

ASX RELEASE

31 January 2020

Activity Report for the Quarter ended December 2019

Lithium Power International Limited (ASX: LPI) (LPI or the Company) is pleased to submit its quarterly Activity Report for the period ended 31 December 2019.

HIGHLIGHTS

- The Maricunga project's Environmental Impact Assessment (EIA) is progressing through the assessment process by Chilean authorities. Our responses to a third and final set of questions or observations were submitted to the Authority on 22 November 2019, with the final 60-day review by the Authority commencing as of that date. We therefore expect a final resolution to the EIA in Q1 2020.
- The Company is advancing in discussions with a number of well-established companies and different financial institutions regarding future product off-take and project finance for the construction of the project.
- The Engineering, Procurement and Construction (EPC) bidding process is underway and expected to be finalised in April 2020 with in-depth discussions with a number of competing international engineering Contractors continuing.
- During the Quarter, CODELCO, the Chilean State-owned mining company, continued to advance their due diligence of MSB's records and technical data associated with the project. The MOU, signed in August 2019, 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.
- In Argentina, discussions are being finalised for the entering into a joint venture to advance the development of the Company's lithium brine project assets in the Centenario Salar.
- Approval was received for exploration activities in the Greenbushes project. During the quarter additional laterite and soil sampling was completed in forestry areas to define areas for exploratory drilling.

MARICUNGA PROJECT - CHILE

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

The Maricunga Joint Venture project (the Project) is operated under the Joint Venture Company, Minera Salar Blanco S.A. LPI currently owns 51% of MSB.

The Project has been confirmed as Chile's highest grade and most advanced lithium project outside the Salar de Atacama. The Project is the only project on the Maricunga salt lake with a completed DFS and is the most advanced in the EIA approval process. The Maricunga project also has potential for future expansion, as the resource is open beyond 200m depth.

CODELCO DUE DILIGENCE

LPI's Joint Venture Company Minera Salar Blanco S.A. (MSB) entered into a non-binding Memorandum of Understanding (MOU) in the previous quarter 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 which would allow the development of an expanded property position by incorporating CODELCO's ground, making the Maricunga Project a truly world-class lithium brine producer.

Terms and details of the definitive agreement are in the process of being finalised. The agreement is subject to mutual due diligence, detailed documentation and the establishment of a "NewCo" under Chilean corporate law. The intention is to develop the project under a public-private alliance model to become the third lithium producer in Chile.

During the quarter, CODELCO continued to advance their due diligence of MSB's records and technical data associated with the project.

The joint venture would allow for an expanded, scalable and very robust project, to fast track development with provision of the necessary permits.

The permits would include CODELCO's key CEOL permit that allows for lithium production across the entire salar, including mining concessions not currently owned by either MSB or CODELCO, providing certainty with regards to permitting. Obtaining this CEOL permit would complement granting of the EIA to MSB on the project.

The consolidation of the mining concessions under the joint venture would also provide the opportunity to increase production capacity and/or extend the life of the mine beyond its expected 20-year span, therefore creating additional value for all shareholders. This is in addition to the likely added resources at depth on the MSB tenements yet to be assessed.



PROJECT EIA

The Project's Environmental Impact Assessment (EIA) study was submitted to the Chilean Government environmental assessment authorities in November 2018. Further information has been provided to the authorities for their review of the project's EIA and positive responses have been received.

As previously advised, a final decision on the EIA process is expected in Q1 2020, upon a final round of formal questions from the environmental authorities received in mid-October and a 60-day extension required by the Environmental Service to complete the evaluation.

The Chilean regulation sets a timeframe of 120 business days for the final environmental evaluation of any project submitted in the country. It also grants the Environmental Service a one-time extension, at its own discretion during the process, if needed to complete the evaluation. The use of this extension by the Environmental Service is customary among large and/or complex projects in Chile and was expected by MSB.

This request by the Environmental Service for an extension is a result of no specific question or query, but rather to grant more time to review the comprehensive data enclosed in the 12,000 page submission that has already been provided by MSB.

PROJECT FUNDING

Given the quality of the Project, the advanced status of the EIA, the excellent relationship with Chilean government, the MOU with CODELCO and the solid mining jurisdiction in Chile, the Company is confident that the required development funding will be obtained.

Discussions are advancing with a number of well-established companies and different financial institutions regarding future product off-take and project finance for the construction of the project. This funding is expected to be by a combination of debt and equity. Discussions will very likely advance rapidly upon the finalisation of the EIA.

The Company has appointed Treadstone Resource Partners to coordinate and support the Project Finance process, including negotiations with potential offtake partners and strategic investors.

ARGENTINA

CENTENARIO PROJECT – SALTA PROVINCE, ARGENTINA

The Centenario project is a 70:30 joint venture between LPI and Marquee Resources Ltd, that is located in the Centenario salar in Salta Province, Argentina, one of the Argentine provinces most in favour of mining development. The project is immediately north of the 24,000 t/a lithium carbonate plant being developed by the French company Eramet and is in the vicinity of both the Millennial Lithium and Pluspetrol Pastos Grandes feasibility projects. LPI is advancing with terms for a work program for 2020, which will include drilling to define a maiden resource for the project area.

During the quarter further geophysical data was collected over the project, using passive seismic equipment. This showed the basin within the properties reaches a depth of around 500 metres.

The drilling program would target the large conductive zone identified in the TEM electrical geophysical survey conducted by LPI. The geophysical target is believed to represent a significant body of brine, covering an area of approximately 48 square km.

Discussions are well advanced into a transaction to advance the project. It is expected that an announcement can be made within Q1 2020 upon mutual approval being granted by the respective Boards involved in the transaction.

WESTERN AUSTRALIA

The Company's Western Australia (WA) properties (Figure 2) are 100% owned by LPI and are located a short distance from the ports of Port Hedland or Bunbury, with well-developed infrastructure for potential development.

During the quarter LPI's WA exploration team concentrated activities on the Greenbushes project in the Southwest region of WA.

GREENBUSHES - SOUTHWEST WA

The Greenbushes project is located 250 km south of Perth and comprises two properties located immediately north and south of the block hosting the Greenbushes mine, which is owned by major lithium producers Tianqi Lithium and Albemarle.

LPI's properties are considered to be highly prospective for the discovery of lithium pegmatites along the same geological units and faults as the Greenbushes pegmatite. The properties E70/4763 and E70/4774 cover extensive areas of forestry land, and LPI has recently been granted access to these forestry areas for surface geochemical sampling (laterite and soil sampling) and subsequent drilling. An Environmental Management Plan has been approved by the WA department of conservation and the Department of Mines, Industry, Regulation and Safety (DMIRS) for activities in these forest areas.

During the quarter LPI collected an additional 174 laterite and soil samples in the forestry areas. The different types of material encountered have been used to update the geological map for the area, to better understand the surface weathering and lithology. Samples have been submitted for laboratory assessment, with results expected in Q1 2020. Outcrops of rocks in the area have been incorporated into the geological interpretation, with areas of the amphibolite target rock identified during the sampling.

During the quarter, and as part of the approved Environmental Management Plan, a survey was also undertaken for the mapping of vegetation types in the area and for identification of fauna types. Identification of vegetation types is pending and expected in Q1 2020.



Figure 2: Location of LPI's properties in the Pilbara and Southwest region of Western Australia

PILBARA PROJECTS, WA

No work was carried out on the Tabba Tabba, Pilgangoora or Strelley projects during the month, with activities focused on the Greenbushes project in the Southwest of WA.

CORPORATE UPDATE

Appendix 5B

The Appendix 5B quarterly cashflow report for the quarter ended 31 December 2019, is submitted separately.

The Company had a cash balance of AU\$9.7 million at 31 December 2019, following a US\$1.0 million (AU\$1.4 million) capital call made by MSB.

Annual General Meeting (AGM)

The AGM was held on 27 November 2019, with a pleasing attendance by Shareholders.

Shareholders received a corporate update presentation from the Company's CEO, with strong participation in the Question and Answer session following the presentation.

Ten Resolutions were put to the meeting, with all Resolutions unanimously passed by a show of hands, which complemented the strong voting patterns of the valid proxy votes received prior to the AGM.

Capital Structure

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

- 262.5 million Ordinary Shares on issue, and
- 46.3 million Unlisted Options on issue.