

ASX RELEASE

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LPI INCREASES OWNERSHIP TO 51.35% OF THE MARICUNGA LITHIUM BRINE PROJECT AND STRENGTHENS BOARD

Highlights

- ✓ LPI enters agreement to increase its ownership to 51.35% of Minera Salar Blanco S.A. (“MSB”).
- ✓ LPI strengthens its board by appointing MSB’s Director and significant shareholder, Mr Martin Borda and MSB’s CEO, Mr Cristobal Garcia-Huidobro as Non-Executive Directors.
- ✓ These agreements tighten strategic and operational alignment with the Chilean partners of the Maricunga Lithium Brine Project.

Lithium Power International Limited (ASX: LPI) (“LPI” or “the Company”) has entered into a term sheet with its joint venture partner, Minera Salar Blanco SpA (“Minera Blanco”), to acquire a further 1.35% of the shares in the Maricunga Joint Venture Company, Minera Salar Blanco S.A. (“MSB”).¹

The transaction will take LPI’s ownership of MSB to 51.35%, for a cash purchase price of A\$2.03m. This will be paid from the Company’s existing cash reserves. Post transaction, LPI will retain cash reserves of around A\$22m with a further US\$7m held by MSB.

On completion, LPI’s interest in MSB will increase to 51.35%; Minera Blanco’s interest will decrease to 30.98%; and Bearings Inc.’s (“Bearings”) interest will remain unchanged at 17.67%.

The acquisition is subject to:

- each party obtaining all necessary corporate authorisations and approvals, along with the execution and completion of binding transaction documentation by 1 August 2018; and
- a pre-emptive right held by Bearings to acquire its pro rata share of the sale shares.

If Bearings exercises its right, it will acquire approximately 0.35% of the 1.35% interest being sold. This would give LPI an interest of 51% in MSB; Minera Blanco 30.98%; and Bearings 18.02%.

¹ Note: the difference between a SpA registered company and a S.A registered company in Chile is similar to the difference between a Pty Ltd registered company and a Limited registered company in Australia.

The transaction is further evidence of the strategic alignment between LPI and Minera Blanco on all matters relating to the governance and operations of MSB and the overall development of the Maricunga Lithium Brine Project.

LPI will also further strengthen its Board of Directors. The Company is pleased to welcome, upon completion of the transaction, two new Chilean directors, Mr Martin Borda, President and major shareholder of Minera Blanco, and Mr Cristobal Garcia-Huidobro, the CEO of MSB. Short biographies are set out below.

Mr Borda is also a substantial shareholder in LPI, with approximately 6.14% shareholding in the Company.

LPI's Chairman, Mr David Hannon said: "The acquisition of this extra ownership interest of MSB makes LPI the majority shareholder of MSB as we near completion of the Definitive Feasibility Study for the Maricunga Lithium Brine Project in 2018 and the finalisation of the permitting process."

"We are delighted to welcome Mr Borda and Mr Garcia-Huidobro to the LPI Board on completion of the transaction and look forward to further aligning the strategic and operational focus of the Maricunga Joint Venture."

Mr Hannon added: "Our sincere thanks go to LPI Non-Executive Director, Mr Ricky Fertig, who also serves as President of MSB and Martin Borda, who have developed a constructive relationship during the past three years. By working together to facilitate this transaction, they have further strengthened the relationship between LPI and Minera Blanco for the benefit of the Maricunga Joint Venture."

Martin Borda biography

Mr Borda is MSB's founding shareholder and board member and has more than 40 years' industrial and commercial experience across the banking and food and consumer products sectors. Mr. Borda is a board member and founding shareholder of Multiexport Foods, one of the largest salmon farming companies in the world, and a board member of Molinera San Cristobal, a milling company. He also served as a board member for Scotiabank in Chile for more than 10 years. Mr. Borda has a B.A. from the Roosevelt University of Chicago.

Cristobal Garcia-Huidobro biography

Mr Garcia-Huidobro is MSB's CEO and a board member and has more than 18 years' experience on the development and financing of mining, energy, infrastructure, and property projects in North & South America. Mr Garcia-Huidobro was formerly Chief Investment Officer of investment company CENTINELA, and board member of a number of mining, energy and property companies, as well as member of the investment committees of numerous investment funds operating in these sectors. Mr. García-Huidobro is a Civil Engineer from the Universidad Católica of Chile and holds an M&A certificate from the Chicago University.

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For further information, please contact:

David R Hannon – Chairman or Andrew Phillips – Company Secretary

Lithium Power International

E: info@lithiumpowerinternational.com

P: +612 9276 1245

www.lithiumpowerinternational.com