LITHIUMPOWER INTERNATIONAL LTD

INTERIM REPORT

31 DECEMBER 2017

Corporate Directory

DIRECTORS

Mr David R Hannon
Chairman

Mr Martin C Holland
Managing Director | Chief Executive Officer

Mr Andrew G Phillips
Executive Director | Chief Financial Officer

Mr Reccared (Ricky) P Fertig
Non Executive Director

Dr Luis Ignacio Silva P
Non-Executive Director

Russell C Barwick
Non-Executive Director

COMPANY SECRETARY

Mr Andrew G Phillips

STOCK EXCHANGE LISTING

Lithium Power International Limited shares are listed on the Australian Securities Exchange (ASX code: **LPI**)

WEBSITE

www.lithiumpowerinternational.com

REGISTERED OFFICE

Level 7, 151 Macquarie Street, Sydney NSW 2000

Telephone: +61 2 9276 1245
Facsimile: +61 2 9276 1284
Website: **www.lithiumpowerinternational.com**

SHARE REGISTRY

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

Telephone: +61 2 9290 9600
Facsimile: +61 2 9279 0664
Website: **www.boardroomlimited.com.au**

AUDITOR

Ernst & Young
The EY Centre
Level 34, 200 George Street, Sydney NSW 2000

Telephone: +61 2 9248 5555
Website: **www.ey.com/au**

SOLICITORS

Clarendon Lawyers
Level 29, 55 Collins Street, Melbourne VIC 3000

Telephone: + 61 3 8681 4400
Website: **www.clarendonlawyers.com.au**

Ashurst Australia
5 Martin Place, Sydney NSW 2000

Telephone: +61 2 9258 6000
Website: **www.ashurst.com**

BUSINESS OBJECTIVES

Lithium Power International Limited ("LPI") is a pure play lithium development company. LPI's primary focus is for the development of its lithium brine project in Chile. LPI has a clear path towards becoming Chiles next low-cost, high-grade lithium producer.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement was approved by the Board of Directors at the same time as the 2017 Annual Report and can be found on our website at www.lithiumpowerinternational.com/constitution-and-corporate-governance

Contents

Directors' report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Lithium Power International Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2017.

DIRECTORS

The following persons were directors of Lithium Power International Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

David R Hannon – Non-Executive Chairman

Martin C Holland – Chief Executive Officer/ Managing Director

Andrew G Phillips – Chief Financial Officer/ Executive Director

Reccared P Fertig – Non-Executive Director

Dr Luis Ignacio Silva – Non-Executive Director

Mr Russell C Barwick – Non-Executive Director

PRINCIPAL ACTIVITY

During the financial period the principle activity of the consolidated entity consisted of the identification, acquisition, exploration and development of lithium assets in Chile, Argentina and Australia.

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax amounted to $2,175,877 (31 December 2016: $978,624).

MARICUNGA – CHILE JOINT VENTURE

During the half-year ended 31 December 2017, the consolidated entity, through the Maricunga joint venture ('JV') company, Minera Salar Blanca ('MSB') continued to develop its flagship Maricunga lithium brine project (the 'Maricunga').

Significant milestones during the half year included:

- The release of the maiden JORC code (2012) compliant resource estimate. This was a 3.7-fold increase on previous resource estimates with high grade Measured, Indicated and Inferred resource to 2.15 million tonnes (Mt) of lithium carbonate equivalent ('LCE') and 5.7 Mt potassium chloride (KCl) to a depth of 200m.
- The release of an updated NI43-101 report in relation to the increase in the Maricunga resource update.
- Advanced production testing of the lithium and potash extraction processes for Maricunga continues, with final results of the first LCE production released. Using expert equipment suppliers Veolia and GEA to optimise the lithium extraction process, 5% lithium concentration was successfully achieved in stage 1 process test work. Stage 2 test work continues with the first production of Li2CO3 and KCL (test samples) were released in February 2018.
- The production process utilizes conventional brine processing technology, consisting of evaporation ponds for brine concentration and proven processes on the concentrated brine, in order to minimise uncertainty over future operations. The process will produce lithium carbonate with potash (KCl) as an additional product once the lithium operation is established.
- Outstanding economic outcomes announced from the Preliminary Economic Assessment (PEA) for the Maricunga, including an ungeared IRR of 23.4% and a project NPV of US$1.05 billion before tax, using an 8% discount rate and based on a project life of 20 years.
- Forecast project operating costs place the Maricunga among the most efficient global lithium producers, with lithium carbonate production costs of US$2,938 per tonne FOB. This reduces to US$2,635/t with credits from a potassium chloride fertiliser (KCl) by-product.

- Geotechnical site investigation testing has been completed on the plant and pond sites to provide information for construction engineering design. The layout design of the ponds for brine evaporation is also nearing completion.
- LPI's and MSB's boards have approved advancing the project to a Definitive Feasibility Study.
- Site visits to Maricunga were conducted with several groups of investment analysts, including Canaccord and Sprott Asset Management.
- A non-binding MOU with Chinese motor vehicle manufacturer Sichuan Fulin Industrial Group Co Ltd ('Fulin') has been executed for potential project equity participation as well as off-take agreements. A technical and legal due diligence process has been conducted by Fulin, which was completed in January 2018. Further discussions are expected to continue.
- External geo-political events that have occurred in this period of interest to the Company were:
  - The election of a new government and the election of Mr Sebastián Piñera as President. It is widely considered that the new government will be pro-mining and pro-foreign investment; and
  - Recent media reports from Chile with both the Codeclo tender process and the SQM & Albemarle royalty payments do not relate or impact on the Company's Maricunga joint venture.

CENTENARIO – ARGENTINA

A contract has been executed with Centenario Lithium Limited to buy the Centenario lithium brine project in Argentina for A$4 million plus a 1.5% gross royalty on future production to LPI. The transaction is for the sale of the shares in the wholly owned subsidiary Lithium Power International Holding (Argentina) Pty Ltd which owns 100% of the shares in the Company's Argentine subsidiary company.

An initial A$1 million has been received, with the balance to be paid at completion of the transaction on or before 30 April 2018. The purchaser may elect to pay the balance in a combination of cash and shares, which will attract a A$250,000 premium on the total purchase price to total A$4.25 million.

PILGANGOORA – WESTERN AUSTRALIA

Initial desk top and surface sampling with the Company's three Pilgangoora tenements continue in Western Australia. Two unsolicited approaches have been received by third parties to acquire and/or joint venture in the Tabba Tabba and Houston Creak projects.

GREENBUSHES – WESTERN AUSTRALIA

Initial desk top and surface sampling continue in the Greenbushes region with the view of identification of specific targets to commence a drilling program in the first half of 2018.

CAPITAL RAISING

The Company successfully raised A$35.6 million. This comprised a heavily over-subscribed A$15M offering, at a price of $0.55 per share, to new institutional, existing and sophisticated investors fully underwritten by Canaccord Genuity (Australia) Limited, in conjunction with a fully underwritten placement of approximately A$20.6M via the exercise and underwriting of the listed LPIO options which had an exercise price of A$0.55 each.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial period.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

On 20 February 2018 the Company decided to bring forward the final payments for the unpaid interest in the Maricunga joint venture. The outstanding amount, US$7.53m, was paid on 28 February 2018, resulting in the Company owning a fully paid 50% interest in the Maricunga joint venture.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration follows this directors' report.

This report is made in accordance with a resolution of directors.

On behalf of the directors

David R Hannon
Chairman

13 March 2018
Sydney

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Lithium Power International Limited

As lead auditor for the review of Lithium Power International Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Lithium Power International Limited and the entities it controlled during the financial period.

Ernst & Young

Ryan Fisk
Partner
13 March 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 31 December 2017

		CONSOLIDATED	
	Note	6 months ended 31 Dec 2017 $	6 months ended 31 Dec 2016 $
Interest revenue from continuing operations		**16,556**	16,013
Share of losses of joint ventures accounted for using the equity method	18	**(2,028,345)**	–
Other income	4	**1,580,571**	800,506
Expenses			
Exploration expenses		**–**	(84,513)
Employee benefits expense		**(567,340)**	(803,609)
Occupancy costs		**(38,367)**	(37,655)
Depreciation and amortisation expense		**(1,066)**	–
Legal and professional fees		**(284,779)**	(482,106)
Travel expense		**(204,386)**	(131,058)
Administration expense		**(460,599)**	(196,502)
Other expenses		**(15,231)**	–
Finance costs		**(1,132)**	(952)
Loss before income tax expense from continuing operations		**(2,004,118)**	(919,876)
Income tax expense		**(129,339)**	–
Loss after income tax expense from continuing operations		**(2,133,457)**	(919,876)
Loss after income tax expense from discontinued operations	5	**(42,420)**	(58,748)
Loss after income tax expense for the period attributable to the owners of Lithium Power International Limited		**(2,175,877)**	(978,624)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		**20,596**	(2,407)
Other comprehensive income for the period, net of tax		**20,596**	(2,407)
Total comprehensive income for the period attributable to the owners of Lithium Power International Limited		**(2,155,281)**	(981,031)
Total comprehensive income for the period is attributable to:			
Continuing operations		**(2,119,414)**	(919,876)
Discontinued operations		**(35,867)**	(61,155)
		(2,155,281)	(981,031)

		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Lithium Power International Limited			
Basic earnings per share	19	**(1.03)**	(0.74)
Diluted earnings per share	19	**(1.03)**	(0.74)
Earnings per share for loss from discontinued operations attributable to the owners of Lithium Power International Limited			
Basic earnings per share	19	**(0.02)**	(0.05)
Diluted earnings per share	19	**(0.02)**	(0.05)
Earnings per share for loss attributable to the owners of Lithium Power International Limited			
Basic earnings per share	19	**(1.05)**	(0.79)
Diluted earnings per share	19	**(1.05)**	(0.79)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	CONSOLIDATED 31 Dec 2017 $	30 Jun 2017 $
Assets			
Current assets			
Cash and cash equivalents		**34,163,800**	3,616,971
GST receivable		**74,297**	20,941
Other		**49,218**	52,265
		34,287,315	3,690,177
Assets of disposal groups classified as held for sale	6	**317,114**	298,189
Total current assets		**34,604,429**	3,988,366
Non-current assets			
Investments accounted for using the equity method	7	**37,101,657**	37,456,279
Property, plant and equipment		**6,313**	4,860
Exploration and evaluation	8	**1,565,383**	1,472,405
Total non-current assets		**38,673,353**	38,933,544
Total assets		**73,277,782**	42,921,910
Liabilities			
Current liabilities			
Trade and other payables	9	**9,743,288**	8,036,306
Income tax		**133,408**	–
Other	10	**1,000,000**	–
		10,876,696	8,036,306
Liabilities directly associated with assets classified as held for sale	11	**81,853**	33,771
Total current liabilities		**10,958,549**	8,070,077
Non-current liabilities			
Payables	12	**–**	4,590,000
Total non-current liabilities		**–**	4,590,000
Total liabilities		**10,958,549**	12,660,077
Net assets		**62,319,233**	30,261,833
Equity			
Issued capital	13	**73,117,818**	37,258,548
Reserves		**501,359**	2,127,352
Accumulated losses		**(11,299,944)**	(9,124,067)
Total equity		**62,319,233**	30,261,833

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2016

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2016	8,920,643	400 ,347	(1,867,900)	7,453,090
Loss after income tax expense for the period	–	–	(978,624)	(978,624)
Other comprehensive income for the period, net of tax	–	(2,407)	–	(2,407)
Total comprehensive income for the period	–	(2,407)	(978,624)	(981,031)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	17,348,076	–	–	17,348,076
Fair value of options attached to private placement	–	1,666,169	–	1,666,169
Share based payments	–	26,106	–	26,106
Balance at 31 December 2016	**26,268,719**	**2,090,215**	**(2,846,524)**	**25,512,410**
Balance at 1 July 2017	37,258,548	2,127,352	(9,124,067)	30,261,833
Loss after income tax expense for the period	–	–	(2,175,877)	(2,175,877)
Other comprehensive income for the period, net of tax	–	20,596	–	20,596
Total comprehensive income for the period	–	20,596	(2,175,877)	(2,155,281)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 13)	34,193,101	–	–	34,193,101
Share-based payments	–	19,580	–	19,580
Transfer from share-based payment reserve to issued capital on exercise of options	1,666,169	(1,666,169)	–	–
Balance at 31 December 2017	**73,117,818**	**501,359**	**(11,299,944)**	**62,319,233**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the period ended 31 December 2017

	Note	CONSOLIDATED	
		6 months ended 31 Dec 2017	6 months ended 31 Dec 2016
		$	$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		**(1,834,734)**	(921,442)
Interest received		**16,556**	16,013
Interest and other finance costs paid		**(774)**	(7,459)
Income taxes paid		**4,069**	–
Net cash used in operating activities		**(1,814,883)**	(912,888)
Cash flows from investing activities			
Payments for new joint venture capital invested		**(2,736,150)**	–
Payments for property, plant and equipment		**(2,519)**	–
Payments for exploration and evaluation		**(92,978)**	(7,527,604)
Receipt of deposit for sale of company		**1,000,000**	–
Net cash used in investing activities		**(1,831,647)**	(7,527,604)
Cash flows from financing activities			
Proceeds from issue of shares		**35,839,477**	13,020,002
Share issue transaction costs		**(1,646,376)**	(965,757)
Loans provided to related parties		**–**	(3,547,097)
Net cash from financing activities		**34,193,101**	8,507,148
Net increase in cash and cash equivalents		**30,546,571**	66,656
Cash and cash equivalents at the beginning of the financial period		**3,616,971**	7,236,696
Effects of exchange rate changes on cash and cash equivalents		**258**	(42,827)
Cash and cash equivalents at the end of the financial period		**34,163,800**	7,260,525

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

31 December 2017

NOTE 1. GENERAL INFORMATION

The financial statements cover Lithium Power International Limited as a consolidated entity consisting of Lithium Power International Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the period (collectively referred to as the 'consolidated entity'). The financial statements are presented in Australian dollars, which is Lithium Power International Limited's functional and presentation currency.

Lithium Power International Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Level 7, 151 Macquarie Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activity are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 13 March 2018.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2017 and are not expected to have any significant impact for the full financial year ending 30 June 2018.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTE 3. OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

The consolidated entity is organised into one operating segment, being the exploration and evaluation of early stage Lithium resources. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The operating segment information is the same information as provided throughout the financial statements and therefore not duplicated.

	CONSOLIDATED	
	6 months ended 31 Dec 2017 $	6 months ended 31 Dec 2016 $

NOTE 4. OTHER INCOME

Net foreign exchange gain	**1,580,571**	800,506

The exchange gain has arisen on the US dollar denominated inter company loan granted by Lithium Power International Limited, which has an Australian Dollar functional currency, to its wholly owned subsidiary, Lithium Power Inversiones Chile SpA, which has a US Dollar functional currency. The loan balance at 31 December 2017 is US$19,670,000 (31 December 2016: US$12,170,000).

NOTE 5. DISCONTINUED OPERATIONS

DESCRIPTION

On 7 September 2017, the Company announced the signing of a Term Sheet for the sale of the Argentinian project in the Centenario Salar, subject to final Due Diligence and long form sales documentation. The transaction is for the sale of the shares in the wholly owned subsidiary Lithium Power International Holdings (Argentina) Pty Ltd which owns 100% of the shares in the Company's Argentine subsidiary company. On 4 December 2017, the Company long form documents were executed after the successful completion of due diligence. The transaction is for a total of AUD$4 million plus a 1.5% gross royalty and a backdated success fee payable on the finalisation of a JORC resource. The expectation is to complete this transaction by 30 April 2018.

FINANCIAL PERFORMANCE INFORMATION

Legal and professional fees	**(28,824)**	(6,139)
Administration expenses	**(13,797)**	(13,668)
Net foreign exchange losses	**(53)**	(17,041)
Other expenses	**(104)**	(15,393)
Finance costs	**358**	(6,507)
Total expenses	**(42,420)**	(58,748)
Loss before income tax expense	**(42,420)**	(58,748)
Income tax expense	**–**	–
Loss after income tax expense from discontinued operations	**(42,420)**	(58,748)

NOTE 6. CURRENT ASSETS - ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

	CONSOLIDATED	
	31 Dec 2017 $	30 Jun 2017 $
Receivables	**25,161**	14,601
Other current assets	**81,880**	44,546
Exploration and evaluation	**210,073**	239,042
	317,114	298,189

Refer to note 5 for details of disposal groups classified as held for sale.

There was no exploration and evaluation expenditure in Argentina during the period ended 31 December 2017. The change in exploration and evaluation as at 31 December 2017 when compared to 30 June 2017 has resulted from foreign exchange fluctuations.

	CONSOLIDATED	
	31 Dec 2017 $	**30 Jun 2017** $

NOTE 7. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment	**37,101,657**	37,456,279

Refer to note 18 for further information on interests in joint ventures.

The Company continues to contribute investment funds to the Maricunga Joint Venture company Minera Salar Blanco ('MSB'). As per MSB's Shareholders and Investment Agreement(s) the Company owns 50% of MSB and is required to remit earn-in funds under the terms and conditions of the Investment Agreement. For the period the Company contributed a further US$2m (AUD$2,736,150), with US$7.53m (AUD$9,653,850) remaining to be paid. This was fully settled on 28 February 2018.

The funds contributed to date (US$19.67m), have been used by MSB to acquire additional tenements and to funds the exploration and development of the Maricunga lithium brine project. Key milestones have been achieved by MSB by which are detailed in the Review of Operations.

NOTE 8. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION

Exploration and evaluation expenditures – at cost	**1,565,383**	1,472,405

RECONCILIATIONS

Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

Consolidated	**Exploration and evaluation expenditures** $
Balance at 1 July 2017	1,472,405
Additions	92,978
Balance at 31 December 2017	1,565,383

Capitalised exploration and evaluation expenditures are comprised of the costs incurred to acquire the consolidated entity's lithium tenements in Western Australia and Argentina and exploration and evaluation activities incurred to date.

NOTE 9. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	31 Dec 2017 $	**30 Jun 2017** $
Trade payables	**69,352**	214,346
Accrued expenses	**20,086**	21,960
Payable to Maricunga Joint Venture	**9,653,850**	7,800,000
	9,743,288	8,036,306

As at 31 December 2017, the consolidated entity has contributed US$19.67m which represents consideration paid for 36.2% of its 50% interest in the JV. The payable to Maricunga Joint Venture represents the balance payable with respect to the remaining 13.8% interest in the JV (US$7.53 million). Due on or before 30 September 2018, the payable to Maricunga Joint Venture was settled in full on 28 February 2018 to allow for the continued fast tracking of the development of the Maricunga. Refer to note 7 for further details.

	CONSOLIDATED	
	31 Dec 2017 $	30 Jun 2017 $

NOTE 10. CURRENT LIABILITIES – OTHER

Deposits received	**1,000,000**	–

As at 31 December 2017, the Company had received a non-refundable deposit from Centenario Lithium Limited for the acquisition of 100% of the Company's Centenario brine project in Argentina. This transaction is to be completed on or before 30 April 2018.

NOTE 11. CURRENT LIABILITIES – LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

Trade payables	**112**	514
Accrued expenses	**81,741**	33,257
	81,853	33,771

Refer to note 5 for details of disposal groups classified as held for sale.

NOTE 12. NON-CURRENT LIABILITIES – PAYABLES

Payable to Maricunga Joint Venture	**–**	4,590,000

Refer to note 9 for further details.

NOTE 13. EQUITY – ISSUED CAPITAL

	CONSOLIDATED			
	31 Dec 2017 Shares	30 Jun 2017 Shares	31 Dec 2017 $	30 Jun 2017 $
Ordinary shares – fully paid	**260,713,903**	195,388,537	**73,117,818**	37,258,548

MOVEMENTS IN ORDINARY SHARE CAPITAL

Details	Date	Shares	Issue price	$
Balance	1 July 2017	195,388,537		37,258,548
Issue of shares	7 July 2017	526,315	$0.3800	200,000
Conversion of options	29 November 2017	20,229,744	$0.5500	11,126,359
Issue of shares	29 November 2017	27,254,546	$0.5500	14,990,000
Issue of shares	4 December 2017	1,098,855	$0.5500	604,370
Conversion of options	4 December 2017	16,197,724	$0.5500	8,908,748
Issue of shares	4 December 2017	18,182	$0.5500	10,000
Transfer from share-based payment reserve on conversion of options		–	$0.0000	1,666,169
Less issue costs		–	$0.0000	(1,646,376)
Balance	31 December 2017	260,713,903		73,117,818

ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

NOTE 14. EQUITY – DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial period.

NOTE 15. FAIR VALUE MEASUREMENT

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

NOTE 16. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2017.

NOTE 17. RELATED PARTY TRANSACTIONS

PARENT ENTITY

Lithium Power International Limited is the parent entity.

JOINT VENTURES

Interests in joint ventures are set out in note 18.

TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties:

	CONSOLIDATED	
	6 months ended 31 Dec 2017 $	**6 months ended 31 Dec 2016** $
Payment for goods and services:		
Payment for services from key management personnel	36,000	–

RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

LOANS TO/FROM RELATED PARTIES

There were no loans to or from related parties at the current and previous reporting date.

TERMS AND CONDITIONS

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 18. INTERESTS IN JOINT VENTURES

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

	Principal place of business/Country of incorporation	OWNERSHIP INTEREST	
		31 Dec 2017 %	30 Jun 2017 %
Maricunga Joint Venture	Chile	**50.00%**	50.00%

SUMMARISED FINANCIAL INFORMATION

	MARICUNGA JOINT VENTURE	
	31 Dec 2017 $	30 Jun 2017 $
RECONCILIATION OF THE CONSOLIDATED ENTITY'S CARRYING AMOUNT		
Opening carrying amount	**37,456,279**	–
Investment paid/payable	**–**	41,556,434
Share of loss after income tax	**(2,028,345)**	(4,100,155)
Exchange differences	**1,673,723**	–
Closing carrying amount	**37,101,657**	37,456,279

	CONSOLIDATED	
	6 months ended 31 Dec 2017 $	6 months ended 31 Dec 2016 $
NOTE 19. EARNINGS PER SHARE		
EARNINGS PER SHARE FOR LOSS FROM CONTINUING OPERATIONS		
Loss after income tax attributable to the owners of Lithium Power International Limited	**(2,133,457)**	(919,876)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**206,693,719**	123,912,246
Weighted average number of ordinary shares used in calculating diluted earnings per share	**206,693,719**	123,912,246
	Cents	Cents
Basic earnings per share	**(1.03)**	(0.74)
Diluted earnings per share	**(1.03)**	(0.74)

	CONSOLIDATED	
	6 months ended 31 Dec 2017 $	**6 months ended 31 Dec 2016** $
EARNINGS PER SHARE FOR LOSS FROM DISCONTINUED OPERATIONS		
Loss after income tax attributable to the owners of Lithium Power International Limited	**(42,420)**	(58,748)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**206,693,719**	123,912,246
Weighted average number of ordinary shares used in calculating diluted earnings per share	**206,693,719**	123,912,246
	Cents	Cents
Basic earnings per share	**(0.02)**	(0.05)
Diluted earnings per share	**(0.02)**	(0.05)

	$	$
EARNINGS PER SHARE FOR LOSS		
Loss after income tax attributable to the owners of Lithium Power International Limited	**(2,175,877)**	(978,624)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**206,693,719**	123,912,246
Weighted average number of ordinary shares used in calculating diluted earnings per share	**206,693,719**	123,912,246
	Cents	Cents
Basic earnings per share	**(1.05)**	(0.79)
Diluted earnings per share	**(1.05)**	(0.79)

689,835,615 options (listed and non-listed) on issue have been excluded from the weighted average number of ordinary shares used in calculating diluted earnings per share as they are considered anti-dilutive.

NOTE 20. EVENTS AFTER THE REPORTING PERIOD

On 20 February 2018 the Company decided to bring forward the final payments for the unpaid interest in the Maricunga joint venture. The outstanding amount, US$7.53m, was paid on 28 February 2018, resulting in the Company owning a fully paid 50% interest in the Maricunga joint venture.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Directors’ declaration

In the directors’ opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity’s financial position as at 31 December 2017 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors,

D Hannon

David R Hannon
Chairman

13 March 2018
Sydney

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Review Report to the Members of Lithium Power International Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Lithium Power International Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Building a better working world

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ryan Fisk
Partner
Sydney
13 March 2018

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LITHIUMPOWER
INTERNATIONAL LTD

REGISTERED OFFICE

Level 7, 151 Macquarie Street, Sydney NSW 2000

Telephone: +61 2 9276 1245
Facsimile: +61 2 9276 1284
Website: **www.lithiumpowerinternational.com**