LITHIUMPOWER
INTERNATIONAL LTD

ANNUAL REPORT

to 30 JUNE 2018

Corporate Directory

DIRECTORS

Mr David R Hannon – Chairman
Mr Reccared P Fertig
Mr Russell C Barwick
Mr Andrew G Phillips
Mr Martin Jose Domingo Borda M
Mr Cristobal Garcia-Huidobro R

COMPANY SECRETARY

Mr Andrew G Phillips

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STOCK EXCHANGE LISTING

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

WEBSITE

www.lithiumpowerinternational.com

BUSINESS OBJECTIVES

Lithium Power International Limited has used cash and cash equivalents held at the time of listing and the time since listing to explore, develop and seek to acquire lithium tenements in South America and Australia, in a way consistent with the business objectives as listed on the Company's website. The Company's focus is the development of its Maricunga Lithium Brine project in Chile, with a clear path to becoming Chile's 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 Annual Report and can be found on the Who We Are page at www.lithiumpowerinternational.com

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Chairman's Letter

Dear Shareholders,

It is with great pleasure that I write to you as Chairman of Lithium Power International Limited ('LPI' or the 'Company') following another twelve months during which significant progress has been made to the overall structure and value of the Company.

Lithium Power is a pure-play lithium company, with assets diversified across both hard-rock in Western Australia and brine in South America. Through our Chilean Joint Venture – Minera Salar Blanco S.A. ('MSB') we have considerably advanced the world class Maricunga Lithium Brine project (the 'Project) over the past year.

In July 2017, we released the project's JORC compliant resource estimate and in December 2017 we released the Preliminary Economic Assessment ('PEA').

Due to the excellent results documented in both reports, the decision was made to bring forward the Company's final earn-in payments, under the MSB Joint Venture Investment Agreement, to boost the project's momentum. This, in effect, allowed the Company to complete its earn-in obligations ahead of schedule and make us a fully paid up 50% shareholder of MSB, by February 2018.

In March 2018 we were awarded our CCHEN, the Chilean Nuclear Energy Commission Export license, allowing for the production and marketing of Lithium for a period of 30 years.

In August 2018 LPI acquired an additional 1% of MSB bringing its interest to 51%. The ownership of the project is now LPI 51%, Minera Salar Blanco S.p.A 30.98% and Bearing Lithium Corporation 18.02%.

The 11,400-page Environmental Impact Assessment ('EIA'), was submitted in September 2018. Upon our environmental lawyers review of the draft, they complemented us on the quality of the EIA report by confirming this document as the best they had reviewed to date. This provides us with confidence as the EIA enters the comprehensive assessment and review process.

We remain on schedule to submit the Definitive Feasibility Study ('DFS') in December 2018. In addition, we continue to work closely with the Chilean government in order to define the best structure to exploit our new coded tenements, (CEOL, a Presidential decree, et al) as contemplated in the Chilean Constitution. Our common goal in these discussions is to generate the maximum value for the Company and its shareholders as well as the people of Chile. Various options are presently being explored and we remain confident that the ultimate contract will benefit all parties.

To fund the final earn-in payment to be made to MSB, the Company conducted a AU$35.6 million funding package in November 2017. This was heavily oversubscribed and underwritten by Canaccord Genuity (Australia) Limited. We raised AU$15 million via a share placement and AU$20.6 million from the conversion of our LPIO listed options. Both were made at $0.55 per share and resulted in 64.8 million new LPI ordinary shares being issued.

As a result of our focus on the Maricunga, the decision was made to divest the Argentine lithium brine asset. The Company agreed on a Term Sheet for the sale of Centenario project in Salta, Argentina. However, the purchaser was unable to complete the transaction in the prolonged time frame provided, resulting in LPI retaining the AU$1.15 million deposit and forming a 70/30 Joint Venture with the purchaser. The Company has since conducted a pre-drilling exploration program and other permitting requirements relating to the Centenario project.

In Western Australia, we continue to explore for hard-rock pegmatite targets in both our Greenbushes and Pilbara tenements. These involved a detailed aeromagnetic survey, a soil sampling and rock chip program and an initial targeted drilling program on the Pilbara tenement. We are currently assessing all tenements to identify priority drill targets by year-end for further, more comprehensive, drilling programs in 2019.

In May 2018, we announced the resignation of Mr Martin Holland, our founding Managing Director and Chief Executive Officer. Thanks to Mr Holland's vision, LPI was established and developed into the strong position it holds today. We thank him and wish him all the best for his future endeavours.

I also thank my fellow Board members, our management and technical teams, our advisers, contractors and suppliers for their collective effort and commitment to the Company, in delivering what is an increased scale and value to our business.

Finally, I would personally like to thank all of our shareholders for their continued support of Lithium Power.

The Company has been very successful this year in accelerating our exploration and development programs and in enhancing our project asset values, particularly with the Maricunga. We look forward to the continued support of all parties as we share this exciting journey together.

Yours sincerely,

David R Hannon
Chairman

27 September 2018
Sydney

CEO's Report

COMPANY OVERVIEW

Lithium Power International Limited (ASX: LPI) ('LPI' or the 'Company') is a pure-play lithium company with four distinct project regions, two in South America's lithium brine region and two in Western Australia's spodumene hard rock, providing diversification in both geography and geology.

The Company's primary focus is on the development of Chile's next high-grade lithium mine on the Maricunga salar in an area known as the Lithium Triangle (Figure 1). The company has continued the exploration on its lithium tenements in Western Australia and Argentina.

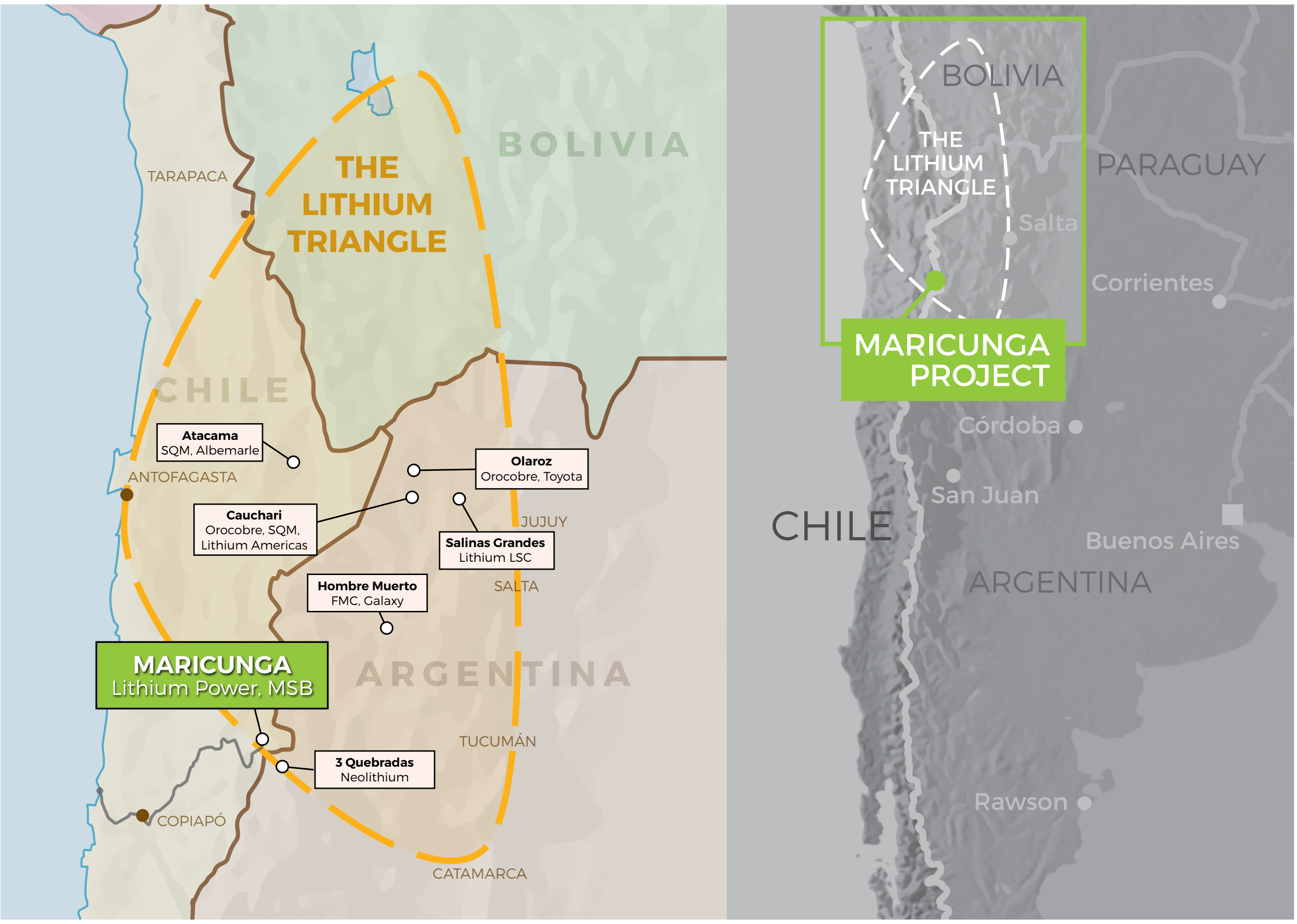

FIGURE 1: MARICUNGA PROJECT LOCATION IN THE LITHIUM TRIANGLE IN CHILE

MARICUNGA LITHIUM BRINE JV – CHILE

OWNERSHIP STRUCTURE

The Company announced in September 2016 a transaction to acquire up to 50% of the Maricunga Salar lithium brine project in Chile. This was acquired by way of an earn-in to the Joint Venture Company vehicle, Minera Salar Blanco ('MSB'). Instalments to fund an extensive exploration program were agreed to be made until September 2018.

With the rapid progress in the project's exploration, LPI agreed to bring forward its final earn-in payments due throughout 2018, totalling US$7.53 million. They were paid in their entirety in February 2018, completing our earn-in for 50% of the project.

To further strengthen our ownership position, LPI entered into a term sheet with our Chilean joint venture partner, Minera Salar Blanco S.p.A ('Minera Blanco') to acquire a further 1.35% of the shares in the Maricunga Joint Venture Company, Minera Salar Blanco S.A.

The transaction was subject to a pre-emptive right held by Bearing Lithium Corporation ('Bearing') to acquire its pro rata share of the sale shares. Bearing opted to exercise its right and acquired approximately 0.35% of the 1.35% interest on offer. Therefore, LPI increased its interest in MSB by 1% to 51%; with the remaining shareholding being Minera Blanco 30.98% and Bearing 18.02%.

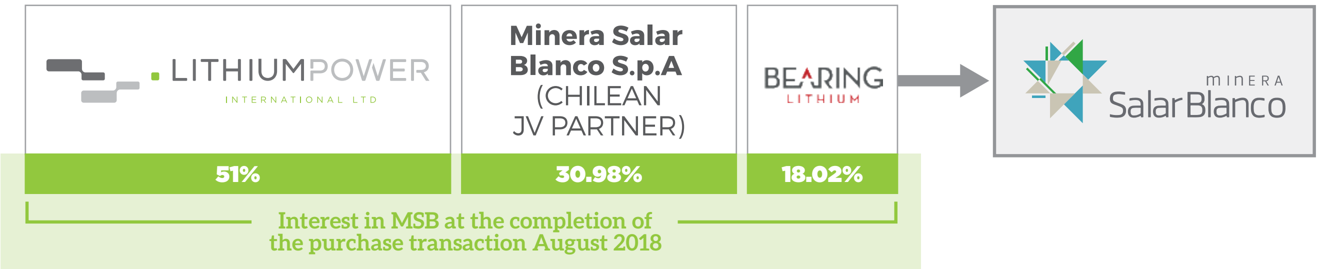

FIGURE 2: MARICUNGA JV OWNERSHIP STRUCTURE

FINANCIAL OVERVIEW

The Preliminary Economic Assessment ('PEA')* released in December 2017 has confirmed that MSB owns a highly attractive Tier one lithium brine investment with outstanding potential economic outcomes. These outcomes include an ungeared IRR of 23.4% and a project NPV of US$1.05 billion before tax, at an 8% discount rate and based on a project life of 20 years.

The capital investment for construction of the project to production is presently estimated at US$504 million. This includes equipment, materials, indirect costs and contingencies during the construction period. Based on the current ownership structure, LPI would contribute 51% or US$257 million.

Forecast project operating costs would place Maricunga among the most efficient global lithium producers, with lithium carbonate production costs of US$2,938 per tonne FOB. This would reduce to US$2,635/t after credits from a potassium chloride fertiliser (KCl) by-product.

Production is expected to be 20,000 tonnes per annum (t/a) of lithium carbonate and 74,000 t/a of potassium chloride (KCl). The PEA uses an average of US$13,584/t for the lithium carbonate price and US$219/t for the potassium chloride price going forward.

MARICUNGA CAMP SITE

* Please refer to the Preliminary Economic Assessment report on the Company's website for full details and disclaimers.

PRODUCTION PROCESS

Brine is to be extracted from a minimum of 13 individual wells, pumping via a central collection pond to evaporation ponds.

The brine would be concentrated in the evaporation ponds through evaporation and chemical saturation, with precipitation of salts such as halite, sylvinite and carnallite. All salts that precipitate would periodically be harvested from the ponds and stored in designated stockpiles. The sylvinite and carnallite salts would be sent directly to the KCl processing plant where, through processes of size reduction and classification, flotation, leaching, drying and packaging, KCl fertiliser would be obtained.

Concentrated lithium brine from the evaporation ponds would be pumped to reservoir ponds, which would feed a salt removal plant. This plant would remove calcium impurities achieved through consecutive evaporation and crystallization steps. That process allows a higher concentration of lithium in the brine.

Concentrated lithium brine would then be fed to the lithium carbonate plant, where purification, solvent extraction and filtration would remove remaining impurities including calcium, magnesium and boron. The concentrated lithium brine would then be fed to a carbonation stage, where soda ash would be added, and lithium carbonate precipitated. This lithium carbonate would then be fed to a centrifuge for water removal and final drying, size reduction and packaging.

Lithium carbonate exports would be made through the port of Angamos, and sodium carbonate or soda ash imports would be made through the port of Antofagasta. Existing public roads for heavy haulage are available close by for the Maricunga project's needs to and from the coast.

PUMP TEST AT MARICUNGA

LITHIUM PROCESS OPTIMISATION

Lithium carbonate process optimisation was undertaken by GEA in Germany and Veolia in the US. Both companies independently produced lithium carbonate that met better than battery grade specifications, with up to 99.9% purity. GEA has been chosen as the preferred entity to provide the basic engineering services for a lithium carbonate plant based on its own proven technology. Process optimisation will be ongoing in parallel with the project's Definitive Feasibility Study ('DFS').

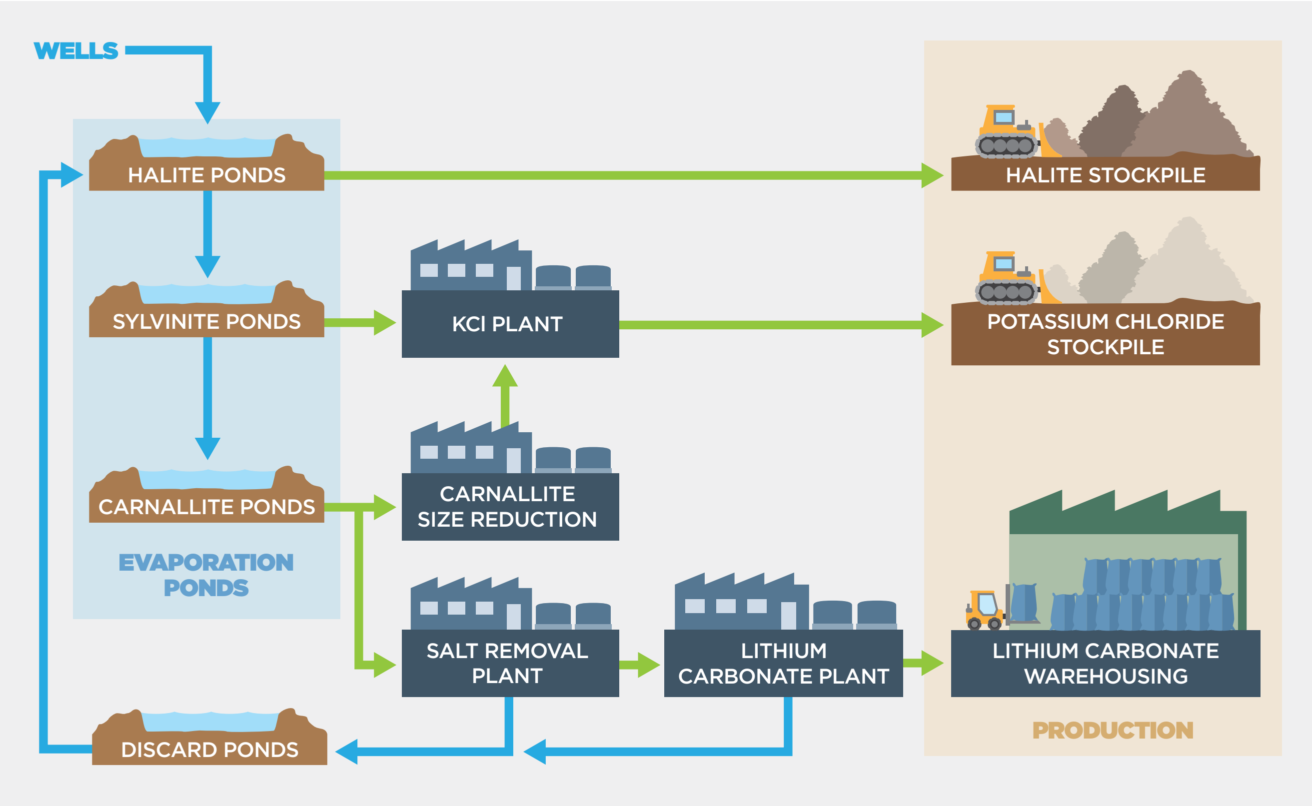

FIGURE 3: OVERVIEW SIMPLIFIED PROCESS DIAGRAM

LITHIUM SALTS

DEFINITIVE FEASIBILITY STUDY AND ENVIRONMENTAL STUDIES

The project's Environmental Impact Assessment ('EIA') has been submitted on 14 September 2018. The Definitive Feasibility Study ('DFS') completion is targeted for December 2018.

PERMITS

The Chilean Nuclear Energy Commission ('CCHEN') has awarded a key regulatory export licence for the production and marketing of lithium to MSB for a period of 30 years.

The permit allows the extraction of 88,885 tonnes of lithium metal contained in brine or 472,000 tonnes of lithium carbonate equivalent ('LCE') to the base of the current drilling at 200m. The CCHEN permit can be increased to approve an additional quota based on future deeper drilling if additional resources are proved up.

OTHER PROJECTS

PILGANGOORA – PILBARA – NORTH WEST, WESTERN AUSTRALIA

The 100% owned Pilgangoora tenement is situated adjacent to Pilbara Minerals' and Altura Mining's 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 tenements held by these companies.

An initial drilling program was undertaken in 2018, with planning underway for additional mapping and sampling on the Pilgangoora property during 4Q18.

TABBA TABBA AND STRELLEY PROJECTS – NORTH WEST, WESTERN AUSTRALIA

LPI's 100% owned Tabba Tabba and Strelley properties lie along a greenstone belt identified in regional magnetic surveys, and which hosts a historical tantalum deposit immediately south-west of the Tabba Tabba property. Systematic sampling is planned 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.

GREENBUSHES – SOUTH WEST, WESTERN AUSTRALIA

The 100% owned Greenbushes tenements contain large strike lengths of the same rock suite that hosts the Talison Greenbushes lithium mine, the world's largest lithium producer.

The company is taking a systematic exploration approach to identify prospective areas that can be explored in more detail. There is little or no outcropping pegmatite mineralisation within the tenements, so a different approach has been developed to identify any potential host rock sequence.

CENTENARIO – SALTA PROVINCE, ARGENTINA

LPI entered into a binding contract on 4 December 2017 with Centenario Lithium Limited (the 'Purchaser') 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 $1.15 million in cash received from the Purchaser and transferred shares representing 30% of the total issued capital of LPIH. The Centenario project is now a 70:30 joint venture between LPI and the Purchaser.

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

SUMMARY

LPI's Board and management are firmly focussed on delivering the significant potential of the Maricunga Lithium Brine Project, with a clear path to becoming Chile's next high grade, low cost lithium producer. LPI also intends to extract value from its other lithium projects in Western Australia and Argentina.

PILGANGOORA, PILBARA, WESTERN AUSTRALIA

DRILLHOLE IN CENTENARIO, SALTA PROVINCE, ARGENTINA

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', 'LPI' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 30 June 2018.

DIRECTORS

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

Mr David R Hannon – Non-Executive Chairman

Mr Reccared P Fertig – Non-Executive Director

Mr Russell C Barwick – Non-Executive Director

Mr Andrew G Phillips – Executive Director and Chief Financial Officer

Mr Martin Jose Domingo Borda M – Non-Executive Director (appointed on 3 September 2018)

Mr Cristobal Garcia-Huidobro R – Non-Executive Director (appointed on 3 September 2018)

Dr Luis Ignacio Silva P – Non-Executive Director (resigned on 3 September 2018)

Mr Martin C Holland – Former Managing Director and Chief Executive Officer (resigned as Managing Director on 24 May 2018 and resigned as Chief Executive Officer on 30 June 2018)

PRINCIPAL ACTIVITY

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

DIVIDENDS

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

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $8,783,082 (30 June 2017: $7,247,167).

During the financial year, the consolidated entity completed its earn-in to acquire 50% of Minera Salar Blanco S.A. ('MSB'), the Joint Venture Company that owns the Maricunga Lithium Brine project in Chile. The earn-in of US$27.2 million has been used to acquire tenements (US$5.22 million), to fund a comprehensive exploration and development program and to advance the final permitting process which is due to be completed by December 2018. In August 2018 LPI acquired an additional 1% of MSB bringing our interest to 51%. The ownership of the project is now LPI 51%, Minera Blanco 30.98% and Bearing 18.02%.

The results of the exploration and development program were announced in the Preliminary Economic Assessment ('PEA') in December 2017. Key economic indices include an ungeared IRR of 23.4% and a project NPV of US$1.05 billion before tax, at an 8% discount rate and based on a project life of 20 years.

Forecast project operating costs place Maricunga among the most efficient global lithium producers, with lithium carbonate production costs of US$2,938 per tonne FOB, reducing to US$2,635/t with credits from a potassium chloride fertiliser (KCl) by-product.

Process test work for Maricunga to produce LCE, using expert equipment suppliers Veolia and GEA to optimise the lithium extraction process, resulted in a 99.9% LCE purity.

The Company successfully raised $35.6 million. This comprised a heavily over-subscribed $15 million offering to new institutions, existing and sophisticated investors and was fully underwritten by Canaccord Genuity (Australia) Limited. It was made in conjunction with a fully underwritten placement of $20.6 million via the exercise and underwriting of listed LPIO options, which had an exercise price of $0.55 each. This resulted in issuing 64.8 million new fully paid ordinary shares.

These funds enabled the completion of the MSB earn-in, and it placed the consolidated entity in a very secure financial position for the next stage of development at Maricunga along with its other projects in Western Australia and Argentina.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

As partially detailed in the Review of Operations, the significant changes in the state of affairs during the period were:

- the Company completed its earn-in to acquire 50% of MSB the Joint Venture Company, which owns the Maricunga lithium brine project in Chile;
- the Company successfully raised $35.6 million, and therefore issued 64.8 million new fully paid ordinary shares;
- on 24 May 2018, the Company announced the resignation of Mr Martin C Holland as Managing Director of the Company, and from 30 June 2018 as Chief Executive Officer of the Company;
- on 7 June 2018, the Company announced the planned acquisition of an extra 1% of MSB for AU$1.5 million, settling in August 2018. This will give the Company 51% of MSB; and
- on 18 June 2018, the Company provided an update of the previously announced sale of Lithium Power International Holdings (Argentina) Pty Ltd ('LPIH'), the wholly-owned subsidiary that owns the interest of the Company's Argentina's project. It advised that the Purchaser was unable to complete the Transaction on 14 June 2018 as agreed. Accordingly, pursuant to the terms of the Transaction documents, LPI retained approximately $1.15 million in cash received from the Purchaser and transferred to the Purchaser shares representing 30% of the total issued capital of LPIH.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 9 July 2018, the Company announced that, via MSB, it had agreed to cease legal proceedings, started early in 2018. These proceedings against the Chilean Government related to the issuing of a Special Lithium Operation Contract ('CEOL') covering its new mining coded concessions to an unrelated third-party. The decision to cease proceedings was taken after a positive response received through an official letter (the 'Letter') from the Ministry of Mines of Chile (the 'Ministry') on 28 June 2018. The Letter was received after meetings between MSB's management and the Ministry, that enabled MSB to allay its concerns over the CEOL contract, which was the original motivation in commencing legal action. The Letter confirmed MSB's ability to formally negotiate a CEOL be contracted over its new code mining concessions on the Maricunga salar for future exploitation. MSB is working closely with the Chilean government to define the best structure to exploit our new coded tenements (CEOL, Presidential decree, et al) as contemplated in the Chilean Constitution.

On 24 August 2018, LPI completed the acquisition of an additional 1% of MSB, bringing its interest to 51%. The cost was ~AU$1.5 million, paid from current cash reserves.

On 30 August 2018, 1.8 million fully paid LPI ordinary shares were issued to seven key MSB staff and contractors for their roles in delivering key milestones associated with the project over the past two years. These shares will be issued under ASX Listing Rule 7.1.

On 3 September 2018, the Company added two new directors to its Board to further enhance its relationship with MSB. They are Mr Martin Borda, owner of the Chilean joint venture partner, Minera Salar Blanco S.p.A, which owns 30.98% of MSB and Mr Cristobal Garcia-Huidobro, Chief Executive Officer of MSB. As part of this change, Dr Luis Ignacio Silva resigned from the Board at the same date.

The Company submitted its Environmental Impact Assessment to the Chilean authorities on 14 September 2018 as announced with the ASX on 17 September 2018. The EIA will now progress through the assessment process throughout 2019.

No other matter or circumstance has arisen since 30 June 2018 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company is focused on the development of the Maricunga project, and intends to submit the Definitive Feasibility Study in December 2018.

Initial exploration programs will be continued on both the Western Australian and Argentinian lithium properties.

ENVIRONMENTAL REGULATION

The Company is subject to and compliant with all aspects of environmental regulation of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

INFORMATION ON DIRECTORS

DAVID R HANNON

NON-EXECUTIVE CHAIRMAN

Mr Hannon holds a Bachelor of Economics from Macquarie University and is a Fellow of the Financial Services Institute of Australia (FINSIA). Mr Hannon commenced his commercial career as a stockbroker/investment banker in 1985. He later became a director of a private investment bank specialising in venture capital with a focus on the mining sector. Mr Hannon has operated a private investment group, Chifley Investor Group Pty Limited for over 15 years.

Mr Hannon's other listed mining company experience involves being a founding director of Atlas Iron Limited ("Atlas") in 2004. Mr Hannon remained a member of the Atlas Board for 10 years and was Chairman while it maintained its position as a member of the ASX 100 Index with a market capitalisation of over $2 billion. Throughout this period Mr Hannon held various positions including Chairman of the Audit Committee and Chairman of the Nominations and Remunerations Committee. While Atlas embarked upon an iron ore growth strategy of its Pilbara assets it became the fourth largest iron ore producer in Australia.

Other current directorships: None

Former directorships (last 3 years): Minrex Resources Limited (ASX: MRR) (resigned 27 November 2017)

Special responsibilities: None

Interests in shares: 21,576,800 ordinary shares

Interests in options: 9,750,000 options over ordinary shares

RECCARED (RICKY) P FERTIG

NON-EXECUTIVE DIRECTOR

Mr Fertig is a senior executive with over 30 years' international commercial experience across the property, healthcare and mining services sector. He is the Chief Executive Officer of Adrenna Property Group Limited, a Johannesburg property fund. He was also Chairman of Quyn International Outsource, a South African-based human resource group that has over 3,000 employees in Southern Africa, servicing the mining, construction and commercial industries; RMS Corporate Solutions, one of the leading property and facilities management companies in Southern Africa; and East Sydney Private Hospital in Sydney, Australia, which he co-founded.

Other current directorships: Adrenna Property Group Ltd (JSE: ANA)

Former directorships (last 3 years): None

Special responsibilities: Chairman of the Maricunga Joint Venture Board

Interests in shares: 17,823,347 ordinary shares

Interests in options: 7,750,000 options over ordinary shares

RUSSELL C BARWICK

NON-EXECUTIVE DIRECTOR

Mr Barwick is an internationally renowned mining executive and engineer with over 44 years technical, managerial and corporate experience in various commodities. Mr Barwick has an extremely strong development, operational and corporate background, particularly in Latin America. Formally CEO of Newcrest and COO of GoldCorp.

Other current directorships: Chairman Red Metal Limited (ASX: RDM); Mount Gibson Iron Limited (ASX: MGX)

Former directorships (last 3 years): None

Special responsibilities: Director on the Maricunga Joint Venture Board

Interests in shares: 526,315 ordinary shares

Interests in options: 2,526,315 options over ordinary shares

ANDREW G PHILLIPS

EXECUTIVE DIRECTOR, COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER ('CFO')

Mr Phillips has over 25 years' international commercial experience previously working in senior financial and commercial management positions with a number of public and multinational companies in Australia and New Zealand with extensive networks throughout Asia. He is currently a non-executive director for 2 ASX listed companies, and has served in the past as a director and/or company secretary for a number of ASX listed Companies.

Other current directorships: Longreach Oil Limited (ASX: LGO), Southern Cross Exploration NL (ASX: SXX)

Former directorships (last 3 years): Crestal Petroleum Ltd (ASX: CRX) (resigned 15 April 2016), Richfield International Limited (ASX: RIS) (resigned 15 April 2016)

Special responsibilities: Director on the Maricunga Joint Venture Board

Interests in shares: 735,000 ordinary shares

Interests in options: 1,500,000 options over ordinary shares

MARTIN JOSE DOMINGO BORDA M

NON-EXECUTIVE DIRECTOR

Mr Borda owns, through his private company, 30.98% of the Maricunga Joint Venture Company, MSB. Mr Borda is Chairman and major shareholder of Santiago stock exchange listed company Multiexport Foods S.A. ('Multifoods') which is one of the largest salmon farmers and exporters in Chile.

Other current directorships: Chairman of Multiexport Foods S.A. (Multifoods.SN on the Santiago stock exchange)

Former directorships (last 3 years): None

Special responsibilities: Director on the Maricunga Joint Venture Board

Interests in shares: 16,000,000 ordinary shares

Interests in options: None

CRISTOBAL GARCIA-HUIDOBRO R

NON-EXECUTIVE DIRECTOR

Mr Garcia-Huidobro is currently Chief Executive Officer and Director of LPI's Joint Venture Company, MSB. He has led the MSB team in the exploration and development program of the Maricunga Salar.

Mr Garcia-Huidobro is a qualified Civil Engineer with 18 years' experience in developing and financing of Mining, Energy, Infrastructure, Finance and Property projects. He is formerly CIO of investment company Centinela and Board or committee member of several mining, property and agricultural funds in North and South America.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Director on the Maricunga Joint Venture Board

Interests in shares: 500,000 ordinary shares

Interests in options: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARY

Mr Andrew G Phillips is an experienced company secretary and occupies this role along with being an executive director of the Company. Refer to Information on Directors for further details on Mr Phillips.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Board	
	Attended	**Held**
David R Hannon	6	6
Martin C Holland	5	5
Reccared P Fertig	6	6
Russell C Barwick	6	6
Andrew G Phillips	6	6
Luis Ignacio Silva P	2	6

Held: represents the number of meetings held during the time the director held office.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

Due to the current size of the Company and the Board, a Nomination and Remuneration Committee has not been formed, and the role typically performed by such a Committee is being performed by the full Board, in consultation with external advisors, when required.

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants (refer to the section 'Use of remuneration consultants' below), the Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Company.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

NON-EXECUTIVE DIRECTORS REMUNERATION

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors remuneration be determined periodically by a general meeting. Under the Company's Constitution and as set out in the IPO Prospectus, total aggregate remuneration available to non-executive directors was set at $500,000 per annum:

Name	FY 2019 Fees
David R Hannon	$150,000
Reccared P Fertig	$150,000
Russell C Barwick	$100,000
Martin Jose Domingo Borda M	$100,000

** Cristobal Garcia-Huidobro R is the Chief Executive Officer of MSB and joined LPI's board as a non-executive director in September 2018. His fees from MBS remain unchanged and he does not receive a fee for the non-executive role with LPI.*

From time to time options are awarded to newly appointed non-executive directors. Such options are issued to attract high calibre directors to the board.

EXECUTIVE REMUNERATION

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The long-term incentives ('LTI') includes share-based payments. Options were awarded to executives and vested upon successful completion of the initial public offering ('IPO') or over a 5 year vesting period. Options vesting upon completion of the IPO are held in escrow for between 12 and 24 months from the vesting date, as required by the Australian Securities Exchange ('ASX'). The Board reviewed the long-term equity-linked performance incentives specifically for executives for the period ended 30 June 2018.

USE OF REMUNERATION CONSULTANTS

During the financial year ended 30 June 2018, the Company did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2017 ANNUAL GENERAL MEETING ('AGM')

At the 15 November 2017 AGM, 99.62% of the votes received supported the adoption of the remuneration report for the year period 30 June 2017. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

DETAILS OF REMUNERATION

AMOUNTS OF REMUNERATION

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the Company consisted of the following directors of Lithium Power International Limited:

- David R Hannon – Non-Executive Chairman
- Reccared P Fertig – Non-Executive Director
- Russell C Barwick – Non-Executive Director
- Andrew G Phillips – Executive Director, Company Secretary and Chief Financial Officer
- Luis Ignacio Silva P – Non-Executive Director and Latin America Regional Manager
- Martin C Holland – Managing Director and Chief Executive Officer (resigned as Managing Director on 24 May 2018 and as Chief Executive Officer on 30 June 2018)

And the following person:

- Murray R Brooker – Group Technical and Exploration Advisor

	Short-term benefits			Post-employment benefits		Share-based payments	
	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
2018							
Non-Executive Directors:							
David R Hannon	122,500	–	–	11,638	–	236,000	370,138
Reccared P Fertig	122,500	–	–	–	–	–	122,500
Russell C Barwick	81,667	–	–	7,758	–	236,000	325,425
Luis Ignacio Silva P	74,900	–	–	–	–	–	74,900
Executive Directors:							
Andrew G Phillips	215,000	–	–	20,425	–	–	235,425
Other Key Management Personnel							
Martin C Holland*	290,000	–	–	27,550	–	–	317,550
Murray R Brooker**	78,968	–	–	–	–	213,400	292,368
	985,535	**–**	**–**	**67,371**	**–**	**685,400**	**1,738,306**

* *Represents remuneration to date of resignation as Chief Executive Officer on 30 June 2018.*

** *Short term benefits are represented by salaries and fees paid by the Company. In addition Murray R Brooker was paid $95,300 directly by the Maricunga Joint Venture Company.*

	Short-term benefits			Post-employment benefits		Share-based payments	
	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
2017							
Non-Executive Directors:							
David R Hannon*	47,000	–	–	4,465	–	–	51,465
Reccared P Fertig	120,000	–	–	–	–	–	120,000
Russell C Barwick*	18,485	–	–	1,756	–	–	20,241
Luis Ignacio Silva P	58,721	–	–	–	–	–	58,721
Executive Directors:							
Martin C Holland	240,000	–	–	22,800	–	–	262,800
Andrew G Phillips	180,000	–	–	32,500	–	–	212,500
Other Key Management Personnel							
Murray R Brooker**	319,870	–	–	–	–	52,213	372,083
	984,076	**–**	**–**	**61,521**	**–**	**52,213**	**1,097,810**

* *Represents remuneration from date of appointment.*

** *Short term benefits are represented by salaries and fees of $49,280 paid by the Company up until October 2016 and $270,590 of salaries and fees paid but reimbursed by the Maricunga Joint Venture Company from October 2016.*

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2018	Fixed remuneration 2017	At risk – STI 2018	At risk – STI 2017	At risk – LTI 2018	At risk – LTI 2017
Non-Executive Directors:						
David R Hannon	36%	100%	–	–	64%	–
Reccared P Fertig	100%	100%	–	–	–	–
Russell C Barwick	27%	100%	–	–	73%	–
Luis Ignacio Silva P	100%	100%	–	–	–	–
Executive Directors:						
Martin C Holland	100%	100%	–	–	–	–
Andrew G Phillips	100%	100%	–	–	–	–
Other Key Management Personnel:						
Murray R Brooker	24%	86%	–	–	76%	14%

SERVICE AGREEMENTS

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

ANDREW G PHILLIPS

EXECUTIVE DIRECTOR, COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Agreement commenced: 1 August 2015

Term of agreement: No fixed term

Details: Base salary, reviewed on 1 January 2018, of $250,000 plus superannuation and any GST, plus 1,500,000 sign-on options were issued at the time of the IPO. Base salary is to be reviewed from time to time by the Board in accordance with constitution and policies. Mr Phillips and the Company may terminate the agreement at any time and for any reason by giving 12 months' written notice to the other party. Mr Phillips' employment may otherwise be terminated at any time for cause by notice to Mr Phillips from the Company.

MURRAY BROOKER

GROUP TECHNICAL ADVISOR

Agreement commenced: 24 June 2016 (date of listing)

Term of agreement: Fixed Term up to 28 November 2019

Details: Fixed fee of $1,000 per day from commencement date until 30 September 2016 and then increased to $1,600 per day thereafter excluding work conducted on the Company's non-Chilean projects, for a minimum of 100 days per year. The Company to pay these fees up until 30 September 2017 and the Chile JV is responsible for such fees thereafter. In addition, 916,667 sign-on options were issued, 1,000,000 shares were issued and there is entitlement to 2,000,000 performance options subject to delivery of key milestones.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

SHARE-BASED COMPENSATION

ISSUE OF SHARES

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018.

OPTIONS

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Murray Brooker	2,000,000	2 March 2018	2 March 2018	6 July 2019	$0.5500	$0.15
Murray Brooker	500,000	5 April 2016	24 June 2018	24 June 2021	$0.2000	$0.13
Murray Brooker	250,000	5 April 2016	24 June 2018	24 June 2021	$0.4000	$0.10
Murray Brooker	166,667	5 April 2016	24 June 2018	24 June 2021	$0.6000	$0.09
David Hannon	2,000,000	6 July 2017	6 July 2017	6 July 2020	$0.6000	$0.12
Russell Barwick	2,000,000	6 July 2017	6 July 2017	6 July 2020	$0.6000	$0.12

No options were exercised during the year ended 30 June 2018.

There were no other options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2018.

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

SHAREHOLDING

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
David R Hannon**	20,715,484	–	861,316	–	21,576,800
Martin C Holland	21,000,001	–	–	–	21,000,001
Reccared P Fertig**	17,638,347	–	185,000	–	17,823,347
Andrew G Phillips**	598,158	–	136,842	–	735,000
Russell C Barwick*	–	–	526,315	–	526,315
Luis Ignacio Silva P	280,000	–	–	–	280,000
Murray R Brooker	1,000,000	–	–	–	1,000,000
	61,231,990	**–**	**1,709,473**	**–**	**62,941,463**

* *Additions represent shares acquired as part of the April 2017 share placement. All shares were acquired under the standard terms and conditions of the share placement offer as approved at the General Meeting of shareholders on 6 July 2017.*

** *Shares issued by the exercising of options in relation to David R Hannon, Reccared P Fertig and Andrew G Phillips were attached to the shares allotted under the share placement of November 2016.*

OPTION HOLDING

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
David R Hannon*/**	8,811,316	2,000,000	(816,316)	(200,000)	9,795,000
Martin C Holland	10,000,001	–	–	–	10,000,001
Reccared P Fertig**	8,602,632	–	(185,000)	(667,632)	7,750,000
Andrew G Phillips**	1,763,158	–	(136,842)	(126,316)	1,500,000
Russell C Barwick*/***	–	2,526,315	–	–	2,526,315
Luis Ignacio Silva P	640,000	–	–	–	640,000
Murray R Brooker	916,667	2,000,000	–	–	2,916,667
	30,733,774	**6,526,315**	**(1,138,158)**	**(993,948)**	**35,127,983**

* *Options granted to David R Hannon and Russell C Barwick were approved at the General Meeting held on 6 July 2018 as a 'sign-on' incentive.*

** *Options exercised/expired in relation to Reccared P Fertig, David R Hannon and Andrew G Phillips were attached to shares allotted under the share placement.*

*** *Options granted to Russell C Barwick attached to the share placement of April 2017.*

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

During the year ended 30 June 2018, the consolidated entity paid $76,634 (2017: $66,600) (inclusive of GST) to DHJPM Pty Ltd (a director related entity of David R Hannon) for the rental of office space. No amounts remain outstanding at 30 June 2018 or 30 June 2017.

THIS CONCLUDES THE REMUNERATION REPORT, WHICH HAS BEEN AUDITED.

SHARES UNDER OPTION

Unissued ordinary shares of Lithium Power International Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
21 September 2015	24 June 2021	$0.2000	25,400,001
25 September 2015	24 June 2021	$0.2000	1,940,000
5 April 2016	24 June 2021	$0.2000	3,500,000
5 April 2016	24 June 2021	$0.4000	250,000
5 April 2016	24 June 2021	$0.6000	166,667
6 July 2017	6 July 2019	$0.5500	34,578,947
6 July 2017	6 July 2020	$0.6000	4,000,000
2 March 2018	6 July 2019	$0.5500	2,000,000
2 March 2018	6 July 2020	$0.6000	2,000,000
2 March 2018	6 July 2020	$0.8000	1,000,000
			74,835,615

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Lithium Power International Limited were issued during the year ended 30 June 2018 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
26 November 2016	$0.5500	36,427,468

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

There were no non-audit services provided during the financial year by the auditor.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF ERNST & YOUNG

There are no officers of the Company who are former partners of Ernst & Young.

AUDITOR'S INDEPENDENCE DECLARATION

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

AUDITOR

Ernst & Young continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors

David R Hannon
Chairman

27 September 2018
Sydney

Ernst & Young
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Sydney NSW 2000 Australia
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Auditor's Independence Declaration to the Directors of Lithium Power International Limited

As lead auditor for the audit of Lithium Power International Limited for the financial year ended 30 June 2018, 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 audit; and

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

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

Ernst & Young

Ryan Fisk
Partner
27 September 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Other revenue	5	**182,363**	22,182
Share of losses of joint ventures accounted for using the equity method	28	**(5,727,205)**	(4,100,155)
Expenses			
Employee benefits expense		**(1,964,224)**	(1,087,301)
Occupancy costs		**(92,389)**	(76,955)
Depreciation and amortisation expense		**(2,545)**	(184)
Legal and professional fees		**(1,059,665)**	(912,078)
Travel expense		**(451,060)**	(267,438)
Administration expense		**(737,680)**	(397,588)
Net foreign exchange gains/(losses)		**1,354,399**	(400,124)
Other expenses		**(135,110)**	(18,058)
Finance costs		**(9,189)**	(9,468)
Loss before income tax expense		**(8,642,305)**	(7,247,167)
Income tax expense	7	(142,623)	–
Loss after income tax expense for the year		**(8,784,928)**	(7,247,167)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		**447,223**	8,623
Other comprehensive income for the year, net of tax		**447,223**	8,623
Total comprehensive income for the year		**(8,337,705)**	(7,238,544)
Loss for the year is attributable to:			
Non–controlling interest		**(1,846)**	–
Owners of Lithium Power International Limited		**(8,783,082)**	(7,247,167)
		(8,784,928)	(7,247,167)
Total comprehensive income for the year is attributable to:			
Non–controlling interest		**(1,846)**	–
Owners of Lithium Power International Limited		**(8,335,859)**	(7,238,544)
		(8,337,705)	(7,238,544)
		Cents	**Cents**
Basic loss per share	30	(3.76)	(4.79)
Diluted loss per share	30	(3.76)	(4.79)

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 30 June 2018

	Note	Consolidated 2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents	8	**23,364,477**	3,616,971
GST receivable		**104,054**	20,941
Other	9	**158,825**	52,265
		23,627,356	3,690,177
Assets of disposal groups classified as held for sale	10	**–**	298,189
Total current assets		**23,627,356**	3,988,366
Non-current assets			
Investments accounted for using the equity method	11	**33,232,609**	37,456,279
Property, plant and equipment		**8,820**	4,860
Exploration and evaluation	12	**1,933,503**	1,472,405
Total non-current assets		**35,174,932**	38,933,544
Total assets		**58,802,288**	42,921,910
Liabilities			
Current liabilities			
Trade and other payables	13	**562,795**	8,036,306
Income tax		**142,020**	–
Provisions	14	**28,885**	–
		733,700	8,036,306
Liabilities directly associated with assets classified as held for sale	15	**–**	33,771
Total current liabilities		**733,700**	8,070,077
Non-current liabilities			
Payables	16	**–**	4,590,000
Total non-current liabilities		**–**	4,590,000
Total liabilities		**733,700**	12,660,077
Net assets		**58,068,588**	30,261,833
Equity			
Issued capital	17	**69,512,965**	37,258,548
Reserves	18	**6,573,498**	2,127,352
Accumulated losses		**(17,907,149)**	(9,124,067)
Equity attributable to the owners of Lithium Power International Limited		**58,179,314**	30,261,833
Non-controlling interest		**(110,726)**	–
Total equity		**58,068,588**	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 year ended 30 June 2018

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2016	8,920,643	400,347	(1,876,900)	–	7,444,090
Loss after income tax expense for the year	–	–	(7,247,167)	–	(7,247,167)
Other comprehensive income for the year, net of tax	–	8,623	–	–	8,623
Total comprehensive income for the year	–	8,623	(7,247,167)	–	(7,238,544)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 17)	30,004,074	–	–	–	30,004,074
Share-based payments (note 31)	–	52,213	–	–	52,213
Fair value of options attached to private placement	(1,666,169)	1,666,169	–	–	–
Balance at 30 June 2017	**37,258,548**	**2,127,352**	**(9,124,067)**	**–**	**30,261,833**

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2017	37,258,548	2,127,352	(9,124,067)	–	30,261,833
Loss after income tax expense for the year	–	–	(8,783,082)	(1,846)	(8,784,928)
Other comprehensive income for the year, net of tax	–	447,223	–	–	447,223
Total comprehensive income for the year	–	447,223	(8,783,082)	(1,846)	(8,337,705)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 17)	33,786,801	–	–	–	33,786,801
Share-based payments (note 31)	–	1,212,659	–	–	1,212,659
Transfer from share-based payment reserve to issued capital on exercise of options	1,666,169	(1,666,169)	–	–	–
Fair value of options attached to private placement	(3,198,553)	3,198,553	–	–	–
Part disposal of subsidiary to non-controlling interest	–	1,253,880	–	(108,880)	1,145,000
Balance at 30 June 2018	**69,512,965**	**6,573,498**	**(17,907,149)**	**(110,726)**	**58,068,588**

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		**(1,234,770)**	(3,809,953)
Interest received		**182,363**	22,182
Interest and other finance costs paid		**(9,189)**	(9,468)
Income taxes paid		**(603)**	–
Net cash used in operating activities	29	**(1,062,199)**	(3,797,239)
Cash flows from investing activities			
Payments for new joint venture capital invested		**(13,893,535)**	(23,086,434)
Payments for property, plant and equipment		**(6,505)**	(5,044)
Payments for exploration and evaluation	12	**(222,056)**	(655,082)
Proceeds from part sale of subsidiary to non-controlling interest	10	**1,145,000**	–
Net cash used in investing activities		**(12,977,096)**	(23,746,560)
Cash flows from financing activities			
Proceeds from issue of shares	17	**35,839,477**	25,700,002
Share issue transaction costs	17	**(2,052,676)**	(1,775,928)
Net cash from financing activities		**33,786,801**	23,924,074
Net increase/(decrease) in cash and cash equivalents		**19,747,506**	(3,619,725)
Cash and cash equivalents at the beginning of the financial year		**3,616,971**	7,236,696
Cash and cash equivalents at the end of the financial year	8	**23,364,477**	3,616,971

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

Notes to the Financial Statements

for the period ended 30 June 2018

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 is:

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 27 September 2018. The directors have the power to amend and reissue the financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The consolidated entity has adopted all of the new, revised 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.

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

GOING CONCERN

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The consolidated entity has incurred a net loss after tax of $8,784,928 (2017: $7,247,167) for the year ended 30 June 2018 and had a net current asset position of $22,893,656 (2017: net current liability position of $4,081,711) as at 30 June 2018.

The directors have prepared cash flow forecasts that indicate that due to the cash reserves at the end of the financial year, as a result of the underwritten capital raise and option conversion in November 2017, and the completion of its earn-in obligations for the Maricunga Joint Venture, that the Company will have sufficient funds for normal operations of the Company for the foreseeable future.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

HISTORICAL COST CONVENTION

The financial statements have been prepared under the historical cost convention.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

PARENT ENTITY INFORMATION

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 26.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lithium Power International Limited as at 30 June 2018 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

OPERATING SEGMENTS

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Australian dollars, which is Lithium Power International Limited's functional and presentation currency.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

FOREIGN OPERATIONS

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

INTEREST

Interest revenue is recognised as interest accrued using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

OTHER REVENUE

Other revenue is recognised when it is received or when the right to receive payment is established.

INCOME TAX

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

TRADE AND OTHER RECEIVABLES

Other receivables are recognised at amortised cost, less any provision for impairment.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

NON-CURRENT ASSETS OR DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

JOINT VENTURES

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Distributions received or receivable from joint venture entities reduce the carrying amount of the investment.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment: 3–7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the period in which the decision is made.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

FINANCE COSTS

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

OTHER LONG-TERM EMPLOYEE BENEFITS

The liability employee benefits not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

DEFINED CONTRIBUTION SUPERANNUATION EXPENSE

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

SHARE-BASED PAYMENTS

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

ISSUED CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the owners of Lithium Power International Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

DILUTED EARNINGS PER SHARE

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

GOODS AND SERVICES TAX ('GST') AND OTHER SIMILAR TAXES

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies, if disclosed, are net of the amount of GST recoverable from, or payable to, the tax authority.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 FINANCIAL INSTRUMENTS

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018. Based on a preliminary assessment management believe it will not significantly impact the financial statements.

AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018. It is not expected to significantly impact the financial statements on the basis that neither the Company nor the joint venture entity generate material revenues at present given the exploratory and developmental nature of their activities.

AASB 16 LEASES

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

IASB REVISED CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING

The revised Conceptual Framework has been issued by the International Accounting Standards Board ('IASB'), but the Australian equivalent has yet to be published. The revised framework is applicable for annual reporting periods beginning on or after 1 January 2020 and the application of the new definition and recognition criteria may result in future amendments to several accounting standards. Furthermore, entities who rely on the conceptual framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards may need to revisit such policies. The consolidated entity will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

SHARE-BASED PAYMENT TRANSACTIONS

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS CONTINUED

IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

EXPLORATION AND EVALUATION COSTS

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

NOTE 4. 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.

NOTE 5. OTHER REVENUE

	Consolidated	
	2018 $	2017 $
Interest	**182,363**	22,182

NOTE 6. EXPENSES

	Consolidated 2018 $	2017 $
Loss before income tax includes the following specific expenses:		
Rental expense relating to operating leases		
Minimum lease payments	**84,037**	72,600
Superannuation expense		
Defined contribution superannuation expense	**76,782**	61,521
Share-based payments expense		
Share-based payments expense	**806,359**	52,213
Net foreign exchange (gain)/loss		
Net foreign exchange (gain)/loss	**(1,354,399)**	400,124

The exchange gain has arisen on the US dollar denominated intercompany loan granted by Lithium Power International Limited, which has an Australian Dollar functional currency, to its wholly owned subsidiary, Lithium Power Inversiones Chile S.p.A, which has a US Dollar functional currency.

NOTE 7. INCOME TAX EXPENSE

	Consolidated 2018 $	2017 $
Income tax expense		
Current tax	**142,623**	–
Aggregate income tax expense	**142,623**	–
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	**(8,642,305)**	(7,247,167)
Tax at the statutory tax rate of 27.5% (2017: 30%)	**(2,376,634)**	(2,174,150)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible share-based payments	**221,749**	52,313
Share of losses – associates	**1,544,359**	1,230,047
Non-deductible meals and entertainment	**14,634**	1,804
	(595,892)	(889,986)
Current period temporary differences not recognised – IPO transaction costs	**390,704**	243,093
Current period tax losses not recognised	**347,811**	646,893
Income tax expense	**142,623**	–

NOTE 7. INCOME TAX EXPENSE CONTINUED

	Consolidated 2018 $	2017 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	**7,086,054**	4,743,177
Potential tax benefit at statutory tax rates	**1,948,665**	1,422,953

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated 2018 $	2017 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Exploration and evaluation assets	**126,802**	205,880
Accrued expenses	**109,483**	–
Tax losses	**1,948,665**	1,422,953
Capital expenditure deductible over 5 years	**1,015,083**	658,379
Total deferred tax assets not recognised	**3,200,033**	2,287,212

The above potential tax benefit, which includes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

NOTE 8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated 2018 $	2017 $
Cash at bank	**6,793,288**	3,533,545
Cash on deposit	**16,571,189**	83,426
	23,364,477	3,616,971

Cash on deposit has a term of one month and is automatically renewed each month. Cash on deposit earns interest at 1.85% per annum.

NOTE 9. CURRENT ASSETS – OTHER

	Consolidated 2018 $	2017 $
Prepayments	**51,345**	–
Other current assets	**107,480**	52,265
	158,825	52,265

NOTE 10. CURRENT ASSETS – ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

	Consolidated 2018 $	2017 $
Receivables	–	14,601
Other current assets	–	44,546
Exploration and evaluation	–	239,042
	–	298,189

Assets held for sale represents the assets of the Company's special purpose subsidiary, Lithium Power International (Argentina) Pty Ltd and its wholly owned subsidiary incorporated in Argentina, Lithium Power S.A. Lithium Power S.A. owns the licences for the seven Company owned properties in Argentina totalling approximately 62.2m in the Centenario salar.

During the year ended 30 June 2017, a contract was executed with Centenario Lithium Limited ('the Purchaser') to dispose of 100% of the shares in Lithium Power International (Argentina) Pty Ltd and its controlled entities. During the year ended 30 June 2018, the Purchaser was unable to complete the transactions. Accordingly, pursuant to the terms of the sale agreement, the consolidated entity will retain the deposit of $1,145,000 received from the Purchaser and the consolidated entity will transfer 30% of the issued share capital of Lithium Power International (Argentina) Pty Ltd to the Purchaser.

Lithium Power International (Argentina) Pty Ltd has negative assets due to a loan to the parent entity. The transaction disposing of the 30% non-controlling interest in Lithium Power International (Argentina) Pty Ltd resulted in a difference of $1,283,458 between the proceeds of $1,145,000 and 30% of the negative assets and foreign currency translation reserve of $138,458. This has been accounted for in equity, refer to Note 18.

NOTE 11. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated 2018 $	2017 $
Investment in the Maricunga Joint Venture	**33,232,609**	37,456,279

Refer to note 28 for further information on interests in joint ventures.

During the year ended 30 June 2017, the consolidated entity, through the Company's subsidiary entity Lithium Power Inversiones Chile S.p.A ('LPI Chile'), began the process to acquire 50% of the Maricunga lithium brine project in Chile (the Maricunga Joint Venture ('JV')). The JV was formalised in Santiago, Chile on 13 January 2017 and is constituted by the JV Shareholder Agreement of the Joint Venture Company, Minera Salar Blanco S.A. ('MSB').

As at 30 June 2018, the Company held a 50% beneficial interest in the JV by its total accumulated contribution of capital of US$27.2 million. The Company's interest in MSB is deemed to be a joint venture pursuant to accounting standards as the appointment of MSB's directors and the allocation of voting rights for key business decisions requires the unanimous approval of its venturers.

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

NOTE 12. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION

	Consolidated 2018 $	2017 $
Exploration and evaluation expenditures – at cost	**1,933,503**	1,472,405

RECONCILIATIONS

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

Consolidated	Exploration and evaluation expenditures $	Total $
Balance at 1 July 2016	**1,056,365**	1,056,365
Additions	**655,082**	655,082
Classified as held for sale	**(239,042)**	(239,042)
Balance at 30 June 2017	**1,472,405**	1,472,405
Additions	**222,056**	222,056
Transferred from assets held for sale	**239,042**	239,042
Balance at 30 June 2018	**1,933,503**	1,933,503

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 13. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated 2018 $	2017 $
Trade payables	**164,676**	214,346
Accrued expenses	**398,119**	21,960
Payable to Maricunga Joint Venture	**–**	7,800,000
	562,795	8,036,306

As at 30 June 2017, the payable to the Maricunga Joint Venture represented the current portion payable for the consolidated entity's investment in the joint venture. Refer to note 11 for further details.

Refer to note 21 for further information on financial instruments.

NOTE 14. CURRENT LIABILITIES – PROVISIONS

	Consolidated 2018 $	2017 $
Employee benefits	**28,885**	–

NOTE 15. CURRENT LIABILITIES – LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

	Consolidated 2018 $	2017 $
Trade payables	–	514
Accrued expenses	–	33,257
	–	33,771

Liabilities held for sale represents the liabilities of the Company's special purpose subsidiary, Lithium Power International (Argentina) Pty Ltd and its wholly owned subsidiary incorporated in Argentina, Lithium Power S.A. Lithium Power S.A. owns the licences for the seven Company owned properties in Argentina totalling approximately 62.2km in the Centenario salar.

During the year ended 30 June 2017, a contract was executed with Centenario Lithium Limited ('the Purchaser') to dispose of 100% of the shares in Lithium Power International (Argentina) Pty Ltd and its controlled entities. During the year ended 30 June 2018, the Purchaser was unable to complete the transactions. Accordingly, pursuant to the terms of the sale agreement, the consolidated entity will retain the deposit of $1,145,000 received from the Purchaser and the consolidated entity will transfer 30% of the issued share capital of Lithium Power International (Argentina) Pty Ltd to the Purchaser.

Lithium Power International (Argentina) Pty Ltd has negative assets due to a loan to the parent entity. The transaction disposing of the 30% non-controlling interest in Lithium Power International (Argentina) Pty Ltd resulted in a difference of $1,283,458 between the proceeds of $1,145,000 and 30% of the negative assets and foreign currency translation reserve of $138,458. This has been accounted for in equity, refer to Note 18.

NOTE 16. NON-CURRENT LIABILITIES – PAYABLES

	Consolidated 2018 $	2017 $
Payable to Maricunga Joint Venture	–	4,590,000

As at 30 June 2017, the payable to the Maricunga Joint Venture represented the non-current portion payable for the consolidated entity's investment in the joint venture. Refer to note 11 for further details.

Refer to note 21 for further information on financial instruments.

NOTE 17. EQUITY – ISSUED CAPITAL

	Consolidated 2018 Shares	2017 Shares	2018 $	2017 $
Ordinary shares – fully paid	**260,713,902**	195,388,536	**69,512,965**	37,258,548

NOTE 17. EQUITY – ISSUED CAPITAL CONTINUED

MOVEMENTS IN ORDINARY SHARE CAPITAL

Details	Date	Shares	Issue price	$
Balance	1 July 2016	111,709,581		8,920,643
Issue of shares	20 October 2016	16,756,437	$0.3800	6,367,446
Issue of shares	2 December 2016	14,822,517	$0.3800	5,632,556
Issue of shares	2 December 2016	2,631,579	$0.3800	1,000,000
Issue of shares to Directors	2 December 2016	263,158	$0.3800	100,000
Issue of shares to Directors	2 December 2016	1,052,632	$0.3800	400,000
Issue of shares to key management personnel	2 December 2016	1,000,000	$0.3800	380,000
Issue of shares on acquisition of interest in Joint Venture	2 December 2016	16,000,000	$0.3800	6,080,000
Conversion of options	16 December 2016	100,000	$0.2000	20,000
Issue of shares	6 April 2017	31,052,632	$0.3800	11,800,000
Less fair value of options attached to private placement		–	$0.0000	(1,666,169)
Less issue costs net of taxation		–	$0.0000	(1,775,928)
Balance	30 June 2017	195,388,536		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		–	$0.5500	1,666,169
Less fair value of options attached to private placement		–	$0.0000	(3,198,553)
Less issue costs net of taxation		–	$0.0000	(2,052,676)
Balance	**30 June 2018**	**260,713,902**		**69,512,965**

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.

CAPITAL RISK MANAGEMENT

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the Company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is not subject to any financing arrangements covenants.

The capital risk management policy remains unchanged from the 30 June 2017 Annual Report.

NOTE 18. EQUITY – RESERVES

	Consolidated 2018 $	2017 $
Foreign currency translation reserve	**426,562**	8,917
Share-based payments reserve	**1,664,925**	452,266
Options reserve	**3,198,553**	1,666,169
Other reserve	**1,283,458**	–
	6,573,498	2,127,352

FOREIGN CURRENCY TRANSLATION RESERVE

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

SHARE-BASED PAYMENTS RESERVE

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

OPTIONS RESERVE

The reserve is used to recognise the value of equity benefits provided to shareholders who received a one for one attaching option for each share acquired in the Company.

OTHER RESERVE

This reserve is used is recognise the difference between the fair value of consideration received and the fair value of the net assets and foreign currency translation reserve transferred to non-controlling interests.

MOVEMENTS IN RESERVES

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency $	Share-based payments $	Options $	Other $	Total $
Balance at 1 July 2016	294	400,053	–	–	**400,347**
Foreign currency translation	8,623	–	–	–	**8,623**
Share-based payments	–	52,213	–	–	**52,213**
Options attached to private placement	–	–	1,666,169	–	**1,666,169**
Balance at 30 June 2017	8,917	452,266	1,666,169	–	**2,127,352**
Foreign currency translation	447,223	–	–	–	**447,223**
Share–based payments	–	1,212,659	–	–	**1,212,659**
Transfer from share–based payment reserve to issued capital on exercise of options	–	–	(1,666,169)	–	**(1,666,169)**
Options attached to private placement	–	–	3,198,553	–	**3,198,553**
Part disposal of subsidiary to non–controlling interests	(29,578)	–	–	1,283,458	**1,253,880**
Balance at 30 June 2018	426,562	1,664,925	3,198,553	1,283,458	**6,573,498**

NOTE 19. EQUITY – DIVIDENDS

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

NOTE 20. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES

The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

MARKET RISK

FOREIGN CURRENCY RISK

The consolidated entity operates internationally and is exposed to foreign currency risk from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency and US dollar denominated loans between the parent entity and its subsidiaries. The risk is measured using sensitivity analysis and cash flow forecasting and the consolidated entity does not have a hedging policy.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were not significant. However, as at the 30 June 2018, there exists a US dollar denominated intercompany loan granted by Lithium Power International Limited to its wholly owned subsidiary, Lithium Power Inversiones Chile S.p.A. The loan balance at 30 June 2018 is US$27.2 million (30 June 2017: US$15.7 million).

The Intercompany Loan is a long-term loan to allow for the earn-in to the Maricunga JV. There are no plans to repatriate the loan funds in the near future.

The sensitivity analysis for foreign exchange risk of the consolidated entities intercompany loans is as follows:

	AUD strengthened			AUD weakened		
	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Consolidated – 2018						
US Dollar	1%	364,371	364,371	1%	(371,732)	(371,372)
Consolidated – 2017						
US dollar	1%	202,087	202,087	1%	(206,196)	(206,196)

PRICE RISK

The consolidated entity is not exposed to any significant price risk.

INTEREST RATE RISK

The consolidated entity is not exposed to any significant interest rate risk.

CREDIT RISK

The consolidated entity is not exposed to any significant credit risk.

LIQUIDITY RISK

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

REMAINING CONTRACTUAL MATURITIES

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated – 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	–	164,676	–	–	–	164,676
Total non-derivatives		**164,676**	**–**	**–**	**–**	**164,676**

Consolidated – 2017	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	–	214,860	–	–	–	214,860
Payable to Maricunga Joint Venture	–	7,800,000	4,590,000	–	–	12,390,000
Total non-derivatives		**8,014,860**	**4,590,000**	**–**	**–**	**12,604,860**

NOTE 21. 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.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

NOTE 22. KEY MANAGEMENT PERSONNEL DISCLOSURES

COMPENSATION

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2018 $	Consolidated 2017 $
Short-term employee benefits	**985,535**	984,076
Post-employment benefits	**67,371**	61,521
Share-based payments	**685,400**	52,213
	1,738,306	1,097,810

NOTE 23. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the Company:

	Consolidated	
	2018	2017
	$	$
Audit services – Ernst & Young		
Audit or review of the financial statements	**63,500**	45,000

NOTE 24. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2018 (2017: nil).

NOTE 25. RELATED PARTY TRANSACTIONS

PARENT ENTITY

Lithium Power International Limited is the parent entity.

SUBSIDIARIES

Interests in subsidiaries are set out in note 27.

JOINT VENTURES

Interests in joint ventures are set out in note 28.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the directors' report.

TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties:

	Consolidated	
	2018	2017
	$	$
Payment for other expenses:		
Rental expense paid to director related entity	**76,364**	66,600

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 26. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Parent 2018 $	Parent 2017 $
Loss after income tax	**(3,575,446)**	(1,660,522)
Total comprehensive income	**(3,575,446)**	(1,660,522)

STATEMENT OF FINANCIAL POSITION

	Parent 2018 $	Parent 2017 $
Total current assets	**22,821,746**	3,578,896
Total assets	**68,782,505**	36,089,410
Total current liabilities	**1,504,917**	235,975
Total liabilities	**1,504,917**	235,975
Equity		
Issued capital	**69,512,965**	37,258,409
Share-based payments reserve	**1,664,925**	452,266
Options reserve	**3,198,553**	1,666,169
Accumulated losses	**(7,098,855)**	(3,523,409)
Total equity	**67,277,588**	35,853,435

GUARANTEES ENTERED INTO BY THE PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 and 30 June 2017.

CONTINGENT LIABILITIES

The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

CAPITAL COMMITMENTS - PROPERTY, PLANT AND EQUIPMENT

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 27. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiary in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
Lithium Power Inversiones Chile S.p.A	Chile	**100.00**	100.00

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in note 2:

			Parent		Non-controlling interest	
Name	Principal place of business/ Country of incorporation	Principal activities	Ownership interest 2018 %	Ownership interest 2017 %	Ownership interest 2018 %	Ownership interest 2017 %
Lithium Power International (Argentina) Pty Ltd	Australia	Holding company	70.00	100.00	30.00	–
Lithium Power Inversiones Chile S.p.A	Argentina	Exploration	70.00	100.00	30.00	–

NOTE 28. 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:

Name	Principal place of business / Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
Maricunga Joint Venture	Chile	**50.00**	50.00

SUMMARISED FINANCIAL INFORMATION

	Maricunga Joint Venture	
	2018	2017
	$	$
Summarised statement of financial position		
Cash and cash equivalents	**6,771,378**	7,759,215
Other current assets	**1,068,117**	1,303,543
Exploration and evaluation assets	**35,335,286**	32,929,121
Total assets	**43,174,781**	41,991,879
Current liabilities	**1,017,698**	827,841
Total liabilities	**1,017,698**	827,841
Net assets	**42,157,083**	41,164,038
Summarised statement of profit or loss and other comprehensive income		
Expenses	**(11,231,700)**	(8,906,446)
Loss before income tax	**(11,231,700)**	(8,906,446)
Income tax benefit	**–**	706,136
Loss after income tax	**(11,231,700)**	(8,200,310)
Other comprehensive income	**–**	–
Total comprehensive income	**(11,231,700)**	(8,200,310)
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	**(5,727,205)**	(4,100,155)
Exchange differences	**1,503,535**	–
Closing carrying amount	**33,232,609**	37,456,279

CONTINGENT LIABILITIES

The consolidated entity has no contingent liabilities relating to the joint venture as at 30 June 2018 and 30 June 2017.

COMMITMENTS

The consolidated entity has no commitments relating to the joint venture as at 30 June 2018 and 30 June 2017 other than those disclosed in note 11.

SIGNIFICANT RESTRICTIONS

As at 30 June 2018 and 30 June 2017 there are no significant restrictions on the ability of the joint venture to transfer funds to the consolidated entity.

NOTE 29. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated 2018 $	2017 $
Loss after income tax expense for the year	**(8,784,928)**	(7,247,167)
Adjustments for:		
Depreciation and amortisation	**2,545**	184
Share of loss – joint ventures	**5,727,205**	4,100,155
Share-based payments	**1,212,659**	52,213
Foreign exchange differences	**447,223**	8,623
Change in operating assets and liabilities:		
Increase in prepayments	**(51,345)**	–
Increase in GST receivable	**(83,113)**	81,851
Decrease/(increase) in other operating assets	**3,932**	(107,297)
Increase/(decrease) in trade and other payables	**292,718**	(685,801)
Increase in provision for income tax	**142,020**	–
Increase in employee benefits	**28,885**	–
Net cash used in operating activities	**(1,062,199)**	(3,797,239)

NOTE 30. EARNINGS PER SHARE

	Consolidated 2018 $	2017 $
Loss after income tax	**(8,784,928)**	(7,247,167)
Non-controlling interest	**1,846**	–
Loss after income tax attributable to the owners of Lithium Power International Limited	**(8,783,082)**	(7,247,167)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**233,481,810**	151,189,386
Weighted average number of ordinary shares used in calculating diluted earnings per share	233,481,810	151,189,386

	Cents	Cents
Basic loss per share	**(3.76)**	(4.79)
Diluted loss per share	**(3.76)**	(4.79)

74,835,615 options on issue have been excluded from the weighted average number of ordinary shares used in calculating diluted loss per share as they are considered anti-dilutive.

NOTE 31. SHARE BASED PAYMENTS

OPTIONS GRANTED TO OTHER KEY MANAGEMENT PERSONNEL AND EXTERNAL PARTIES

The Company granted 9,000,000 unlisted options to certain key management personnel and external advisors during the financial year ended 30 June 2018 as follows:

- On 6 July 2017 the Company granted 2,000,000 options to each of the newly appointed directors David R Hannon and Russell C Barwick as a sign-on incentive. The options vested immediately, have an exercise price of $0.60 and expire in 36 months.
- On 2 March 2018, Technical Consultant Murray R Brooker was issued 2,000,000 options for the achievement of pre-agreed milestones. These options vested immediately and have an exercise price of $0.40 and expire 6 July 2019.
- On 2 March 2018, Canaccord Genuity (Australia) Ltd, was granted 2,000,000 options and 1,000,000 options at an exercise price of $0.60 and $0.80 respectively and with an expired date of 6 July 2020 as a management fee for coordinating the November 2017 underwritten capital raise and option conversion.

OPTIONS GRANTED WITH SHARE PLACEMENT

During the financial year ended 30 June 2018, on 6 July 2017, 34,578,947 listed options were granted in relation to the share placement where all shares issued had a one for one attaching option. Each option entitles the holder to subscribe for one share in the Company. The options vested immediately, have an exercise price of $0.55 and expire on 6 July 2019. Included in the share transaction costs for the financial year ended was $3,198,553 which represented the fair value of options vested on the day they were granted.

During the financial year ended 30 June 2017, all shares issued on 20 October 2016 and 2 December 2016 except those issued to key management personnel and those issued in connection with the joint venture, had a one for one attaching option. Each option entitles the holder to subscribe for one share in the Company. The options vested immediately, have an exercise price of $0.55 and expire on 24 November 2017. Included in the share transaction costs for the financial year ended was $1,666,169 which represented the fair value of options vested on the day they were granted.

OPTIONS

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
21/09/2015	24/06/2021	$0.2000	25,400,001	–	–	–	25,400,001
25/09/2015	24/06/2021	$0.2000	1,940,000	–	–	–	1,940,000
05/04/2016	24/06/2021	$0.2000	3,500,000	–	–	–	3,500,000
05/04/2016	24/06/2021	$0.4000	250,000	–	–	–	250,000
05/04/2016	24/06/2021	$0.6000	166,667	–	–	–	166,667
25/11/2016	24/11/2017	$0.5000	37,526,323	–	(36,427,468)	(1,098,855)	–
06/07/2017	06/07/2019	$0.5500	–	34,578,947	–	–	34,578,947
06/07/2017	06/07/2020	$0.6000	–	4,000,000	–	–	4,000,000
02/03/2018	06/07/2019	$0.4000	–	2,000,000	–	–	2,000,000
02/03/2018	06/07/2020	$0.6000	–	2,000,000	–	–	2,000,000
02/03/2018	06/07/2020	$0.8000	–	1,000,000	–	–	1,000,000
			68,782,991	43,578,947	(36,427,468)	(1,098,855)	74,835,615
Weighted average exercise price			$0.3900	$0.5600	$0.5000	$0.5000	$0.4100

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
21/09/2015	24/06/2021	$0.2000	25,500,001	–	(100,000)	–	25,400,001
25/09/2015	24/06/2021	$0.2000	1,940,000	–	–	–	1,940,000
05/04/2016	24/06/2021	$0.2000	3,500,000	–	–	–	3,500,000
05/04/2016	24/06/2021	$0.4000	250,000	–	–	–	250,000
05/04/2016	24/06/2021	$0.6000	166,667	–	–	–	166,667
25/11/2016	24/11/2017	$0.5500	–	37,526,323	–	–	37,526,323
			31,356,668	37,526,323	(100,000)	–	68,782,991
Weighted average exercise price			$0.2037	$0.5500	$0.2000	$0.0000	$0.3900

NOTE 31. SHARE BASED PAYMENTS CONTINUED

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2018 Number	2017 Number
21/09/2015	24/06/2021	25,400,001	25,400,001
25/09/2015	24/06/2021	1,940,000	1,940,000
05/04/2016	24/06/2021	3,916,667	3,916,667
21/11/2016	24/11/2017	–	37,526,323
06/07/2017	06/07/2019	34,578,947	–
02/03/2018	06/07/2020	4,000,000	–
02/03/2018	06/07/2019	2,000,000	–
02/03/2018	06/07/2020	2,000,000	–
02/03/2018	06/07/2020	1,000,000	–
		74,835,615	68,782,991

The weighted average remaining contractual life of options outstanding at the end of the financial period was 1.9 years (2017: 2 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
02/03/2018	06/07/2019	$0.4000	$0.5500	80.00%	–	1.75%	$0.11
02/03/2018	06/07/2020	$0.4000	$0.6000	80.00%	–	1.75%	$0.12
02/03/2018	06/07/2020	$0.4000	$0.8000	80.00%	–	1.75%	$0.15
06/07/2017	06/07/2020	$0.3300	$0.6000	80.00%	–	1.75%	$0.12
06/07/2017	06/07/2019	$0.3200	$0.6000	80.00%	–	1.75%	$0.09

NOTE 32. EVENTS AFTER THE REPORTING PERIOD

On 9 July 2018, the Company announced that, via MSB, it had agreed to cease legal proceedings, started early in 2018. These proceedings against the Chilean Government related to the issuing of a Special Lithium Operation Contract ('CEOL') covering its new mining coded concessions to an unrelated third-party. The decision to cease proceedings was taken after a positive response received through an official letter (the 'Letter') from the Ministry of Mines of Chile (the 'Ministry') on 28 June 2018. The Letter was received after meetings between MSB's management and the Ministry, that enabled MSB to allay its concerns over the CEOL contract, which was the original motivation in commencing legal action. The Letter confirmed MSB's ability to formally negotiate a CEOL be contracted over its new code mining concessions on the Maricunga salar for future exploitation. MSB is working closely with the Chilean government to define the best structure to exploit our new coded tenements (CEOL, Presidential decree, et al) as contemplated in the Chilean Constitution.

On 24 August 2018, LPI completed the acquisition of an additional 1% of MSB, bringing its interest to 51%. The cost was ~AU$1.5 million, paid from current cash reserves.

On 30 August 2018, 1.8 million fully paid LPI ordinary shares were issued to seven key MSB staff and contractors for their roles in delivering key milestones associated with the project over the past two years. These shares will be issued under ASX Listing Rule 7.1.

On 3 September 2018, the Company added two new directors to its Board to further enhance its relationship with MSB. They are Mr Martin Borda, owner of the Chilean joint venture partner, Minera Salar Blanco S.p.A, which owns 30.98% of MSB and Mr Cristobal Garcia-Huidobro, Chief Executive Officer of MSB. As part of this change, Dr Luis Ignacio Silva resigned from the Board.

The Company submitted its Environmental Impact Assessment to the Chilean authorities on 14 September 2018 as announced with the ASX on 17 September 2018. The EIA will now progress through the assessment process throughout 2019.

No other matter or circumstance has arisen since 30 June 2018 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 comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year 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.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001.*

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

David R Hannon
Chairman

27 September 2018
Sydney

Ernst & Young
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Independent Auditor's Report to the Members of Lithium Power International Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lithium Power International Limited and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2018 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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1. Valuation of equity accounted investment

Why significant	How our audit addressed the key audit matter
The Group's equity accounted investment in the Maricunga Joint Venture (the "JV") of $33,232,609 as at 30 June 2018, represents 57% of total assets. Subsequent to initial recognition at cost, the value of the investment in the consolidated financial statements includes the Group's share of profit or loss and other comprehensive income of the equity accounted investment. As disclosed in the financial report, the Directors' assess the Group's equity accounted investment for indicators of impairment at each balance date. This involves assessment of any potential indications of impairment including (but not limited to) significant changes to the market, economic or the legal environments in which the Group and the JV operate. This assessment determines whether a full impairment assessment is required. This was considered a key audit matter due to the magnitude of the balance in the statement of financial position, and the significant judgments and assumptions involved in the assessment of indicators of impairment.	Our audit procedures included the following: ▸ Evaluated management's conclusion that joint control exists and that the equity accounting method must be applied in accordance with Australian Accounting Standards. ▸ Recalculated the Group's share of equity accounted losses during the year. ▸ Assessed whether the methodology used by the Group to identify indicators of impairment met the requirements of Australian Accounting Standards. ▸ Evaluated the Group's assessment of indicators of impairment at year-end. ▸ Considered market announcements made by the Group and Board meeting minutes throughout the year and through to the date of this report for any facts or circumstances that would indicate any indicators of impairment. ▸ Evaluated the adequacy of the related disclosures in the financial report including those made with respect to judgements and estimates.

EY
Building a better working world

2. Carrying value of exploration and evaluation assets

Why significant	How our audit addressed the key audit matter
The carrying value of exploration and evaluation assets is impacted by the Group's ability, and intention, to continue to explore their exploration licenses. The results of exploration work also determines to what extent the mineral reserves and resources may or may not be commercially viable for extraction. Due to the significance of this asset and the subjectivity involved in determining its carrying value, this was a key audit matter. Refer to Note 12 *Exploration and evaluation assets* to the financial statements for the amounts held on the Statement of financial position by the Group as at 30 June 2018 and related disclosure.	Our audit procedures included the following: ▸ Considered the Company's right to explore in the relevant exploration areas which included obtaining and assessing relevant documentation such as license agreements. ▸ Considered the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area which included assessment of the Group's cash-flow forecast models and discussions with senior management and Directors as to the intentions and strategy of the Group. ▸ Assessed the Group's consideration of the existence of any indicators of impairment. ▸ Considered the adequacy of disclosures included within Note 12 of the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 20 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Lithium Power International Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Ryan Fisk
Partner
Sydney
27 September 2018

Shareholder Information

The shareholder information set out below was applicable as at 17 September 2018.

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	190	2
1,001 to 5,000	698	4
5,001 to 10,000	448	10
10,001 to 100,000	853	45
100,001 and over	223	73
	2,412	134
Holding less than a marketable parcel	133	–

EQUITY SECURITY HOLDERS

TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
HSBC Custody Nominees (Australia) Limited	22,310,366	8.53
Holland International Pty Ltd (Holland Family A/C)	17,566,023	6.72
Minera Salar Blanco S.p.A	16,000,000	6.12
Chifley Portfolios Pty Ltd (David Hannon Retire Fund A/C)	15,857,143	6.06
Great Southern Holdings Pty Ltd (Great Southern Holdings A/C)	14,300,000	5.47
Yarandi Investments Pty Ltd (Griffith Family No 2 A/C)	8,224,808	3.15
Dm Capital Management Pty Ltd (Mcevoy Family A/C)	8,134,466	3.11
G Harvey Nominees Pty Ltd (Harvey 1995 Disc A/C)	6,498,576	2.48
J P Morgan Nominees Australia Limited	6,305,944	2.41
Brispot Nominees Pty Ltd (House Head Nominee A/C)	5,563,572	2.13
HSBC Custody Nominees (Australia) Limited-Gsco Eca	5,085,676	1.94
Citicorp Nominees Pty Limited	4,580,387	1.75
Diamond Edge Business Opportunities Ltd	3,523,347	1.35
UBS Nominees Pty Ltd	3,194,505	1.22
BNP Paribas Nominees Pty Ltd (IB AU Noms Retailclient DRP)	2,211,726	0.85
Morgan Stanley Australia Securities (Nominee) Pty Ltd (No 1 Account)	2,130,063	0.81
Brojo Investments Pty Ltd (B & J Lyons Family A/C)	1,691,730	0.65
Allowah Hh Pty Ltd (Griffith Super Pension A/C)	1,685,000	0.64
CS Fourth Nominees Pty Limited (HSBC Cust Nom AU Ltd 11 A/C)	1,573,969	0.60
Mrs Gurpriya Singh	1,500,000	0.57
	147,937,301	56.56

TWENTY LARGEST QUOTED HOLDERS OF LISTED OPTIONS OVER ORDINARY SHARES

The names of the twenty largest holders of quoted options over ordinary shares are listed below:

	Listed options over ordinary shares	
	Number held	% of total options issued
G Harvey Nominees Pty Ltd (Harvey 1995 Disc A/C)	4,210,525	12.18
Morgan Stanley Australia Securities (Nominee) Pty Ltd (No 1 Account)	3,947,368	11.42
HSBC Custody Nominees (Australia) Limited	3,289,474	9.51
Yarandi Investments Pty Ltd (Griffith Family No 2 A/C)	1,631,579	4.72
National Nominees Limited (DB A/C)	1,206,947	3.49
Dirdot Pty Limited (Griffith Super Fund A/C)	1,000,000	2.89
Covelane Pty Ltd	1,000,000	2.89
Mr Joseph Wills	927,250	2.68
Zenix Nominees Pty Ltd	750,000	2.17
Blue Ocean Equities Pty Limited	750,000	2.17
Everblu Capital Pty Ltd	750,000	2.17
Sprott Private Wealth LP	750,000	2.17
Suburban Holdings Pty Limited (Suburban Super Fund A/C)	736,843	2.13
First Investment Partners Pty Ltd	700,000	2.02
Eilie Sunshine Pty Ltd (Eilie Sunshine S/F A/C)	526,315	1.52
Tialing Pty Ltd (Tialing Super Fund A/C)	509,100	1.47
Mr Robert Geoffrey Page	500,000	1.45
BT Portfolio Services Limited (Warrell Holdings S/F A/C)	500,000	1.45
BB Capital Pty Ltd	500,000	1.45
Two Tops Pty Ltd	500,000	1.45
	24,685,401	71.40

UNQUOTED EQUITY SECURITIES

	Number on issue	Number of holders
Options over ordinary shares issued	40,256,668	15

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
Martin C Holland	Options over ordinary shares	10,000,001
David R Hannon	Options over ordinary shares	9,795,000

SUBSTANTIAL HOLDERS

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
HSBC Custody Nominees (Australia) Limited	22,310,366	8.53
Holland International Pty Ltd (Holland Family A/C)	17,566,023	6.72
Minera Salar Blanco S.p.A	16,000,000	6.12
Chifley Portfolios Pty Ltd (David Hannon Retire Fund A/C)	15,857,143	6.06
Great Southern Holdings Pty Ltd (Great Southern Holdings A/C)	14,300,000	5.47

	Listed options over ordinary shares	
	Number held	% of total shares issued
G Harvey Nominees Pty Ltd (Harvey 1995 Disc A/C)	4,210,525	12.18
Morgan Stanley Australia Securities (Nominee) Pty Ltd (No 1 Account)	3,947,368	11.42
HSBC Custody Nominees (Australia) Limited	3,289,474	9.51

VOTING RIGHTS

The voting rights attached to ordinary shares are set out below:

ORDINARY SHARES

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.

There are no other classes of equity securities.

RESTRICTED SECURITIES

Class	Expiry date by	Number of shares
Ordinary shares*	30 November 2018	1,000,000

* expiry date being 24 months from the date of issue.

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