offer** has the meaning given to that term in Section 3.5 of this Prospectus.

**EverBlu** means EverBlu Capital Pty Ltd.

**General Meeting** means the general meeting of Shareholders, to be held in late June 2017.

**Hartleys** means Hartleys Limited.

**LPI** or the **Company** means Lithium Power International Ltd ACN 607 260 328.

**Offer Price** has the meaning given to that term in Section 3.1(a) of this Prospectus.

**Offers** means the Placement Option Offer, Director Placement Option Offer, Broker Placement Option Offer or Director Unlisted Option Offer (or any of them, as the case requires).

**Option** means a Placement Option and/or an Unlisted Option, as the case requires.

**Opening Date** has the meaning given to that term in Section 3.11 of this Prospectus.

**Placement** means the Company's share placement to sophisticated and professional investors to raise approximately \$11.8 million.

**Placement Option** means an option to acquire a Share, to be issued under the Placement Option Offer, the Director Placement Option Offer and the Broker Placement Option Offer in accordance with the terms of issue set out in Annexure A.

**Placement Option Offer** has the meaning given to that term in Section 3.2 of this Prospectus.

**Placement Subscribers** has the meaning given to that term in Section 3.2 of this Prospectus.

**Prospectus** means this prospectus.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Share Registry** means Boardroom Pty Ltd.

**Sprott** means Sprott Private Wealth LP.

**Subscribers** has the meaning given to that term in section 3.6 of this Prospectus.

**Unlisted Option** means an option to acquire a Share, to be issued under the Director Unlisted Option Offer, in accordance with the terms of issue set out in Annexure B.



## Annexure A – Placement Option terms of issue

The options to be issued under the Prospectus to participants in the Placement, Director Russell Barwick in the Director Placement, and EverBlu, Blue Ocean, Sprott and Hartleys under the Broker Placement Option Offer, in connection with the Capital Raising ("**Options**"), entitle the holder to subscribe for Shares on the following terms and conditions.

- (a) The Options are exercisable at a price of 55 cents (\$0.55) each at any time from the date of issue of the Options (on or around 30 June 2017) up to the expiry of the period ending 2 years after the date of issue of the Options ("**Option Exercise Period**"), but not thereafter.
- (b) Each Option entitles the holder to subscribe for one Share.
- (c) No amount is payable on issue of the Options.
- (d) The Company must give each Option holder a certificate or statement stating:
  - (i) the number of Options issued to the Option holder;
  - (ii) the exercise price of the Options; and
  - (iii) the date of issue of the Options and the Option Expiry Period.
- (e) The Company will maintain a register of holders of Options in accordance with section 168(1)(b) of the Corporations Act 2001 (Cth).
- (f) The Options will be fully transferrable in accordance with the Constitution of the Company and, for such time as the Company is listed, the Listing Rules of the ASX will apply.
- (g) Options do not carry any dividend entitlement until they are exercised. Subject to the Constitution, Shares issued on exercise of Options rank equally with other issued Shares from the date they are issued by the Company.
- (h) An Option holder is not entitled to participate in any new issue of securities to existing Shareholders unless the Option holder has exercised its Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.
- (i) If listed, the Company must give an Option holder, in accordance with the Listing Rules, notice of:
  - (i) the proposed terms of the issue or offer proposed under paragraph (h); and
  - (ii) the right to exercise the Option holder's Options under paragraph (h).
- (j) If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Option holder would have received if the option holder had exercised the Option before the record date for determining entitlements to the issue, in accordance with the Listing Rules.
- (k) If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the exercise price of each Option is reduced in accordance with the Listing Rules.

- (l) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option holder (including the number of Options to which each option holder is entitled and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (m) Any calculations or adjustments which are required to be made under the Option terms of issue will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option holder.
- (n) The Company must within a reasonable period give to each Option holder notice of any change under paragraphs (h) to (l) (inclusive) to the exercise price of any Options held by an Option holder or the number of Shares for which the Option holder is entitled to subscribe on exercise of an Option.
- (o) When exercising Options, an Option holder must give the Company or its share registry a Notice of Exercise of Options form (substantially similar to the one below), together with payment of the exercise monies payable to the Company in connection with the Options being exercised (being \$0.55 per Option) and the Option holder statement.

**Notice of Exercise of Options**

To the Directors of Lithium Power International Ltd (the **Company**),

I, .....  
of .....

being the registered holder of options in the capital of the  
Company hereby exercise ..... such options to  
subscribe for ordinary shares and enclose application monies  
payable of \$0.55 (55 cents) per option exercised.

I authorise you to register me as the holder of the shares to be allotted to me  
and agree to accept such shares subject to the constitution of the Company.

Dated the    day of            20

Signed by the holder of the Options .....

- (p) The Options are exercisable on any business day during the Option Exercise Period. An Option holder may only exercise Options in multiples of 1,000, unless the Option holder exercises all of its Options.
- (q) If an Option holder exercises less than the total number of its Options, the Company must cancel the Option certificate (if any) and issue the Option holder a new certificate or holding statement for the remaining number of Options held by the Option holder.
- (r) Options will be deemed to be exercised on the date that the Notice of Exercise of Option Form is received by the Company in accordance with paragraphs (o) and (p). The Company

shall within 10 days after the receipt of such Notice and cleared funds, issue Shares in respect of the Options exercised and dispatch a shareholder statement to the holder.

- (s) If applicable, the Company will apply to ASX for official quotation of the Shares issued on exercise of the Options.
- (t) The Company will advise holders at least 20 Business Days before the impending expiry of their Options and will advise the due date for payment, the amount of money payable on exercise, the consequences of non-payment and such other details as the Listing Rules then prescribe, so as to enable holders to determine whether or not to exercise their Options during the Option Exercise Period.
- (u) These Option Terms of Issue and the rights and obligations of Option holders are governed by the laws of New South Wales. Each Option holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales.

## Annexure B – Unlisted Option terms of issue

The options to be issued under the Prospectus to Directors David Hannon and Russell Barwick (“Options”) entitle the holder to subscribe for Shares on the following terms and conditions.

- (a) The Options are exercisable at a price of 60 cents (\$0.60) each at any time from the date of issue of the Options (on or around 30 June 2017) up to the expiry of the period ending 3 years after the date of issue of the Options (“Option Exercise Period”), but not thereafter.
- (b) Each Option entitles the holder to subscribe for one Share.
- (c) No amount is payable on issue of the Options.
- (d) The Company must give each Option holder a certificate or statement stating:
  - (i) the number of Options issued to the Option holder;
  - (ii) the exercise price of the Options; and
  - (iii) the date of issue of the Options and the Option Expiry Period.
- (e) The Company will maintain a register of holders of Options in accordance with section 168(1)(b) of the Corporations Act 2001 (Cth).
- (f) The Options will be fully transferrable in accordance with the Constitution of the Company and, for such time as the Company is listed, the Listing Rules of the ASX will apply.
- (g) Options do not carry any dividend entitlement until they are exercised. Subject to the Constitution, Shares issued on exercise of Options rank equally with other issued Shares from the date they are issued by the Company.
- (h) An Option holder is not entitled to participate in any new issue of securities to existing Shareholders unless the Option holder has exercised its Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.
- (i) If listed, the Company must give an Option holder, in accordance with the Listing Rules, notice of:
  - (i) the proposed terms of the issue or offer proposed under paragraph (h); and
  - (ii) the right to exercise the Option holder's Options under paragraph (h).
- (j) If the Company makes a bonus issue of Shares or other securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Option holder would have received if the option holder had exercised the Option before the record date for determining entitlements to the issue, in accordance with the Listing Rules.
- (k) If the Company makes a pro rata issue of Shares (except a bonus issue) to existing Shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the exercise price of each Option is reduced in accordance with the Listing Rules.
- (l) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option holder (including the number of Options to which each option holder is entitled and the exercise price) is changed to the

extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

- (m) Any calculations or adjustments which are required to be made under the Option terms of issue will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option holder.
- (n) The Company must within a reasonable period give to each Option holder notice of any change under paragraphs (h) to (l) (inclusive) to the exercise price of any Options held by an Option holder or the number of Shares for which the Option holder is entitled to subscribe on exercise of an Option.
- (o) When exercising Options, an Option holder must give the Company or its share registry a Notice of Exercise of Options form (substantially similar to the one below), together with payment of the exercise monies payable to the Company in connection with the Options being exercised (being \$0.60 per Option) and the Option holder statement.

<p><b>Notice of Exercise of Options</b></p> <p>To the Directors of Lithium Power International Ltd (the <b>Company</b>),</p> <p>I, .....</p> <p>of .....</p> <p>being the registered holder of options in the capital of the Company hereby exercise ..... such options to subscribe for ordinary shares and enclose application monies payable of \$0.60 (60 cents) per option exercised.</p> <p>I authorise you to register me as the holder of the shares to be allotted to me and agree to accept such shares subject to the constitution of the Company.</p> <p>Dated the    day of            20</p> <p>Signed by the holder of the Options .....</p>
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- (p) The Options are exercisable on any business day during the Option Exercise Period. An Option holder may only exercise Options in multiples of 1,000, unless the Option holder exercises all of its Options.
- (q) If an Option holder exercises less than the total number of its Options, the Company must cancel the Option certificate (if any) and issue the Option holder a new certificate or holding statement for the remaining number of Options held by the Option holder.
- (r) Options will be deemed to be exercised on the date that the Notice of Exercise of Option Form is received by the Company in accordance with paragraphs (o) and (p). The Company shall within 10 days after the receipt of such Notice and cleared funds, issue Shares in respect of the Options exercised and dispatch a shareholder statement to the holder.

- (s) If applicable, the Company will apply to ASX for official quotation of the Shares issued on exercise of the Options.
- (t) The Company will advise holders at least 20 Business Days before the impending expiry of their Options and will advise the due date for payment, the amount of money payable on exercise, the consequences of non-payment and such other details as the Listing Rules then prescribe, so as to enable holders to determine whether or not to exercise their Options during the Option Exercise Period.
- (u) These Option Terms of Issue and the rights and obligations of Option holders are governed by the laws of New South Wales. Each Option holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales.