LITHIUMPOWER
INTERNATIONAL LTD

ANNUAL REPORT

to 30 JUNE 2019

Corporate Directory

DIRECTORS

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

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 directors and management are committed to conducting the business of Lithium Power International Limited in an ethical manner and in accordance with the highest standards of corporate governance. Lithium Power International Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.

The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance Manual can be found on the Who We Are page at www.lithiumpower-international.com

Contents

Chairman's Letter

Dear Shareholders,

It is with great pleasure that I write to you as Chairman of Lithium Power International Limited after another 12 months during which significant progress has been made to the overall value of the company.

Lithium Power is a pure-play lithium company. We have assets diversified across both brine in South America and hard rock in Western Australia. We are primarily focused on the advancement of our 51 per cent owned Chilean Joint Venture, which is developing the world class Maricunga Lithium Brine project (the Project).

In accordance with the Chilean Joint Venture Investment Agreement, we completed our earn-in to the Joint Venture Company, Minera Salar Blanco S.A. (MSB) in February 2018. Those funds, as budgeted, took MSB through to the submission of the Environmental Impact Assessment and the release of the Definitive Feasibility Study. During the year, a capital call for general working capital for the 2019 calendar year was made by MSB. This call required all MSB shareholders to contribute on a shareholding pro-rata basis.

In November 2018, we submitted the Project's Environmental Impact Assessment (EIA) to the Chilean Environmental Authority (the Authority). This was the result of in-depth work over a two-year period by MSB and LPI's executive teams and our external consultants. The EIA has now progressed through each review hurdle with the Authority and we await the completion of the approval process.

The Definitive Feasibility Study (DFS) was released in January 2019. The DFS was completed by WorleyParsons, and it details the outstanding economics of the Project. It confirms that Maricunga is the most advanced pre-production lithium brine project in South America. It has a pre-tax NPV of US$1.3 billion, and an IRR of 29.8 per cent over its 20-year mine life, at 20,000 tons of Lithium Carbonate Equivalent (LCE) per annum.

The maiden Ore Reserve estimate, prepared in accordance with JORC and NI 43-101 international standards, was also released in January 2019. This showed a total of 742,000 tonnes of LCE, exceeding the 20-year project mine life production needs.

In August 2019, we announced that after several months of negotiation MSB had entered into a non-binding Memorandum of Understanding (MOU) with the Chilean State-owned mining company, Codelco. The MOU will define terms for the negotiation of a definitive agreement to form a new Joint Venture allowing to develop the Maricunga Salar under a private-public ownership structure. This further confirms and validates the quality of the Project.

A 70:30 Joint Venture on our Centenario project in Salta, Argentina, was finalised in August 2019 with Marquee Resources Limited. Discussions on advancing this project are now underway. Throughout the year, the company conducted a pre-drilling exploration program and other permitting requirements. The cost was covered under the 70:30 Joint Venture arrangement.

In Western Australia, we continue to explore for hard rock pegmatite targets in both our southern, Greenbushes, and northern, Pilbara, tenements. A drilling program commenced at the northern Tabba Tabba tenement in August 2019, with results expected early in Q4 2019. The company has also been working with the Western Australian Department of Conservation and Land Management to finalise an environmental management program to enable exploration on the southern Greenbushes tenement.

In October 2018, we announced the appointment of Mr Cristobal Garcia-Huidobro as Managing Director and Chief Executive Officer of the company. Mr Garcia-Huidobro is a highly respected member of the Chilean business community. He remains as CEO of the Joint Venture Company, MSB, a role that carried responsibility for taking the Maricunga project to its current advanced state. His appointment strengthens the already seamless connections between LPI and MSB.

Also, in October 2018, we announced the appointment of Mr Richard Crookes to LPI's Board and executive team as Executive Director – Corporate Finance. Mr Crookes brings broad experience from the resources industry, along with extensive investment banking and institutional market expertise. His main focus is to ensure the Maricunga project is appropriately funded, and that key strategic partnerships are secured as it moves into the development phase.

I would like to 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 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. I look forward to the continued support of all parties as we continue sharing this exciting journey together.

Yours sincerely,

David R Hannon
Chairman

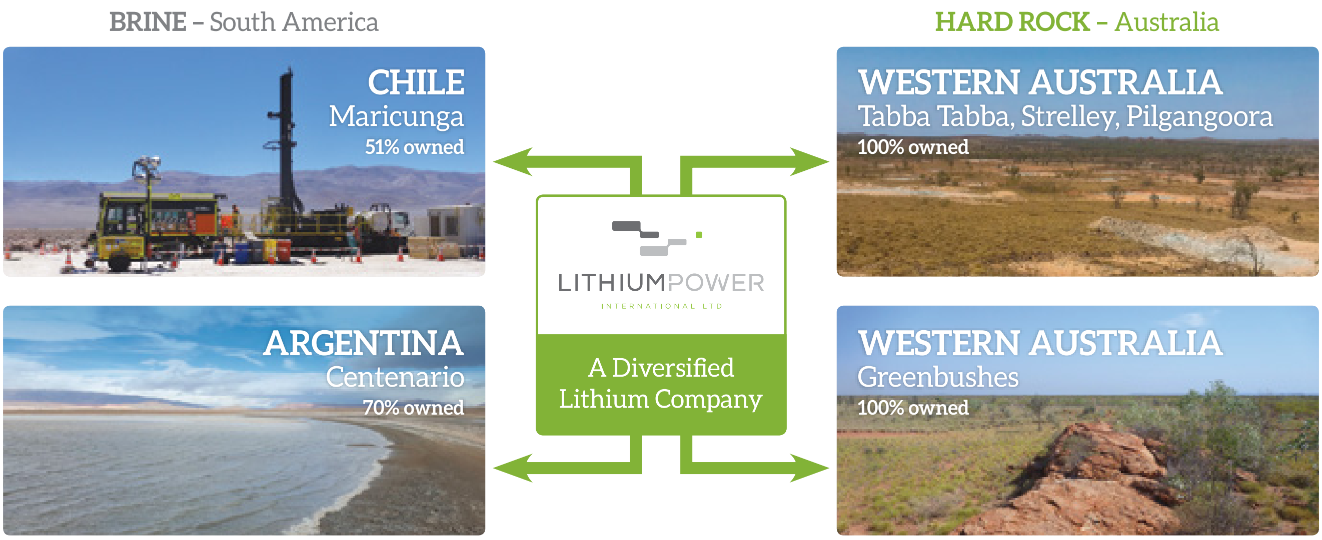
26 September 2019
Sydney

CEO's Report

COMPANY OVERVIEW

Lithium Power International Limited (ASX: LPI) (LPI or the Company) is a pure-play lithium company. Its primary focus is on the development of Chile's next high-grade lithium mine on the Maricunga Salar in the area known as the Lithium Triangle. During the 2019 financial year, the Company also continued its initial exploration of lithium tenements held in Western Australia and Argentina, together with maintaining the properties and ensuring all property commitments were met.

The Company has four distinct project regions, two in South America's lithium brine region and two in Western Australia's spodumene hard rock. This is consistent with our stated strategy of being a diversified lithium developer in both geography and geology.



MARICUNGA LITHIUM BRINE JV – CHILE

OWNERSHIP STRUCTURE

The Company continues to hold 51 per cent ownership of the Maricunga Joint Venture Company, Minera Salar Blanco S.A. (MSB).

The remaining shareholding in MSB remains unchanged, with Minera Blanco (a private company owned by Mr Martin Borda) holding 30.98 per cent and Toronto listed company Bearing Lithium holding 18.02 per cent.

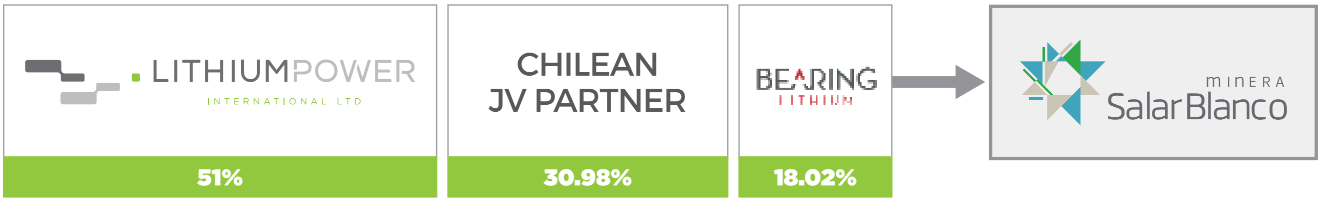


FIGURE 1: MARICUNGA JV OWNERSHIP STRUCTURE

RESERVE ESTIMATE

In January 2019, the Company released its maiden Mineral Reserve and updated Resource estimate in association with the release of the Definitive Feasibility Study (DFS). This consisted of 100 per cent Indicated and Measured Resources, with the previous 20 per cent Inferred Resources converted to Indicated Resources after the drilling during the second half of 2018 of two additional sonic holes to 200 m. This led to a revised Resource of 2.07 Mt of lithium (Tables 1 and 2). The estimated Mineral Resources in the DFS have been prepared by Competent Persons and reported in accordance with requirements of the 2012 JORC code. The Competent Persons statement can be read on Page 67 of this report.

A hydrogeological model was developed to define a maiden brine Reserve for the project, taking into account brine recovery from the aquifers in the salar. An overall mining Reserve of 742,000 tonnes of Lithium Carbonate Equivalent (LCE) has been defined for brine extracted from the aquifer and pumped to evaporation ponds. Of this total, 203,000 tonnes is classified as Proved and 539,000 tonnes as Probable (see Table 3). Proved Resources represent those in the old mining code Cocina property along with the first seven years of production from the Litio properties in the salar. The remaining Reserves are classified as Probable. When a lithium pond and process recovery efficiency of 58 per cent is applied, the total recovered LCE equates to 430,000 tonnes. Some 27 per cent derives from Proved Ore and 73 per cent from Probable Ore in brine fed to the ponds (Table 4).

This 430,000 tonnes of defined Reserve exceeds the project's planned 20 years of production at 20 Ktpa of lithium carbonate, based on the Resource and Reserve defined to 200 m depth. The Company believes there is considerable scope to add additional Resources, and probable Reserves, below the current Resource drilling depth of 200 m.

Full details of the Reserve Estimate were published in the ASX announcement dated 21 January 2019.

TABLE 1: UPDATED DECEMBER 2018 MINERAL RESOURCE ESTIMATE FOR LITHIUM METAL (Li) AND POTASSIUM

	MEASURED		INDICATED		MEASURED + INDICATED	
ELEMENT	**Li**	**K**	**Li**	**K**	**Li**	**K**
Property Area (km²)	18.88		6.43		25.31	
Aquifer volume (km³)	3.05		1.94		5	
Mean specific yield (Sy)	0.04		0.11		0.07	
Brine volume (km³)	0.13		0.21		0.35	
Mean grade (g/m³)	48	349	128	923	79	572
Concentration (mg/l)	1,175	8,624	1,153	8.306	1,167	8,500
Resource (tonnes)	**146,000**	**1,065,000**	**244,000**	**1,754,000**	**389,000**	**2,818,000**

Notes to the Resource estimate: *1. JORC definitions were followed for Mineral Resources; 2. The Competent Person for this Mineral Resource estimate is Mr Murray Brooker, MAIG, RPGEO; 3. No cut-off values have been applied to the Resource estimate; 4. Numbers may not add due to rounding; 5. The effective date is December 24 2018.*

TABLE 2: DECEMBER 2018 LITHIUM CARBONATE (LCE) AND POTASH MINERAL RESOURCE ESTIMATE

	TOTAL RESOURCES (MEASURED + INDICATED)	
PRODUCT	**LCE (Li_2CO_3)**	**Potash (KCl)**
Tonnes	**2,070,000**	**5,383,000**

TABLE 3: MINING RESERVE FOR PUMPED LITHIUM AND LITHIUM CARBONATE (LCE)

CONCESSION	**Category**	**Extraction Years**	**Brine Vol.** (Mm3)	**Avg Li Conc.** (mg/l)	**Li Metal** (tonnes)	**LCE** (tonnes)
Old Mining Code	Proved	1–7	21	1,051	22,000	115,000
	Probable	1–18	42	1,068	45,000	241,000
New Mining Code (Litio 1–6)	Proved	7–14	14	1,184	17,000	88,000
	Probable	14–23	48	1,170	56,000	298,000
Total 20 years production			117		130,000	692,000
Mining Reserve			125		139,000	742,000

TABLE 4: PRODUCTION OF LITHIUM CARBONATE (LCE) (REFLECTING THE 58 PER CENT LITHIUM PROCESS RECOVERY EFFICIENCY POST PUMPING)

CONCESSION	**Category**	**Extraction Years**	**Brine Vol.** (Mm3)	**Avg Li Conc.** (mg/l)	**Li Metal** (tonnes)	**LCE** (tonnes)
Old Mining Code	Proved	1–7	21	1,051	13,000	67,000
	Probable	1–18	42	1,068	26,000	140,000
New Mining Code (Litio 1–6)	Proved	7–14	14	1,184	10,000	51,000
	Probable	14–23	48	1,170	32,000	173,000
Total 20 years production			117		75,000	401,000
Production Available			125		81,000	430,000

PUMP TEST AT MARICUNGA

Notes to the Resource estimate:

1. *MSB's brine production would commence in Year 1 on the mining properties constituted under old Chilean mining code, and include the Cocina, San Francisco, Salamina and Despreciada properties known as the Old Code concessions. In year seven, brine production would progressively switch to the Litio 1-6 concessions that were constituted under the 1982 (new) Chilean mining code and require a special operating license (CEOL) from the Chilean government. The CEOL licence is a key factor in the future Joint Venture with Codelco, as announced in August 2019. Codelco has a CEOL covering the entire Maricunga Salar, providing certainty for the development of the project.*
2. *The Environmental Impact Assessment (EIA) for MSB's project was submitted to the Chilean Environmental Review Agency (SEA) in September 2018. It is the opinion of the author that there is a reasonable expectation that the final environmental approvals for the construction and operation of the project should be obtained during the fourth quarter of 2019.*
3. *MSB's Reserve Estimate includes an optimised wellfield configuration and pumping schedule from the upper halite unit. This complies with environmental constraints and water level decline restrictions on the north-eastern side of the salar for the 20-year project life, plus three-years of extended brine extraction.*
4. *The total Mineral Reserves contain approximately 4 per cent of lithium (Li) mass that would be derived from outside of MSB's property boundaries.*
5. *Lithium would be converted to lithium carbonate (Li2CO3) with a conversion factor of 5.32.*
6. *The effective date for the Reserve Estimate is December 24, 2018.*
7. *Numbers may not add up due to rounding effects.*
8. *Approximately 36 per cent of the Measured and Indicated Resource would be converted to Proved and Probable Reserves at the point of pumping extraction during production, and fed to evaporation ponds without accounting for the lithium process recovery efficiency. This would be equivalent to 430,000 tonnes of LCE after a 58 per cent process recovery efficiency.*

FINANCIAL OVERVIEW – DEFINITIVE FEASIBILITY STUDY

The Company released its Definitive Feasibility Study (DFS) in January 2019. It was prepared on the Mining Reserve estimate of 742,000 tonnes of LCE (203,000 Proved and 539,000 Probable), supporting the 20,000 tonnes per annum (t/a) projected for Maricunga throughout its 20-year mine life (Table 4 above). Resources have been updated to a total of 2,070,000 tonnes of LCE, and all are classified as Measured or Indicated (Table 1 above). Both the Reserve and Resource estimates are prepared in accordance with JORC and NI 43-101 international reporting standards.

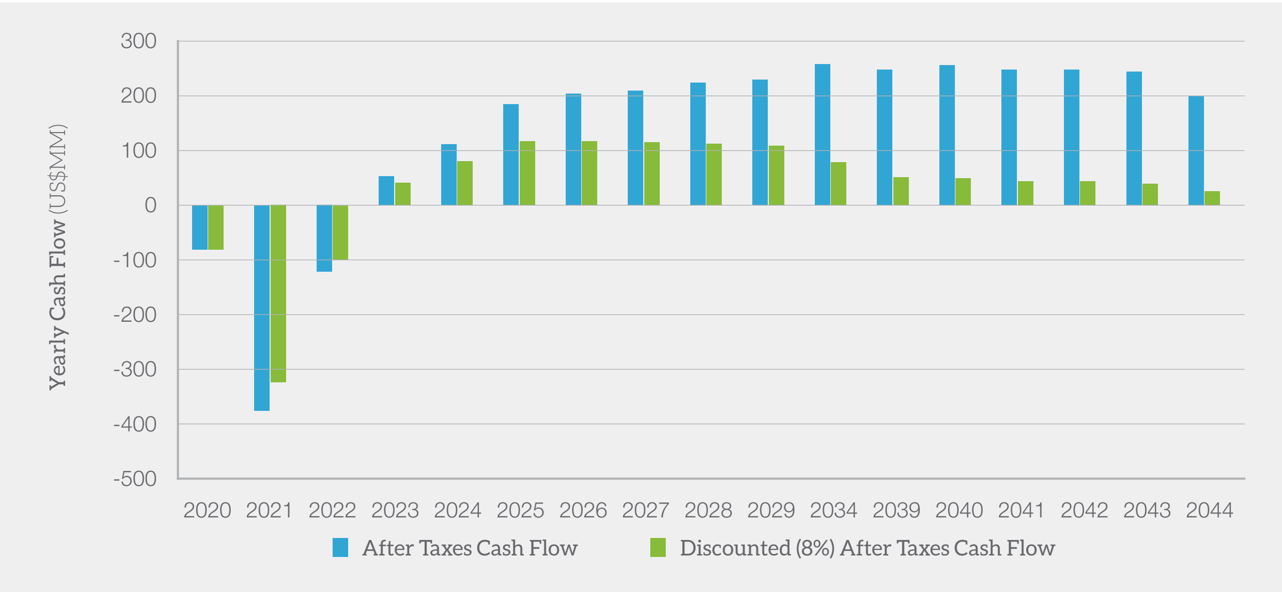
The strong economics of the project confirms its attractiveness, with a leveraged NPV on a pre-tax basis (8% discount) of US$1.302 billion, providing an IRR of 29.8 per cent and a payback of 3.5 years. On a pure equity basis, the NPV is US$1.286 billion with an IRR of 23.8 per cent (Table 5).

TABLE 5: FINANCIAL MODEL SUMMARY (NPV, IRR, PAYBACK)

	LEVERED (50%)		PURE EQUITY	
NPV DISCOUNT RATE	**Pre Tax** US$m	**After Tax** US$m	**Pre Tax** US$m	**After Tax** US$m
NPV 8%	1,302	940	1,286	908
IRR	29.8%	26.7%	23.8%	21.0%
Project Payback (Years)	3.5	3.5	4.1	4.2

The project has the potential to generate 20 years of operational revenue totalling US$6.93 billion and operating cash flow (EBITDA) of US$5.07 billion. The Annual Cash Flow profile (8 per cent discount rate) is shown in Figure 2.

FIGURE 2: ANNUAL CASH FLOW



Operating costs (OPEX) of US$3,772 per tonne will place Maricunga among the most efficient lithium producers (Figure 3 and Figure 4). Production process design, as well as a future supply contract for the equipment and production plant, was awarded to tier-1 German company GEA Messo (GEA), a leading supplier to the lithium industry.

FIGURE 3: LITHIUM CARBONATE CASH COST CURVE, INCLUDING ROYALTIES, 2027 (US$/t) FROM ROSKILL 2018

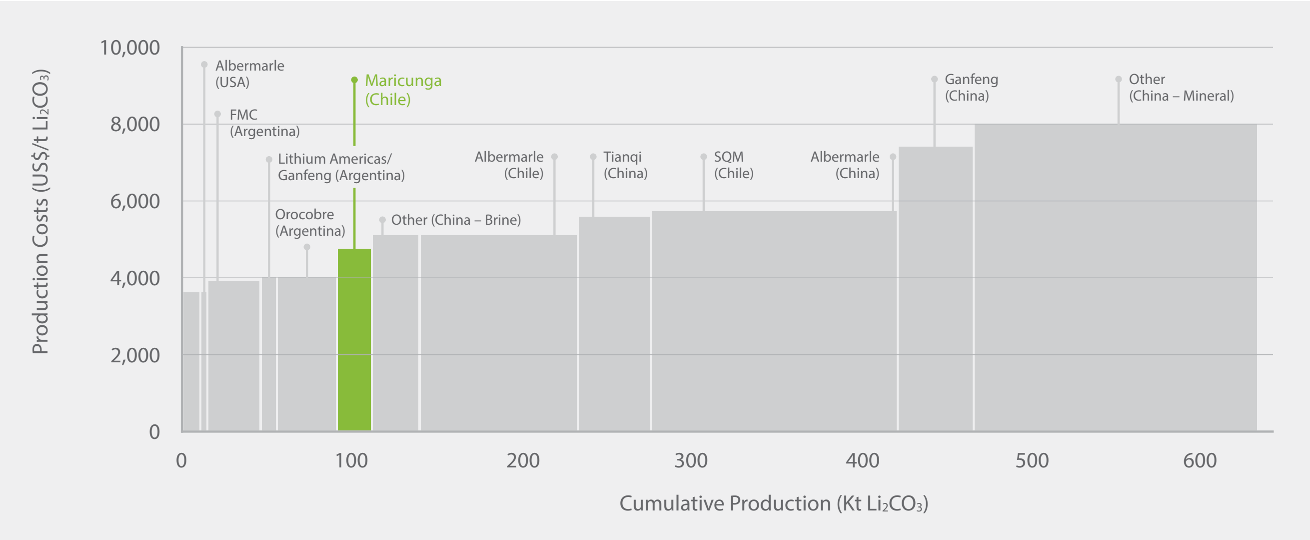
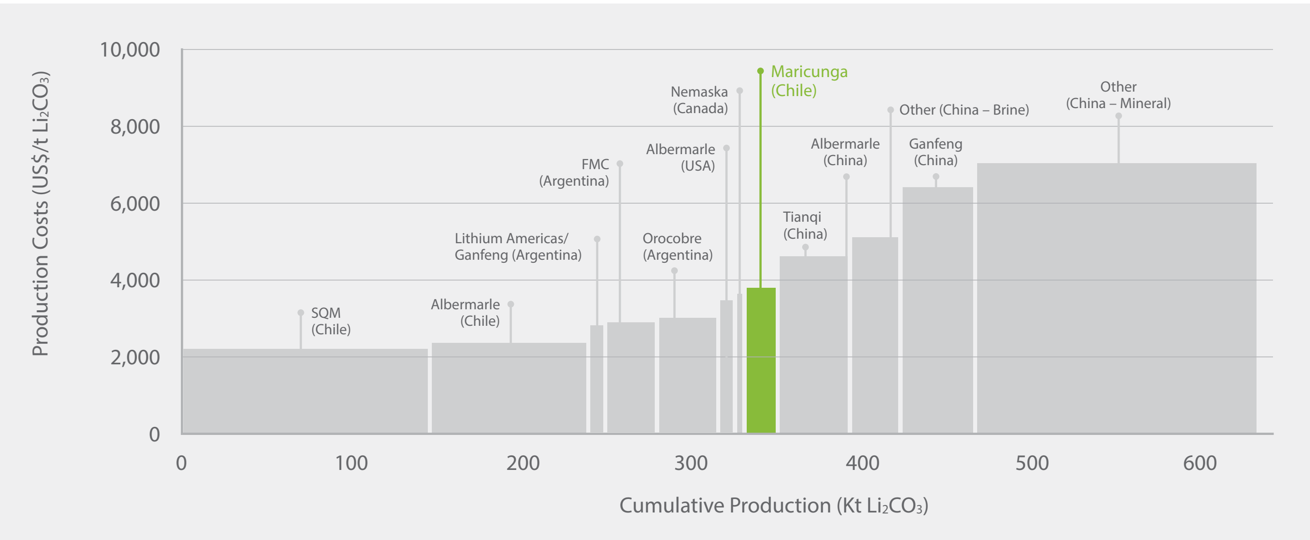


FIGURE 4: LITHIUM CARBONATE CASH COST CURVE, EXCLUDING ROYALTIES, 2027 (US$/t) FROM ROSKILL 2018



DFS price estimates have been provided by Roskill Consulting Group Ltd (Roskill). They forecast that the average annual price in real terms during the operational life of the project for battery grade lithium carbonate will be US$14,400/t. Although the price has declined since this estimate, the Company believes the price will recover when the project is operational.

All necessary project infrastructure, including water and power supply as well as road and port access, has been secured. Priorities have now shifted to securing construction financing for the project. Discussions with major Chilean and international financial institutions have commenced and project financing is expected to be finalised during 2019. A number of international companies have approached MSB for off-take agreements and potential equity participation.

ENVIRONMENTAL IMPACT ASSESSMENT (EIA)

A major milestone was achieved in September 2018 with the submission of the Maricunga project's Environmental Impact Assessment (EIA) to the Chilean Environmental Authority, Servicio de Evaluación Ambiental (SEA).

The EIA is the culmination of more than two years of exhaustive work. The process involved in-depth data gathering, a variety of environmental and engineering studies and monitoring campaigns carried out by experienced company management and consulting experts, including MWH-Stantec, WorleyParsons and FloSolutions.

The result is a comprehensive 11,400-page document, which includes complete environmental baseline studies, hydrological and hydrogeological modelling, human, archaeological and fauna and flora characterisation and impact evaluation.

The EIA also included a lengthy process of social engagement with the Colla indigenous communities in the Maricunga area. Significant consultation also took place with regional authorities and local organisations, which are all interested parties in the EIA process.

The EIA, under Chilean law, requires the SEA to provide within 40 days of submission a notification of any major deficiencies. These include, but are not limited to, observations, comments and requests for clarification and/or modification, before advancing to the formal assessment process. Final approval of the EIA to occur once the SEA has comprehensively reviewed each section. Following the EIA approval, the Company expects to receive a construction sanction decision.

MEMORANDUM OF UNDERSTANDING SIGNED WITH CODELCO

In August 2019, MSB entered into a non-binding Memorandum of Understanding (MOU) with the Chilean State-owned mining company, Codelco.

The MOU defines terms for the negotiation of a definitive agreement to form a new Joint Venture (JV) to develop the Maricunga Salar, under a public-private alliance model. Terms and details of the definitive agreement will be finalised in coming months. It will be subject to mutual due diligence, detailed documentation, establishment of a "NewCo" under Chilean corporate law and finalisation of a "NewCo" Shareholders Agreement, among other conditions.

The JV would allow for a very robust and scalable project, and would also fast track the Maricunga development. It would include provision of all the necessary permits, including Codelco's key CEOL contract and the Nuclear Commission permit covering the entire salar. By combining both company's mining concessions, the JV would include approximately 60 per cent of all exploitable land on the Maricunga Salar.

Consolidation of the mining concessions would allow the JV to either increase production capacity and/or extend the life of the mine beyond its expected 20-year span. This would create additional value for all shareholders in the JV.

PERMITS

Upon the completion of the Codelco JV and the final approval of the EIA, all permits will be granted for the development of the Maricunga project into a producing lithium brine mine. The completion of the permitting process is expected to be finalised by the end of 4Q19.

LITHIUM SALTS

MARICUNGA CAMP SITE


BOLIVIA
THE LITHIUM TRIANGLE
PARAGUAY
Antofagasta
Salta
MARICUNGA PROJECT
CENTENARIO PROJECT
Copiapo
Corrientes
BRAZIL
CHILE
Córdoba
URUGUAY
Santiago
Buenos Aires
ARGENTINA
Rawson


Broome
Halls Creek
Port Hedland
Karratha
PILGANGOORA PROJECT
Newman
Carnarvon
WESTERN AUSTRALIA
Geraldton
Kalgoorlie
Perth
GREENBUSHES PROJECTS
Albany

OTHER PROJECTS

TABBA TABBA AND STRELLEY – NORTH WEST, WESTERN AUSTRALIA

LPI's 100 per cent owned Tabba Tabba and Strelley properties lie along a greenstone belt identified in regional magnetic surveys. That belt hosts a historical tantalum deposit immediately south-west of the Tabba Tabba property.

The initial drilling program at Tabba Tabba was completed in 3Q19 when 30 rotary holes at a depth of 100 m each were completed. Results of this drilling program are expected in 4Q19.

A planned drilling program for the Strelley property has been deferred due to continued delays in negotiations with the Native and Heritage Title groups that have an interest in the Strelley project land area.

DRILLHOLE IN CENTENARIO, SALTA PROVINCE, ARGENTINA

PILGANGOORA – PILBARA, NORTH WEST, WESTERN AUSTRALIA

The 100 per cent owned Pilgangoora tenement is situated adjacent to Pilbara Minerals' and Altura Mining's lithium pegmatite deposits.

An initial drilling program was undertaken in 2018, without any conclusive results. Additional mapping and sampling on the Pilgangoora property may occur in the up-coming year.

GREENBUSHES – SOUTH WEST, WESTERN AUSTRALIA

The 100 per cent 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 systemic exploration approach to identify prospective areas that can be explored in more detail. Desktop analysis have been undertaken, and consultations have been held with the Western Australian Department of Conservation and Land Management to finalise a Conservation Management Plan for the properties. Final Ministerial approval is pending.

CENTENARIO – SALTA PROVINCE, ARGENTINA

The Centenario project is a 70:30 Joint Venture between LPI and Centenario Lithium Ltd (CLL).

CLL has since vended its 30 per cent share into Marquee Resources Limited (ASX: MQR), providing LPI with greater certainty on the financial viability of its JV partner.

Geophysical surveys have been completed on the project, which indicate an extensive brine body is present throughout the tenements. All government permits have been received and several different levels of drilling programs have been developed. However, further spending in Argentina has been suspended awaiting the outcome of the forthcoming federal election, when the Company will assess the scale of its exploration program.

SUMMARY

LPI's Board and management are firmly focussed on delivering the significant potential of the Maricunga Lithium Brine Project, within the well-defined timelines, to achieve the objective of it becoming Chile's next high grade, low cost lithium producer. The Company will also continue its exploration programs at its other lithium projects in Western Australia and Argentina, with the view of extracting value that would boost the value for all stakeholders.

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 2019.

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 Cristobal Garcia-Huidobro R – Managing Director and Chief Executive Officer (appointed Non-Executive Director on 3 September 2018 and appointed Chief Executive Officer and Managing Director on 16 October 2018)

Mr Andrew G Phillips – Executive Director and Chief Financial Officer

Mr Richard A Crookes – Executive Director – Corporate Finance (appointed on 25 October 2018)

Mr Reccared P Fertig – Non-Executive Director

Mr Russell C Barwick – Non-Executive Director

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

Dr Luis Ignacio Silva P – Non-Executive Director (resigned on 3 September 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 $10,154,439 (30 June 2018: $8,783,082).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 7 July 2019, 34,578,947 LPI Listed Options (LPIOA) at an exercise price of $0.55 expired.

On 24 July 2019, the Company announced its initial Western Australian exploration program with a drilling program that commenced on its Tabba Tabba tenement.

On 1 August 2019, the Company announced its Joint Venture Company, MSB had entered into a non-binding Memorandum of Understanding (MOU) with the Chilean State-owned mining company, Codelco. The MOU will define terms for the negotiation of a definitive agreement to form a new joint venture allowing for the development of the Maricunga Salar into a world-class lithium brine producer.

No other matter or circumstance has arisen since 30 June 2019 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 Maricunga project's Environmental Impact Assessment (EIA) is in its final stage of formal assessment by Chilean government agencies, with MSB having responded to all questions and/or observations from agencies. EIA approval is forecasted in 4Q19.

An international bidding process for the EPC contract of the Maricunga project is in the process and is expected to be finalised by the end of October.

The Company is in discussions with a number of international companies for the financing of the project. Approaches have been received from international companies for possible off-take deals and equity participation. It is expected to have a signed Term Sheet in 4Q19.

Initial results from the Western Australia Tabba Tabba drilling program is expected in 4Q19.

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: Member of Nominations and Remuneration Committee

Interests in shares: 21,576,800 ordinary shares

Interests in options: 9,795,000 options over ordinary shares

CRISTOBAL GARCIA-HUIDOBRO R

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

In addition to this role in the Company, 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: 2,000,000 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): None

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

RICHARD A CROOKES

EXECUTIVE DIRECTOR – CORPORATE FINANCE

Mr Crookes is a geologist by profession, starting his career in the minerals sector. He has been deeply involved in all aspects of mining projects, including exploration, mineral resource development, mine operations, environmental management, mine fleet selection, project finance and project management.

Other current directorships: Highfield Resources Ltd (ASX: HFR) – Chairman, Black Rock Mining (ASX: BKT) – Chairman

Former directorships (last 3 years): None

Special responsibilities: None

Interests in shares: None

Interests in options: 2,000,000 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 and member of Nominations and Remuneration Committee

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 of 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 and Chairman of Nominations and Remuneration Committee

Interests in shares: 526,315 ordinary shares

Interests in options: 2,526,315 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: 2,000,000 options over ordinary shares

'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 2019, and the number of meetings attended by each director were:

	Full Board		Nominations and Remuneration Committee	
	Attended	Held	Attended	Held
David R Hannon	4	4	1	1
Cristobal Garcia-Huidobro R	4	4	–	–
Andrew G Phillips	4	4	–	–
Richard A Crookes	3	3	–	–
Reccared P Fertig	4	4	1	1
Russell C Barwick	4	4	1	1
Martin Jose Domingo Borda M	4	4	–	–
Luis Ignacio Silva P	–	–	–	–

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.

The Company has a Nominations and Remuneration Committee, Russell Barwick as Chairman and David Hannon and Ricky Fertig as members. The committee also engages external advisors as required.

The Committee 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.

The Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Company, and from time to time, will consult with external remuneration consultants.

The reward framework is designed to align executive reward to shareholders' interests. The Committee 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. Non-executive director fees (Directors' fees and committee fees) proposed for the year ending 30 June 2020 are summarised as follows:

Name	**FY 2020 Fees**
David R Hannon	$150,000
Reccared P Fertig	$150,000
Russell C Barwick	$100,000
Martin Jose Domingo Borda M	$100,000

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. Shares are awarded to executives at the discretion of the Nominations and Remuneration Committee and based on long-term incentive measures. 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). All other options granted to KMP, vest immediately when granted and expire between 1 and 3 years from the grant date. The Board reviewed the long-term equity-linked performance incentives specifically for executives for the period ended 30 June 2019.

USE OF REMUNERATION CONSULTANTS

During the financial year ended 30 June 2019, 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 2018 ANNUAL GENERAL MEETING (AGM)

At the 28 November 2018 AGM, 98.9% of the votes received supported the adoption of the remuneration report for the year period 30 June 2018. 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
- Cristobal Garcia-Huidobro R – Managing Director and Chief Executive
- Andrew G Phillips – Executive Director, Company Secretary and Chief Financial Officer
- Richard A Crookes – Executive Director – Corporate Finance
- Reccared P Fertig – Non-Executive Director
- Russell C Barwick – Non-Executive Director
- Martin Jose Domingo Borda M – Non-Executive Director
- Luis Ignacio Silva P – Non-Executive Director and Latin America Regional Manager (resigned on 3 September 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 $
2019							
Non-Executive Directors:							
David R Hannon	150,000	–	–	14,250	–	–	164,250
Reccared P Fertig	150,000	–	–	–	–	–	150,000
Russell C Barwick	100,000	–	–	9,500	–	–	109,500
Martin Jose Domingo Borda M [ii]	83,333	–	–	–	–	192,200	275,533
Luis Ignacio Silva P [i]	17,224	–	–	–	–	–	17,224
Executive Directors:							
Cristobal Garcia-Huidobro R [iii]	70,833	–	–	–	–	192,200	263,033
Andrew G Phillips	250,000	–	–	23,750	–	–	273,750
Richard A Crookes [iv]	100,000	–	–	9,500	–	192,200	301,700
Other Key Management Personnel							
Murray R Brooker [v]	136,250	–	–	–	–	–	136,250
	1,057,640	**–**	**–**	**57,000**	**–**	**576,600**	**1,691,240**

i *Resigned on 3 September 2018.*

ii *Appointed non-executive director on 3 September 2018. 2,000,000 options with an exercise price of $0.60 and a fair value of $0.0961 were approved and granted following the Company's AGM on 28 November 2018. The options expire 3 years from the date they were granted.*

iii *Appointed non-executive director on 3 September 2018 and then Managing Director/CEO on 16 October 2018. 2,000,000 options with an exercise price of $0.60 and a fair value of $0.0961 were approved and granted following the Company's AGM on 28 November 2018. The options expire 3 years from the date they were granted.*

iv *Appointed Executive Director on 25 October 2018. 2,000,000 options with an exercise price of $0.60 and a fair value of $0.0961 were approved and granted following the Company's AGM on 28 November 2018. The options expire 3 years from the date they were granted.*

v *Murray R Brooker also received $18,200 directly from MSB.*

	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 [i]	290,000	–	–	27,550	–	–	317,550
Murray R Brooker [ii]	78,968	–	–	–	–	213,400	292,368
	985,535	**–**	**–**	**67,371**	**–**	**685,400**	**1,738,306**

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

ii *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.*

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

	Fixed remuneration		At risk – STI		At risk – LTI	
Name	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Non-Executive Directors:						
David R Hannon	100%	36%	–	–	–	64%
Reccared P Fertig	100%	100%	–	–	–	–
Russell C Barwick	100%	27%	–	–	–	73%
Martin Jose Domingo Borda M	30%	–	–	–	70%	–
Luis Ignacio Silva P	100%	100%	–	–	–	–
Executive Directors:						
Cristobal Garcia-Huidobro R	27%	–	–	–	73%	–
Andrew G Phillips	100%	100%	–	–	–	–
Richard A Crookes	36%	–	–	–	64%	–
Martin C Holland	–	100%	–	–	–	–
Other Key Management Personnel:						
Murray R Brooker	100%	24%	–	–	–	76%

SERVICE AGREEMENTS

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

CRISTOBAL GARCIA-HUIDOBRO R

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Agreement commenced: 16 October 2018

Term of agreement: No fixed term

Details: Base salary of $100,000 per annum for LPI representation for non-Chilean joint venture responsibilities, equal to approximately 25% of a full-time equivalent role. The remainder of Mr García-Huidobro's salary is paid directly by the Chilean joint venture. 2,000,000 sign-on options were issued following shareholder approval at the 2018 AGM. Base salary is to be reviewed from time to time by the Board in accordance with the constitution and policies and/or should the time commitment alter. Mr Garcia-Huidobro and the Company may terminate the agreement at any time and for any reason by giving 6 months' written notice. Mr Garcia-Huidobro's employment may otherwise be terminated at any time for cause by notice to Mr Garcia-Huidobro from the Company.

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, 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.

RICHARD A CROOKES

EXECUTIVE DIRECTOR – CORPORATE FINANCE

Agreement commenced: 25 October 2018

Term of agreement: No fixed term

Details: Base salary of $150,000 plus superannuation, equal to approximately 40% of a full-time equivalent role. 2,000,000 sign-on options were issued following shareholder approval at the 2018 AGM. Base salary is to be reviewed from time to time by the Board in accordance with the constitution and policies and should the time commitment alter. Mr Crookes and the Company may terminate the agreement at any time and for any reason by giving 6 months' written notice. Mr Crookes' employment may otherwise be terminated at any time for cause by notice to Mr Crookes 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 $1,600 plus GST per day, for a minimum of 100 days per year. The Chile JV to pay any time directly attributed to the Maricunga project, with any non-Chilean work invoiced to the Company. In addition, 916,667 sign-on options were issued, 1,000,000 shares were issued plus another 2,000,000 performance were issued following the AGM 2018, upon the 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 2019.

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	02/03/2018	02/03/2018	06/07/2019	$0.55	$0.150
Murray Brooker	500,000	05/04/2016	24/06/2018	24/06/2021	$0.20	$0.130
Murray Brooker	250,000	05/04/2016	24/06/2018	24/06/2021	$0.40	$0.100
Murray Brooker	166,667	05/04/2016	24/06/2018	24/06/2021	$0.60	$0.090
David Hannon	2,000,000	06/07/2017	06/07/2017	06/07/2020	$0.60	$0.120
Russell Barwick	2,000,000	06/07/2017	06/07/2017	06/07/2020	$0.60	$0.120
Cristobal Garcia-Huidobro R	2,000,000	28/11/2018	28/11/2018	28/11/2021	$0.60	$0.096
Martin Jose Domingo Borda M	2,000,000	28/11/2018	28/11/2018	28/11/2021	$0.60	$0.096
Richard A Crookes	2,000,000	28/11/2018	28/11/2018	28/11/2021	$0.60	$0.096

No options were exercised, and no options were forfeited during the year ended 30 June 2019.

There were 6,000,000 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 2019.

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	21,576,800	–	–	–	21,576,800
Cristobal Garcia-Huidobro R [i]	–	–	500,000	–	500,000
Andrew G Phillips	735,000	–	–	–	735,000
Reccared P Fertig	17,823,347	–	–	–	17,823,347
Russell C Barwick	526,315	–	–	–	526,315
Martin Jose Domingo Borda M [i]	–	–	16,000,000	–	16,000,000
Murray R Brooker	1,000,000	–	–	–	1,000,000
Luis Ignacio Silva P [ii]	280,000	–	–	(280,000)	–
Martin C Holland [ii]	20,000,001	–	–	(20,000,001)	–
	61,941,463	**–**	**16,500,000**	**(20,280,001)**	**58,161,462**

i Shares already held by Directors prior to their appointment.

ii Other represents no longer being designated as a KMP, not necessarily a disposal of holding.

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	9,795,000	–	–	–	9,795,000
Cristobal Garcia–Huidobro R [i]	–	2,000,000	–	–	2,000,000
Andrew G Phillips	1,500,000	–	–	–	1,500,000
Richard A Crookes [i]	–	2,000,000	–	–	2,000,000
Reccared P Fertig	7,750,000	–	–	–	7,750,000
Russell C Barwick	2,526,315	–	–	–	2,526,315
Murray R Brooker	2,916,667	–	–	–	2,916,667
Martin Jose Domingo Borda M [i]	–	2,000,000	–	–	2,000,000
Luis Ignacio Silva P [ii]	640,000	–	–	(640,000)	–
	25,127,982	**6,000,000**	**–**	**(640,000)**	**30,487,982**

i *Options granted to Martin Jose Domingo Borda M, Cristobal Garcia-Huidobro R and Richard A Crookes were approved at the Annual General Meeting held on 28 November 2018 as a "sign-on" incentive.*

ii *Other represents no longer being designated as a KMP, not necessarily an expiry or forfeiture of options held.*

All options held by KMP at 30 June 2019 have vested and are exercisable at 30 June 2019.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

During the year ended 30 June 2019, the consolidated entity paid $126,000 (2018: $76,634) (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 2019 or 30 June 2018.

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	$0.20	25,400,001
25 September 2015	24 June 2021	$0.20	1,940,000
5 April 2016	24 June 2021	$0.20	3,500,000
5 April 2016	24 June 2021	$0.40	250,000
5 April 2016	24 June 2021	$0.60	166,667
6 July 2017	6 July 2020	$0.60	4,000,000
2 March 2018	6 July 2020	$0.60	2,000,000
2 March 2018	6 July 2020	$0.80	1,000,000
28 November 2018	28 November 2021	$0.60	6,000,000
			44,256,668

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

There were no ordinary shares of Lithium Power International Limited issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

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

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 19 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 19 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

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

26 September 2019, Sydney

Ernst & Young
200 George Street
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 2019, 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
26 September 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note	Consolidated 2019 $	2018 $
Revenue			
Share of losses of joint ventures accounted for using the equity method	24	**(9,107,997)**	(5,727,205)
Interest revenue calculated using the effective interest method		**281,748**	182,363
Expenses			
Employee benefits expense		**(1,532,409)**	(1,964,224)
Occupancy costs		**(132,656)**	(92,389)
Depreciation and amortisation expense		**(5,569)**	(2,545)
Legal and professional fees		**(470,893)**	(1,059,665)
Travel expense		**(219,965)**	(451,060)
Administration expense		**(432,854)**	(737,680)
Net foreign exchange gains		**1,816,548**	1,354,399
Other expenses		**(220,390)**	(135,110)
Finance costs		**(40,031)**	(9,189)
Loss before income tax expense		**(10,064,468)**	(8,642,305)
Income tax expense	6	**(147,451)**	(142,623)
Loss after income tax expense for the year		**(10,211,919)**	(8,784,928)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		**66,426**	447,223
Other comprehensive income for the year, net of tax		**66,426**	447,223
Total comprehensive income for the year		**(10,145,493)**	(8,337,705)
Loss for the year is attributable to:			
Non–controlling interest		**(57,480)**	(1,846)
Owners of Lithium Power International Limited		**(10,154,439)**	(8,783,082)
		(10,211,919)	(8,784,928)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		**(43,103)**	(1,846)
Owners of Lithium Power International Limited		**(10,102,390)**	(8,335,859)
		(10,145,493)	(8,337,705)
		Cents	**Cents**
Basic loss per share	26	**(3.87)**	(3.76)
Diluted loss per share	26	**(3.87)**	(3.76)

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 2019

	Note	Consolidated 2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	7	**15,341,488**	23,364,477
GST receivable		**125,239**	104,054
Income tax refund due		**67,783**	–
Other	8	**116,117**	158,825
Total current assets		**15,650,627**	23,627,356
Non-current assets			
Investments accounted for using the equity method	9	**30,124,002**	33,232,609
Property, plant and equipment		**147,906**	8,820
Exploration and evaluation	10	**2,885,805**	1,933,503
Total non-current assets		**33,157,713**	35,174,932
Total assets		**48,808,340**	58,802,288
Liabilities			
Current liabilities			
Trade and other payables	11	**250,374**	562,795
Income tax		**–**	142,020
Employee benefits	12	**58,271**	28,885
Total current liabilities		**308,645**	733,700
Total liabilities		**308,645**	733,700
Net assets		**48,499,695**	58,068,588
Equity			
Issued capital	13	**69,512,965**	69,512,965
Reserves	14	**7,202,147**	6,573,498
Accumulated losses		**(28,061,588)**	(17,907,149)
Equity attributable to the owners of Lithium Power International Limited		**48,653,524**	58,179,314
Non-controlling interest		**(153,829)**	(110,726)
Total equity		**48,499,695**	58,068,588

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 2019

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 13)	33,786,801	–	–	–	33,786,801
Share-based payments (note 27)	–	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**

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2018	69,512,965	6,573,498	(17,907,149)	(110,726)	58,068,588
Loss after income tax expense for the year	–	–	(10,154,439)	(57,480)	(10,211,919)
Other comprehensive income for the year, net of tax	–	52,049	–	14,377	66,426
Total comprehensive income for the year	–	52,049	(10,154,439)	(43,103)	(10,145,493)
Transactions with owners in their capacity as owners:					
Share-based payments (note 27)	–	576,600	–	–	576,600
Balance at 30 June 2019	**69,512,965**	**7,202,147**	**(28,061,588)**	**(153,829)**	**48,499,695**

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 2019

	Note	Consolidated 2019 $	2018 $
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		**(1,510,502)**	(1,234,770)
Interest received		**281,748**	182,363
Interest and other finance costs paid		**(40,031)**	(9,189)
Income taxes paid		**(357,254)**	(603)
Net cash used in operating activities	25	**(1,626,039)**	(1,062,199)
Cash flows from investing activities			
Payments for new joint venture capital invested		**(5,296,978)**	(13,893,535)
Payments for property, plant and equipment		**(147,670)**	(6,505)
Payments for exploration and evaluation	10	**(952,302)**	(222,056)
Proceeds from part sale of subsidiary to non-controlling interest		**–**	1,145,000
Net cash used in investing activities		**(6,396,950)**	(12,977,096)
Cash flows from financing activities			
Proceeds from issue of shares	13	**–**	35,839,477
Share issue transaction costs	13	**–**	(2,052,676)
Net cash from financing activities		**–**	33,786,801
Net increase/(decrease) in cash and cash equivalents		**(8,022,989)**	19,747,506
Cash and cash equivalents at the beginning of the financial year		**23,364,477**	3,616,971
Cash and cash equivalents at the end of the financial year	7	**15,341,488**	23,364,477

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 2019

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 26 September 2019. 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.

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 July 2018, using the transitional rules available not to restate comparatives. The standard introduced 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 that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are 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 or contingent consideration recognised in a business combination) in other comprehensive income (OCI). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, 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 use an 'expected credit loss' (ECL) model to recognise an allowance. Impairment is measured using 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. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The adoption of AASB 9 on 1 July 2018 did not have a material impact on the financial performance or position of the consolidated entity.

AASB 15 Revenue from Contracts with Customers

The consolidated entity has adopted AASB 15 from 1 July 2018. As the consolidated entity currently has no revenue from contracts with customers there was no material impact on adoption of this standard.

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 22.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lithium Power International Limited as at 30 June 2019 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

The consolidated entity recognises revenue as follows:

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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 allowance for expected credit losses.

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 high quality 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

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 2019. 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 16 LEASES

AASB 16 was issued in January 2016 and it replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation – 115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The consolidated entity will adopt this standard from 1 July 2019, however, at present it is not practical to provide a reliable estimate of the financial impact of the adoption of this standard. Final determination of the impact of the adoption of AASB 16 is subject to the resolution of the following key matters:

- finalisation of choice of transition method;
- finalisation of discount rates to be applied; and
- consideration of the impact of practical expedients.

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.

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. EXPENSES

	Consolidated	
	2019 $	2018 $
Loss before income tax includes the following specific expenses:		
Rental expense relating to operating leases		
Minimum lease payments	**130,273**	84,037
Superannuation expense		
Defined contribution superannuation expense	**80,705**	76,782
Share-based payments expense		
Share-based payments expense	**576,600**	806,359
Net foreign exchange (gain)/loss		
Net foreign exchange (gain)	**(1,816,548)**	(1,354,399)

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 6. INCOME TAX EXPENSE

	Consolidated 2019 $	2018 $
Income tax expense		
Current tax	**147,451**	142,623
Aggregate income tax expense	**147,451**	142,623
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	**(10,064,468)**	(8,642,305)
Tax at the statutory tax rate of 27.5%	**(2,767,729)**	(2,376,634)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible share-based payments	**158,565**	221,749
Share of losses – associates	**2,427,218**	1,544,359
Non-deductible meals and entertainment	**10,350**	14,634
	(171,596)	(595,892)
Current period temporary differences not recognised – IPO transaction costs	**–**	390,704
Current period tax losses not recognised	**319,047**	347,811
Income tax expense	**147,451**	142,623

	Consolidated 2019 $	2018 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	**7,498,094**	7,086,054
Potential tax benefit at statutory tax rates	**2,061,976**	1,948,665

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 2019 $	2018 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Exploration and evaluation assets	**(261,883)**	(126,802)
Accrued expenses	**6,973**	109,483
Tax losses	**2,061,976**	1,948,665
Capital expenditure deductible over 5 years	**955,190**	1,015,083
Total deferred tax assets not recognised	**2,762,256**	2,946,429

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 7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated 2019 $	2018 $
Cash at bank	**4,516,491**	6,793,288
Cash on deposit	**10,824,997**	16,571,189
	15,341,488	23,364,477

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 8. CURRENT ASSETS – OTHER

	Consolidated 2019 $	2018 $
Prepayments	**10,945**	51,345
Other current assets	**105,172**	107,480
	116,117	158,825

NOTE 9. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated 2019 $	2018 $
Investment in the Maricunga Joint Venture	**30,124,002**	33,232,609
Reconciliation Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:		
Opening carrying amount	**33,232,609**	37,456,279
Share of loss after tax	**(9,107,997)**	(5,727,205)
Additional investment	**5,296,978**	–
Foreign exchange differences	**702,412**	1,503,535
Closing carrying amount	**30,124,002**	33,232,609

Refer to note 24 for further information on interests in joint ventures.

The consolidated entity, through the Company's subsidiary entity Lithium Power Inversiones Chile S.p.A (LPI Chile), has a 51% (30 June 2018: 50%) interest in the Maricunga lithium brine project in Chile (the Maricunga Joint Venture (JV)). The JV is constituted by the JV Shareholder Agreement of the Joint Venture Company, Minera Salar Blanco S.A. (MSB). The consolidated entity'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 by the consolidated entity to date (US$31 million) have been used by MSB to acquire additional tenements and to fund the exploration and development of the Maricunga Lithium Brine project to the Definitive Feasibility Study (DFS) stage. During the financial year ended 30 June 2019 all MSB shareholders contributed, on a pro-rata basis, to a MSB capital call of US$4.5m. In addition, the consolidated entity acquired a further 1% of MSB to take its total shareholding to 51%. Key milestones have been achieved by MSB and are detailed in the 'Review of operations' section of the Directors' report.

NOTE 10. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION

	Consolidated 2019 $	2018 $
Exploration and evaluation expenditures – at cost	**2,885,805**	1,933,503

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 $
Balance at 1 July 2017	1,472,405
Additions	222,056
Classified as held for sale	239,042
Balance at 30 June 2018	1,933,503
Additions	952,302
Balance at 30 June 2019	**2,885,805**

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 11. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated 2019 $	2018 $
Trade payables	**225,017**	164,676
Accrued expenses	**25,357**	398,119
	250,374	562,795

Refer to note 17 for further information on financial instruments.

NOTE 12. CURRENT LIABILITIES – EMPLOYEE BENEFITS

	Consolidated 2019 $	2018 $
Employee benefits	**58,271**	28,885

NOTE 13. EQUITY – ISSUED CAPITAL

	Consolidated			
	2019 Shares	**2018** Shares	**2019** $	**2018** $
Ordinary shares – fully paid	**262,513,902**	260,713,902	**69,512,965**	69,512,965

MOVEMENTS IN ORDINARY SHARE CAPITAL

Details	Date	Shares	Issue price	$
Balance	1 July 2017	195,388,536		37,258,548
Issue of shares	7 July 2017	526,315	$0.38	200,000
Conversion of options	29 November 2017	20,229,744	$0.55	11,126,359
Issue of shares	29 November 2017	27,254,546	$0.55	14,990,000
Issue of shares	4 December 2017	1,098,855	$0.55	604,370
Conversion of options	4 December 2017	16,197,724	$0.55	8,908,748
Issue of shares	4 December 2017	18,182	$0.55	10,000
Transfer from share-based payment reserve on conversion of options		–	$0.55	1,666,169
Less fair value of options attached to private placement		–	$0.00	(3,198,553)
Less issue costs net of taxation		–	$0.00	(2,052,676)
Balance	30 June 2018	260,713,902		69,512,965
Issue of shares	30 August 2018	1,800,000	$0.00	–
Balance	**30 June 2019**	**262,513,902**		**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 arrangement covenants.

The capital risk management policy remains unchanged from the 30 June 2018 Annual Report.

NOTE 14. EQUITY – RESERVES

	Consolidated 2019 $	Consolidated 2018 $
Foreign currency translation reserve	**478,611**	426,562
Share-based payments reserve	**2,241,525**	1,664,925
Options reserve	**3,198,553**	3,198,553
Other reserve	**1,283,458**	1,283,458
	7,202,147	6,573,498

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 to 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 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**
Foreign currency translation	52,049	–	–	–	**52,049**
Share-based payments	–	576,600	–	–	**576,600**
Balance at 30 June 2019	478,611	2,241,525	3,198,553	1,283,458	**7,202,147**

NOTE 15. EQUITY – DIVIDENDS

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

NOTE 16. 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 2019, 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 2019 is US$34.9 million (30 June 2018: US$27.2 million).

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 – 2019						
US Dollar	1%	492,720	492,720	1%	(502,674)	(502,674)
Consolidated – 2018						
US dollar	1%	364,371	364,371	1%	(371,732)	(371,372)

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 – 2019	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	–	225,017	–	–	–	225,017
Total non-derivatives		**225,017**	**–**	**–**	**–**	**225,017**

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**

NOTE 17. 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 18. 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	
	2019 $	2018 $
Short-term employee benefits	**1,057,640**	985,535
Post-employment benefits	**57,000**	67,371
Share-based payments	**576,600**	685,400
	1,691,240	1,738,306

NOTE 19. 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	
	2019 $	2018 $
Audit services – Ernst & Young		
Audit or review of the financial statements	**98,820**	63,500
Other services – Ernst & Young		
Taxation and advisory services	**85,909**	–
	184,729	63,500

NOTE 20. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2019 and 30 June 2018.

NOTE 21. RELATED PARTY TRANSACTIONS

PARENT ENTITY

Lithium Power International Limited is the parent entity.

SUBSIDIARIES

Interests in subsidiaries are set out in note 23.

JOINT VENTURES

Interests in joint ventures are set out in note 24.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 18 and the remuneration report included in the directors' report.

TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties:

	Consolidated	
	2019 $	2018 $
Payment for other expenses: Rental expense paid to director related entity	**126,000**	76,364

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 22. PARENT ENTITY INFORMATION

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Parent	
	2019 $	2018 $
Loss after income tax	**(1,821,336)**	(3,575,446)
Total comprehensive income	**(1,821,336)**	(3,575,446)

STATEMENT OF FINANCIAL POSITION

	Parent	
	2019 $	2018 $
Total current assets	**64,819,005**	22,821,746
Total assets	**67,179,402**	68,782,505
Total current liabilities	**1,146,549**	1,504,917
Total liabilities	**1,146,549**	1,504,917
Equity		
Issued capital	**69,512,965**	69,512,965
Share-based payments reserve	**2,241,525**	1,664,925
Options reserve	**3,198,553**	3,198,553
Accumulated losses	**(8,920,190)**	(7,098,855)
Total equity	**66,032,853**	67,277,588

NOTE 22. PARENT ENTITY INFORMATION CONTINUED

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 2019 and 30 June 2018.

CONTINGENT LIABILITIES

The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

CAPITAL COMMITMENTS – PROPERTY, PLANT AND EQUIPMENT

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

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 23. INTERESTS IN SUBSIDIARIES

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

		Ownership interest	
Name	Principal place of business/ Country of incorporation	2019 %	2018 %
Lithium Power Inversiones Chile S.p.A	Chile	**100.00%**	100.00
Lithium Power WA Holdings Pty Ltd	Australia	**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 2019 %	Ownership interest 2018 %	Ownership interest 2019 %	Ownership interest 2018 %
Lithium Power International (Argentina) Pty Ltd	Australia	Holding company	70.00	70.00	30.00	30.00
Lithium Power S.A.	Argentina	Exploration	70.00	70.00	30.00	30.00

NOTE 24. 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 2019 %	Ownership interest 2018 %
Maricunga Joint Venture	Chile	**51.00**	50.00

SUMMARISED FINANCIAL INFORMATION

	Maricunga Joint Venture 2019 $	Maricunga Joint Venture 2018 $
Summarised statement of financial position		
Cash and cash equivalents	**2,254,140**	6,771,378
Other current assets	**1,411,033**	1,068,117
Exploration and evaluation assets	**36,011,302**	35,335,286
Total assets	**39,676,475**	43,174,781
Current liabilities	**1,136,154**	1,017,698
Total liabilities	**1,136,154**	1,017,698
Net assets	**38,540,321**	42,157,083
Summarised statement of profit or loss and other comprehensive income		
Expenses	**(18,473,169)**	(11,231,700)
Loss before income tax	**(18,473,169)**	(11,231,700)
Other comprehensive income	**–**	–
Total comprehensive income	**(18,473,169)**	(11,231,700)
Reconciliation of the consolidated entity's carrying amount		
Opening carrying amount	**33,232,609**	37,456,279
Share of loss after income tax	**(9,107,997)**	(5,727,205)
Additional investment	**5,296,978**	–
Exchange differences	**702,412**	1,503,535
Closing carrying amount	**30,124,002**	33,232,609

CONTINGENT LIABILITIES

The consolidated entity has no contingent liabilities relating to the joint venture as at 30 June 2019 and 30 June 2018.

COMMITMENTS

The consolidated entity has no commitments relating to the joint venture as at 30 June 2019 and 30 June 2018 other than those disclosed in note 9.

SIGNIFICANT RESTRICTIONS

As at 30 June 2019 and 30 June 2018 there are no significant restrictions on the ability of the joint venture to transfer funds to the consolidated entity.

NOTE 25. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated 2019 $	Consolidated 2018 $
Loss after income tax expense for the year	**(10,211,919)**	(8,784,928)
Adjustments for:		
Depreciation and amortisation	**8,584**	2,545
Share of loss – joint ventures	**9,107,997**	5,727,205
Share-based payments	**576,600**	1,212,659
Foreign exchange differences	**(635,986)**	447,223
Change in operating assets and liabilities:		
Increase in income tax refund due	**(67,783)**	–
Decrease/(increase) in prepayments	**40,400**	(51,345)
Increase in GST receivable	**(21,185)**	(83,113)
Decrease in other operating assets	**2,308**	3,932
Increase/(decrease) in trade and other payables	**(312,421)**	292,718
Increase/(decrease) in provision for income tax	**(142,020)**	142,020
Increase in employee benefits	**29,386**	28,885
Net cash used in operating activities	**(1,626,039)**	(1,062,199)

NOTE 26. EARNINGS PER SHARE

	Consolidated 2019 $	Consolidated 2018 $
Loss after income tax	**(10,211,919)**	(8,784,928)
Non-controlling interest	**57,480**	1,846
Loss after income tax attributable to the owners of Lithium Power International Limited	**(10,154,439)**	(8,783,082)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**262,213,902**	233,481,810
Weighted average number of ordinary shares used in calculating diluted earnings per share	262,213,902	233,481,810

	Cents	Cents
Basic loss per share	**(3.87)**	(3.76)
Diluted loss per share	**(3.87)**	(3.76)

80,835,615 (30 June 2018: 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 27. SHARE BASED PAYMENTS

OPTIONS GRANTED TO OTHER KEY MANAGEMENT PERSONNEL AND EXTERNAL PARTIES

- On 28 November 2018, the Company granted 2,000,000 options to each of the newly appointed directors Cristobal Garcia-Huidobro R, Richard A Crookes and Martin Jose Domingo Borda M 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, 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.
- 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 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 5 April 2016, the Company granted 3,916,667 options to certain key management personnel and external advisors, for services provided in connection with the successful completion of the IPO. Each option entitles the holder to purchase one ordinary share for between $0.20 and $0.60 per share. Options were granted at the time the shares were initially issued and vest upon listing on the Australian Securities Exchange or over a 2 year period, with an expiry date of five years from listing, without restrictions.
- On 21 and 25 September 2015, as an incentive for agreeing to provide initial funding to the company, the company granted each founder and pre-seed equity purchaser with 1 option for every 2 shares acquired. Each option entitles the holder to purchase one ordinary share for $0.20. All of the options were granted at the time the shares were initially issued and became exercisable upon listing on the Australian Securities Exchange, with an expiry five years from listing, without restrictions.

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.

OPTIONS

2019 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	$0.20	25,400,001	–	–	–	25,400,001
25/09/2015	24/06/2021	$0.20	1,940,000	–	–	–	1,940,000
05/04/2016	24/06/2021	$0.20	3,500,000	–	–	–	3,500,000
05/04/2016	24/06/2021	$0.40	250,000	–	–	–	250,000
05/04/2016	24/06/2021	$0.60	166,667	–	–	–	166,667
06/07/2017	06/07/2019	$0.55	34,578,947	–	–	–	34,578,947
06/07/2017	06/07/2020	$0.60	4,000,000	–	–	–	4,000,000
02/03/2018	06/07/2019	$0.40	2,000,000	–	–	–	2,000,000
02/03/2018	06/07/2020	$0.60	2,000,000	–	–	–	2,000,000
02/03/2018	06/07/2020	$0.80	1,000,000	–	–	–	1,000,000
28/11/2018	27/11/2021	$0.60	–	6,000,000	–	–	6,000,000
			74,835,615	6,000,000	–	–	80,835,615
Weighted average exercise price			$0.41	$0.60	$0.00	$0.00	$0.42

NOTE 27. SHARE BASED PAYMENTS CONTINUED

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	$0.20	25,400,001	–	–	–	25,400,001
25/09/2015	24/06/2021	$0.20	1,940,000	–	–	–	1,940,000
05/04/2016	24/06/2021	$0.20	3,500,000	–	–	–	3,500,000
05/04/2016	24/06/2021	$0.40	250,000	–	–	–	250,000
05/04/2016	24/06/2021	$0.60	166,667	–	–	–	166,667
25/11/2016	24/11/2017	$0.50	37,526,323	–	(36,427,468)	(1,098,855)	–
06/07/2017	06/07/2019	$0.55	–	34,578,947	–	–	34,578,947
06/07/2017	06/07/2020	$0.60	–	4,000,000	–	–	4,000,000
02/03/2018	06/07/2019	$0.40	–	2,000,000	–	–	2,000,000
02/03/2018	06/07/2020	$0.60	–	2,000,000	–	–	2,000,000
02/03/2018	06/07/2020	$0.80	–	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			$0.39	$0.56	$0.50	$0.50	$0.4100

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

Grant date	Expiry date	2019 Number	2018 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	–	–
06/07/2017	06/07/2019	34,578,947	34,578,947
02/03/2018	06/07/2020	4,000,000	4,000,000
02/03/2018	06/07/2019	2,000,000	2,000,000
02/03/2018	06/07/2020	2,000,000	2,000,000
02/03/2018	06/07/2020	1,000,000	1,000,000
28/11/2018	27/11/2021	6,000,000	–
		80,835,615	74,835,615

The weighted average remaining contractual life of options outstanding at the end of the financial period was 2.0 years (2018: 1.9 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
28/11/2018	27/11/2021	$0.26	$0.60	80.00%	–	1.75%	$0.096

NOTE 28. EVENTS AFTER THE REPORTING PERIOD

On 7 July 2019, 34,578,947 LPI Listed Options (LPIOA) at an exercise price of $0.55 expired.

On 24 July 2019, the Company announced its initial Western Australian exploration program with a drilling program that commenced on its Tabba Tabba tenement.

On 1 August 2019, the Company announced its Joint Venture Company, MSB had entered into a non-binding Memorandum of Understanding (MOU) with the Chilean State-owned mining company, Codelco. The MOU will define terms for the negotiation of a definitive agreement to form a new joint venture allowing for the development of the Maricunga Salar into a world-class lithium brine producer.

No other matter or circumstance has arisen since 30 June 2019 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 2019 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

26 September 2019
Sydney

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working world

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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 (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 30 June 2019, notes to the financial statements, including a summary of significant accounting policies, and the director's 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 2019 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 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.

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 $30.1 million as at 30 June 2019, represents 62% 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 continues to exist 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.

2. Carrying value of exploration and evaluation assets

Why significant	How our audit addressed the key audit matter
At 30 June 2019 the Group held capitalised exploration and evaluation assets of $2.88 million.	We considered the Group's assessment as to whether there were impairment indicators present that required the capitalised exploration and evaluation assets to be tested for impairment as at 30 June 2019.

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The carrying value of exploration and evaluation expenditure is assessed for impairment when facts and circumstances indicate the capitalised exploration and evaluation expenditure may exceed its recoverable amount. The determination as to whether there are any indicators to require the Group's exploration projects to be assessed for impairment involves judgment, including whether: the Group has tenure; the Group's ability and intention to continue to evaluate and develop the projects; and whether the results of The Group's exploration and evaluation work to date are sufficiently progressed for a decision to be made as to the commercial viability or otherwise of the project. Given the size of the balance and the judgmental nature of impairment indicator assessments associated with exploration and evaluation assets, we consider this a key audit matter.	In performing our procedures, we: ▸ Considered the Group's right to explore in the relevant exploration area 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 at 30 June 2019. ▸ Considered the adequacy of disclosures included within Note 10 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 2019 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do 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 of 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.

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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 objective is 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 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 the 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.

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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 the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Lithium Power International Limited for the year ended 30 June 2019, 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

Ryan Fisk
Partner
Sydney
26 September 2019

Shareholder Information

The shareholder information set out below was applicable as at 17 September 2019.

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	201	0
1,001 to 5,000	614	0
5,001 to 10,000	356	0
10,001 to 100,000	647	0
100,001 and over	191	21
	2,009	21
Holding less than a marketable parcel	264	–

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	26,858,374	10.23
Brispot Nominees Pty Ltd <House Head Nominee A/C>	23,827,115	9.08
Citicorp Nominees Pty Limited	20,060,736	7.64
Minera Salar Blanco Spa	16,000,000	6.09
Chifley Portfolios Pty Ltd <David Hannon Retire Fund A/C>	15,857,143	6.04
Great Southern Holdings Pty Ltd <Great Southern Holdings A/C>	14,300,000	5.45
CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C>	9,703,747	3.70
Yarandi Investments Pty Ltd <Griffith Family No 2 A/C>	9,360,403	3.57
HSBC Custody Nominees (Australia) Limited-Gsco Eca	7,224,596	2.75
UBS Nominees Pty Ltd	7,008,266	2.67
G Harvey Nominees Pty Ltd <Harvey 1995 Disc A/C>	6,498,576	2.48
Diamond Edge Business Opportunities Ltd	3,523,347	1.34
J P Morgan Nominees Australia Pty Limited	3,506,999	1.34
CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	2,123,854	0.81
Allowah Hh Pty Ltd <Griffith Super Pension A/C>	1,685,000	0.64
Mrs Gurpriya Singh	1,500,000	0.57
Mr James Rex Phillips	1,400,000	0.53
Chifley Portfolios Pty Limited <David Hannon Retirement A/C>	1,400,000	0.53
Mr Peter Morris	1,357,096	0.52
Mr Geoffrey Ross Bazzan	1,199,111	0.46
Total Securities of Top 20 Holdings	174,394,363	66.44
Total of Securities	**262,513,903**	

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	45,006,668	21

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

Name	Class	Number held
Martin C Holland	Options over ordinary shares	10,000,001

Shareholder Information

SUBSTANTIAL HOLDERS

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
HSBC Custody Nominees (Australia) Limited	26,858,374	10.23
Brispot Nominees Pty Ltd (House Head Nominee A/C)	23,827,115	9.08
Citicorp Nominees Pty Limited	20,060,736	7.64
Minera Salar Blanco Spa	16,000,000	6.09
Chifley Portfolios Pty Ltd (David Hannon Retire Fund A/C)	15,857,143	6.04
Great Southern Holdings Pty Ltd (Great Southern Holdings A/C)	14,300,000	5.45

	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.

COMPETENT PERSON STATEMENTS

The information contained in this Annual Report for the year ended 30 June 2019, relating to Exploration Targets, Exploration Results and Resources has been compiled by Murray Brooker. Mr Brooker is a Geologist and Hydrogeologist and is a Member of the Australian Institute of Geoscientists (AIG) and the International Association of Hydrogeologists (IAH). Mr Brooker has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Resource estimation was undertaken by FloSolutions of Santiago, Chile.

Mr Brooker is an employee of Hydrominex Geoscience Pty Ltd and an independent consultant to the Company. Mr Brooker consents to the inclusion in this announcement of this information in the form and context in which it appears. The information in this announcement is an accurate representation of the available data from initial drilling at the Maricunga project.

The information contained in this Annual Report for the year ended 30 June, 2019, relating to Reserves has been compiled by Frits Reidel. Mr Reidel is a Hydrogeologist and is a Certified Professional Geologist of the American Institute of Professional Geologists (AIPG). Mr Reidel is the Principal Hydrogeologist of FloSolutions (Chile) and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Reserve estimation was undertaken by FloSolutions of Santiago, Chile working with DHI of Lima, Peru.

The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original release.

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