

ASX RELEASE

30 July 2018

Activity Report for the Quarter ended June 2018

Lithium Power International Limited (ASX: LPI) ("LPI" or "the Company") is pleased to submit its quarterly Activity Report for the period ended 30 June 2018.

HIGHLIGHTS

- LPI's Chilean JV company, MSB, selected GEA Messo of Germany, a globally recognised supplier to the lithium industry, to provide the basic engineering documentation for the planned Lithium Carbonate Plant. This will be based on proven GEA technology, and it will complete the additional detailed process test work for the Maricunga Lithium Project's Definitive Feasibility Study being undertaken by Worley Parsons.
- LPI entered into an agreement to increase its ownership in the Maricunga Joint Venture to 51%, with documentation to be completed in August 2018. Significant MSB shareholder, Mr Martin Borda, and MSB's CEO, Mr Cristobal Garcia-Huidobro, agreed to join LPI's board as non-executive directors.
- The Maricunga Lithium Project's EIA submission is close to completion and will be submitted during the current quarter.
- The Chilean Mining Ministry confirmed that MSB could now formally request a Special Lithium Operation Contract ("CEOL") be granted over its new code mining concessions on the Maricunga salar for future exploitation.
- 70% of the Centenario lithium project in northern Argentina was retained by LPI as the majority joint venture partner, with the remaining 30% sold to Centenario Lithium Limited. Recent geophysical surveys indicated the presence of an extensive brine body throughout the tenements, which will be drill tested once the necessary government permits are received.

MARICUNGA PROJECT - CHILE

CHILE JOINT VENTURE COMPANY - MINERA SALAR BLANCO S.A.

The Maricunga Lithium Project (the “Project”) is operated under the Joint Venture Company, Minera Salar Blanco (“MSB”). LPI currently owns 50% of MSB, rising to 51%.

The Project is located in northern Chile, home to the largest and highest-grade lithium brine mines in the “Lithium Triangle” (Figure 1) and source of the world’s lowest cost lithium production. The Project is regarded as one of the highest quality pre-production lithium brine projects globally. Drilling in 2016–17 expanded the project’s global resource across the properties to 2.15 Mt LCE to a depth of 200m, with potential for significant depth extension of the lithium resource.

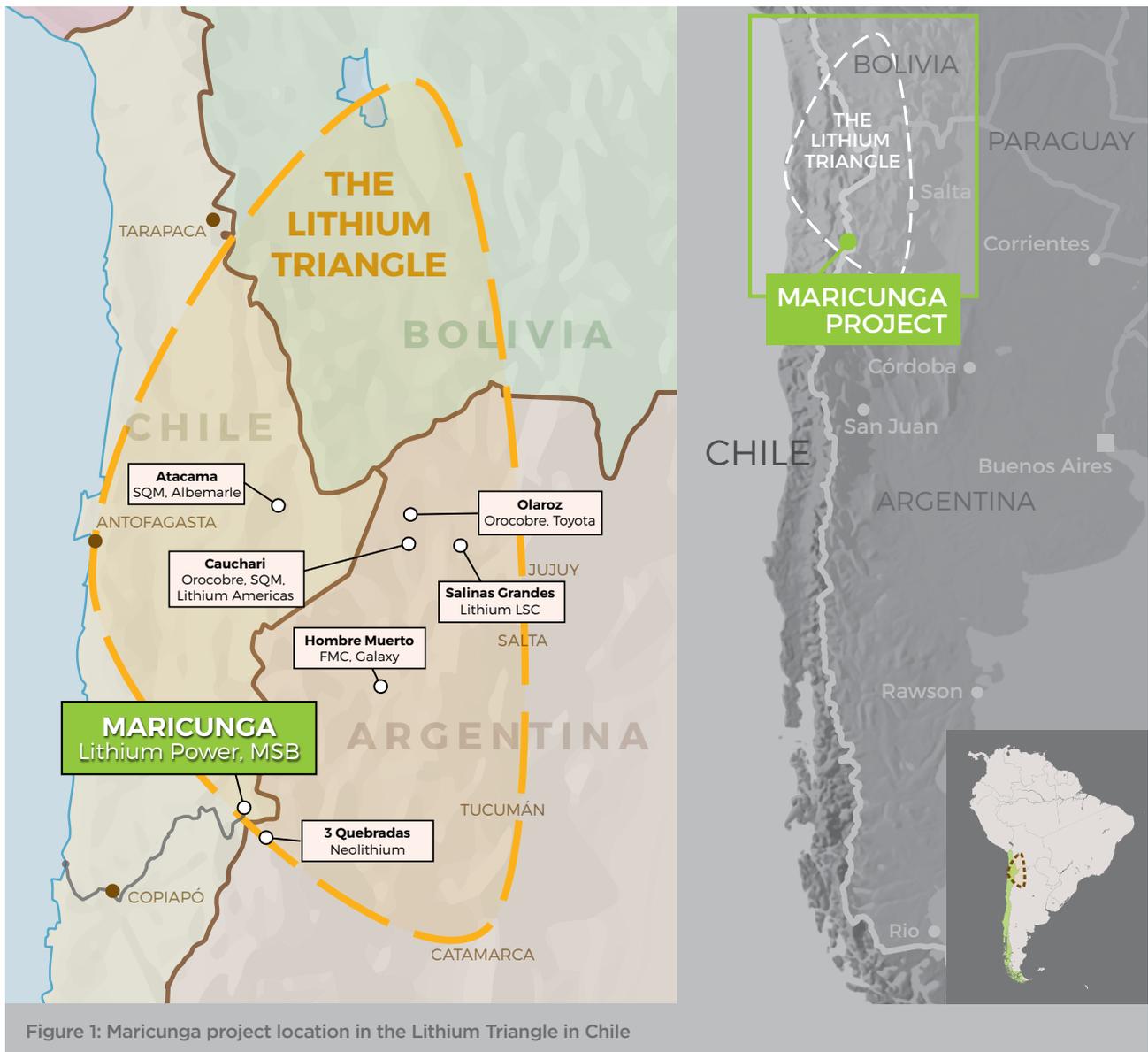


Figure 1: Maricunga project location in the Lithium Triangle in Chile

GEA ENGINEERING – LITHIUM PROCESS OPTIMISATION

Lithium carbonate process optimisation was carried out by two major global equipment manufacturers and developers, GEA in Germany and Veolia in the US. Both companies independently produced lithium carbonate that met battery grade specifications with up to 99.9% purity. This work confirmed the lithium production process designed by MSB. GEA has been chosen as the preferred entity to provide the basic engineering services for a Lithium Carbonate Plant based on proven GEA technology, and for further detailed test work for the Definitive Feasibility Study. Global engineering contractor WorleyParsons continues to compile the Definitive Feasibility Study for the project, which is scheduled for completion by the end of 2018.

LITHIUM PRODUCTION PERMITTING PROCESS

Discussions between MSB and the Mining Ministry has resulted in a positive response received in an official letter from the Ministry. It confirms MSB's ability to formally request a CEOL, after a decision to cease legal proceedings.

MSB is now in the process of applying for a CEOL, which is due to be submitted in August. This permit, once approved and subject to EIA approval, is the final step required to commence the production of lithium under the present Chilean legislation.

This process is in addition to the Chilean Nuclear Commission ("CCHEN") permit granted in the beginning of March this year for a period of 30 years over the company's old coded mining concessions. A CEOL is not required for the exploitation of these concessions.

INCREASED JV OWNERSHIP

Since making payments in the previous quarter to earn 50% in the Maricunga Joint Venture, LPI 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 MSB for a sum of A\$2.03M.

The transaction was subject to a pre-emptive right held by Bearings to acquire its pro rata share of the sale shares. Bearings has opted to exercise its right and will acquire approximately 0.35% of the 1.35% interest being sold. Therefore, LPI will increase its interest in MSB by 1% to 51%; with the remaining shareholding being Minera Blanco 30.98% and Bearings 18.02%.

LPI's 1% increase in ownership will therefore be for a cash purchase price of A\$1.5M. This will be paid from the Company's existing cash reserves. Based on this quarter's Appendix 5B's cash balance, post transaction, LPI will retain cash reserves of A\$21.9M with a further US\$4.9M held by MSB.

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.

PROJECT EIA COMPLETION

The project EIA is very close to completion and is undergoing internal final review by MSB prior to submission during 3Q18. This will be a very important milestone for the project, with work being carried out by international engineering company MWH.

ARGENTINA CENTENARIO – SALTA PROVINCE, ARGENTINA

LPI entered into binding contracts on 4 December 2017 with the purchaser, Centenario Lithium, for the sale of 100% of the shares in Lithium Power International Holdings (Argentina) Pty Ltd ("LPIH") (the "Transaction"). LPIH is a wholly owned Australian subsidiary that holds LPI's interest in the Centenario Project. Completion of the transaction was due on 14 June 2018. During the intervening period, the Company advanced its exploration of the Centenario Project and

continued to develop other aspects of the asset.

The purchaser was unable to complete the full transaction by the date agreed. Accordingly, pursuant to the terms of the transaction documents, LPI retains the approximately \$1.15M in cash received from the purchaser and will transfer shares to them representing 30% of the total issued capital of LPIH. The Centenario Project now becomes a 70:30 joint venture between LPI and Centenario Lithium.

Geophysical surveys have recently been completed on the project and indicate the presence of an extensive brine body throughout the tenements. It will be drill tested once the necessary government permits are received.

WESTERN AUSTRALIA

GREENBUSHES – SOUTH WEST, WESTERN AUSTRALIA

The 100% owned Greenbushes tenements contain large strike lengths of the same rock suite that hosts the adjacent Talison Greenbushes Lithium mine, the world's largest lithium producer. The company is taking a systemic exploration approach to identify prospective areas that can be explored in more detail.

Exploration ceased on the tenements during this quarter with the onset of winter and wet conditions in the region that limit movement through properties. Activities will recommence when conditions are drier.

PILGANGOORA – PILBARA – NORTH WEST, WESTERN AUSTRALIA

The 100% owned Pilgangoora tenement is situated adjacent to the Pilbara Minerals and Altura Mining lithium pegmatite deposits. Combined, they form one of the largest global lithium pegmatite resources. LPI is exploring for lithium pegmatites in a continuation of the same sequence of rocks immediately west of these companies.

Planning is underway for additional mapping and sampling on the Pilgangoora property during 3Q18.

TABBA TABBA AND STRELLEY PROJECTS – NORTH WEST, WESTERN AUSTRALIA

The 100% owned Tabba Tabba and Strelley properties lie along a greenstone belt that is identified in regional magnetic surveys, and which hosts a historical tantalum deposit immediately south-west of the Tabba Tabba property. Systematic sampling activities are planned for these properties in the upcoming quarter. This greenstone belt is highly prospective for lithium pegmatites and gold. De Grey Mining has intersected lithium pegmatites in drilling along what appears to be the same greenstone belt, approximately 20km to the south-west.

CORPORATE UPDATE

Appendix 5B

The Appendix 5B quarterly cashflow report for the quarter ended 30 June 2018, is submitted separately.

The Company had a cash balance of A\$23.4M as at 30 June 2018.

This amount is currently held in Company bank accounts in Australia, Chile and Argentina in Australian dollars, US dollars or Argentine pesos. The Australian dollar equivalents are converted at the closing foreign exchange spot rate.

Funds within the Maricunga Joint Venture at the end of the quarter ended totalled US\$4.9M. These were provided by the Company as part of the Joint Venture Investment Agreement.

Resignation of Managing Director and CEO

Managing Director and CEO, Mr Martin Holland, resigned his directorship of LPI on 24 May 2018 and remained in the role of CEO until 30 June 2018.

The day-to-day operations and development of the Company's flagship Maricunga Lithium Project in Chile continues

to be managed by Santiago-based Mr Cristobal Garcia-Huidobro, the CEO of the joint venture company MSB, and his very experienced technical team.

LPI's Board of Directors are well advanced in their search for a replacement for the position of MD and CEO vacated by Mr Holland.

The Maricunga Lithium Project remains on track to deliver the Definitive Feasibility Study scheduled for completion by the end of 2018.

Capital Structure

The Capital structure at the end of the Quarter is as follows:

- 260.7M Ordinary Shares on issue,
- 34.6M Listed Options on issue at 55cps; and
- 40.3M Unlisted Options on issue averaging 29cps.

During the quarter, the remaining Shares and Options that were to be held in Escrow until two years after the IPO of the Company, were released. Accordingly, 50.3M fully paid ordinary shares in the Company and 29.6M unlisted options to acquire shares, were released on 24 June 2018.

Audited Financial Statements for 30 June 2018

The audit of the financial statements for the year ended 30 June 2018 is to commence in early August, with the anticipated sign off and release of the audited financial statements by the end of September 2018.