



LITHIUMPOWER

INTERNATIONAL LTD

# ANNUAL REPORT

to 30 JUNE 2021

# 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](http://www.lithiumpowerinternational.com)

# Contents

## 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, through its 51.43% owned Joint Venture company Minera Salar Blanco S.A.

## 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 (Forth 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 has been updated to consider recommended changes by the ASX. These changes have been adopted by the Board and have been uploaded to the company's website and can be found on the 'Who We Are' page at [www.lithiumpowerinternational.com](http://www.lithiumpowerinternational.com).

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# Chairman's Letter

Dear Shareholders,

It is with great pleasure that I write to you as Chairman of Lithium Power International Limited ("LPI" or the "Company") following another 12 months during which significant progress has been to the overall structure and value of the company.

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

As announced on 27 January 2021, the Company commenced additional exploration at the Maricunga Salar as part of an updated Definitive Feasibility Study for its Stage One Project, with the aim of expanding the current Measured and Indicated (M+I) resource. This was initially measured from near surface to 200m in depth, but recent drilling also included the interval between 200m and 400m.

In July 2020, the Company executed a Tenement Acquisition Agreement with ASX-listed company, Carnaby Resources Limited (ASX:CNB), to sell the Strelley Exploration Licence for 1,250,000 fully paid ordinary Carnaby shares. LPI will receive a 1 per cent Net Smelter Return royalty for all gold produced and retain all mineral rights for any lithium, caesium, tantalum and tin contained within the tenement.

In May 2021, LPI entered into a Share Purchase Agreement with the Canadian-based company, Vertex Lithium Corporation ("Vertex"), to acquire LPI's remaining 70 per cent of lithium exploration properties on the Centenario Salar ("Centenario") in Argentina.

The same month, MSB entered a non-binding Memorandum of Understanding ("MOU") with the Japanese conglomerate, Mitsui & Co., Ltd, ("Mitsui"), to establish a strategic alliance to advance the development of Stage One of the project.

Preliminary indications of interest have also been received from international financial institutions and private funds for both debt financing and future equity financing of the project. The company will continue advancing the process, with the Mitsui agreement for off-take and funding serving as a solid base.

In July 2021, the Company completed the latest drilling program on the Stage One mining concession with five exploration core holes (S-25, S-26, S-27, S-28 and S-29) each reaching target depth of 400m.

In Western Australia, we continue to explore for hard-rock pegmatite targets in both our Greenbushes and Pilbara tenements.

In July 2021, LPI provided an update on activities the company was undertaking in Western Australia. LPI will be commencing an extensive exploration and drilling program across the WA lithium tenements, particularly those immediately adjacent to the Greenbushes lithium mine, owned by Talison Lithium, a partnership between Albemarle Corp, Tianqi Lithium and IGO Limited.

I would like to thank my fellow Board members, our management team, our advisors, contractors and suppliers, for their collective effort and commitment to the Company in delivering what is an increased scale and value to our business.

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

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

Yours sincerely,

A handwritten signature in blue ink, appearing to read "D Hannon".

**David R Hannon**  
Chairman

30 September 2021  
Sydney





WESTERN AUSTRALIA PROJECT LOCATIONS



SOUTH AMERICAN PROJECT LOCATION

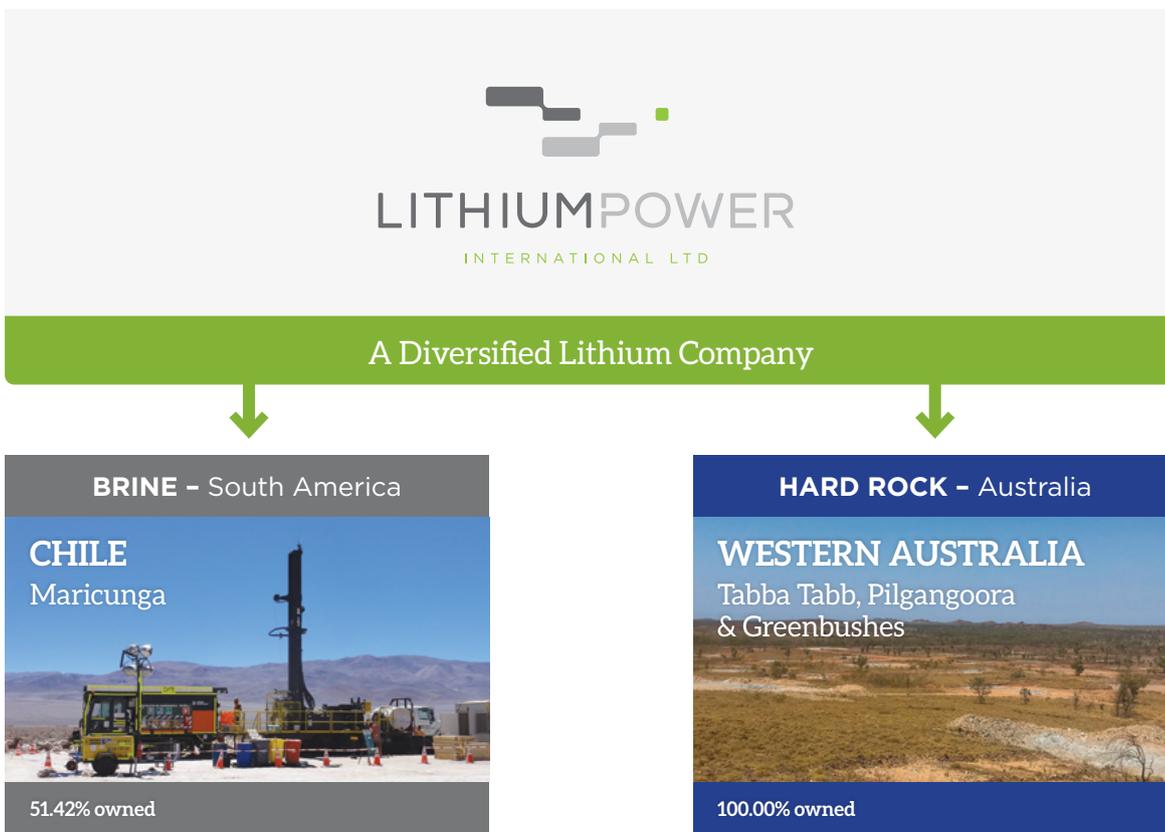


# CEO's Report

## COMPANY OVERVIEW

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

The Company's primary focus is on the development of Chile's next high-grade lithium mine – Maricunga Salar in an area known as the Lithium Triangle. The Company has continued the exploration on its lithium tenements in Western Australia.



## MARICUNGA PROJECT - CHILE

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

### OWNERSHIP STRUCTURE

The Company continues to hold 51.43 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, who is also a director of LPI) holding 31.23 per cent and Toronto-listed company Bearing Lithium holding 17.35 per cent.



FIGURE 1: MARICUNGA JV OWNERSHIP STRUCTURE

## FINANCIAL OVERVIEW - UPDATED DEFINITIVE FEASIBILITY STUDY (“DFS”)

An update of the DFS is advancing as planned by Worley (engineering) and GEA Messo (production process). Several opportunities for optimisation have been identified in the engineering, with a potential reduction also in the project's CAPEX. The update is expected to be completed by the end of 2021.

## MEMORANDUM OF UNDERSTANDING SIGNED WITH MITSUI

The strategic agreement with Mitsui includes off-take and financing rights for the Stage One project; participation, off-take and financing rights for future Maricunga expansions; and strategic collaboration for developments in Chile based on new technology related to direct lithium extraction (“DLE”) that are currently being studied and tested.

The terms and details of the definitive agreements will be finalised in the coming months after completion of all necessary due diligence and transaction structuring.

Mitsui will have the right to participate in future expansions of the Maricunga Project. MSB will use its best efforts to utilise new technology related to DLE currently being studied and tested by Mitsui's technology partners.

Subject to the parties agreeing to a financing proposal, whereby Mitsui provides a relevant portion of the capital expenditure required for the development (in the form of equity, senior debt, mezzanine or other acceptable structures), it will have the first option for an off-take agreement at then-prevailing market prices to purchase a relevant portion of the future production from the expansion.

- Mitsui will have the right to purchase up to 15,000 tonnes annually of high purity lithium carbonate battery grade production from Stage One of the project over 10 years, extendable for two consecutive five-year periods. The agreement will schedule a minimum price and a discount and/or ceiling price during the first period, and extensions to continue at then-prevailing market prices.
- Mitsui will have the right to participate directly in the funding of Stage One of the project. The parties will consider an optimised funding structure through a combination of equity, debt, streaming, advanced payment against products subject to off-take and other equity-like options to support the ongoing MSB financing efforts.
- MSB and Mitsui will create a partnership to expand Mitsui's lithium businesses in Chile and for the development of other lithium related businesses in the country by introducing other efficient and environmentally friendly processing technologies.

## PRODUCTION PROCESS DESIGN

The Company has further advanced improvements to its production process design, yielding significant efficiency increases. As part of the finance and commercial activities, new samples of high-quality battery grade lithium carbonate will be produced at GEA Labs in France for review by off-takers after the basic engineering is completed in Q3 2021. Purity is expected to be significantly higher compared with the original samples produced in 2018, which indicated a 99.5% purity. Such an outcome would allow the Company to reach a wider spectrum of customers with different quality requirements.

The Company has made important efforts to become one of the first Zero Emission lithium brine producers. That effort includes using electricity only produced by solar generators through long term power purchase agreements; minimising water consumption in the production process design (self-producing through condensation recovery of more than 30 per cent of the water used); and strict protocols to ensure any negative environmental impact on the area provides an opportunity to set a higher standard for the whole industry. Additionally, social aspects have been important to the Maricunga project, receiving open and ongoing support from both indigenous and civilian communities. These initiatives have been widely recognised by the Chilean authorities.

The Company is also reviewing and certifying its Environmental, Social and Governance protocols. Proposals from specialised advisors are expected to be received during Q3 for the review of all project information, including with its minimal carbon footprint metrics.



FIGURE 2: EXPLORATION DIAMOND CORE HOLES - DRILLING SAMPLES

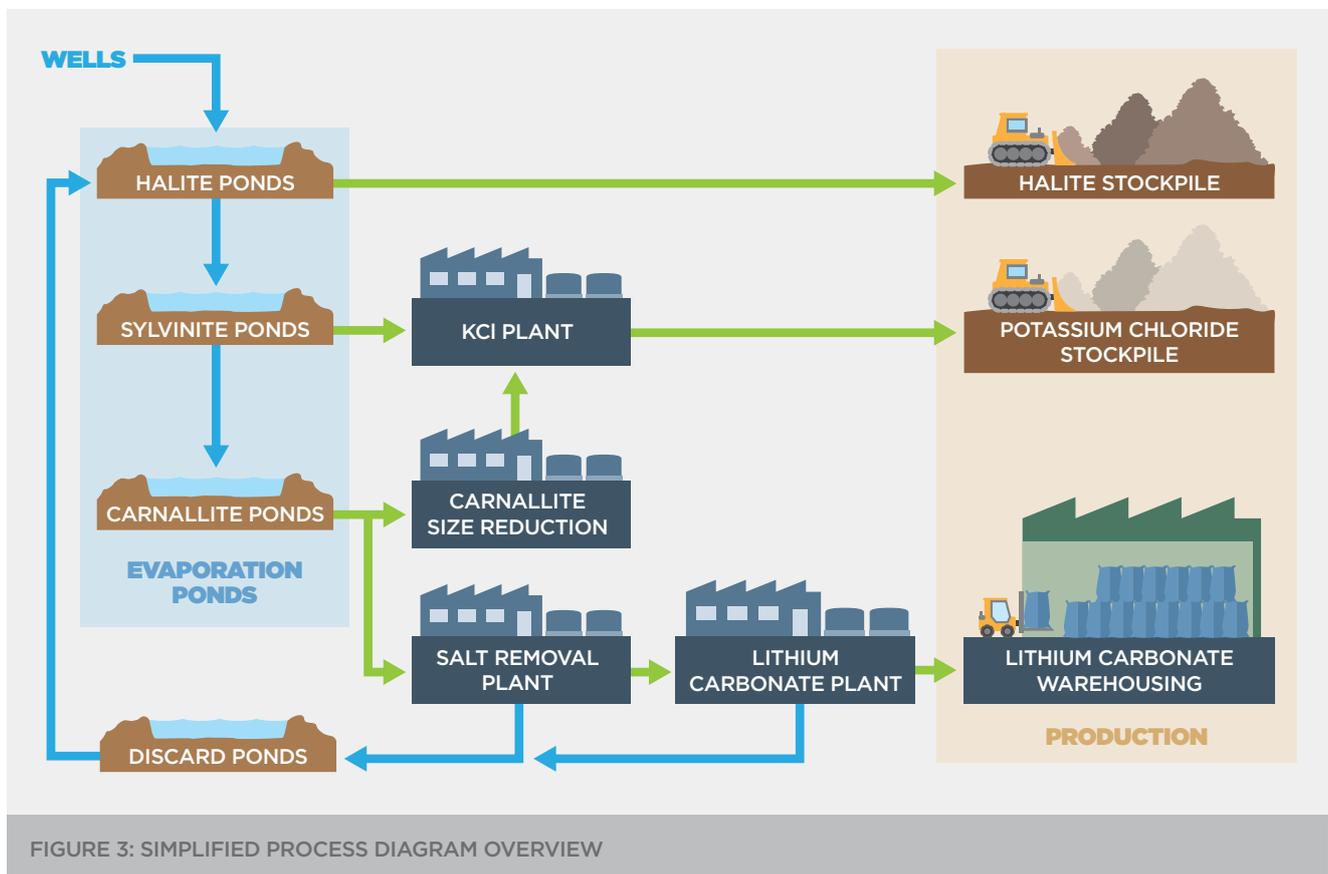


FIGURE 3: SIMPLIFIED PROCESS DIAGRAM OVERVIEW

**DRILLING PROGRAM PROGRESS**

As a result of the now completed 2021 drilling program, the resource update for the Stage One mining concessions will be based on:

- 5,257m drilled within 41 wells.
- 3 production wells and 4 long term pumping tests (more than 60 days in total).
- 1,194 brine samples analysed by Andes Analytical Assay, the University of Antofagasta in Chile and Norlab in Argentina.
- 501 undisturbed core samples taken for drainable porosity tests, which were sent to Geosystems Analysis (GSA), Daniel B. Stephens and Associates, Corelabs and the British Geological Survey.

Positive results with average lithium concentration of 989 mg/l and maximum value of 3,375 mg/l are shown in Table 1 below (results considers only the Old Code mining concessions for the Stage One).

**TABLE 1: AVERAGE LITHIUM AND POTASSIUM CONCENTRATIONS**

	<b>B</b> mg/l	<b>Ca</b> mg/l	<b>Cl</b> mg/l	<b>Li</b> mg/l	<b>Mg</b> mg/l	<b>K</b> mg/l	<b>Na</b> mg/l	<b>SO<sub>4</sub></b> mg/l	<b>Density</b> g/cm <sup>3</sup>
Max	1,993	36,950	233,800	3,375	21,800	20,640	105,815	2,820	1.31
Average	499	12,460	194,907	989	6,297	7,118	91,447	700	1.20
Min	234	6,765	145,954	513	3,150	2,940	41,050	259	1.16



**FIGURE 4: EXPLORATION DIAMOND CORE HOLES - MAJOR DRILLING**

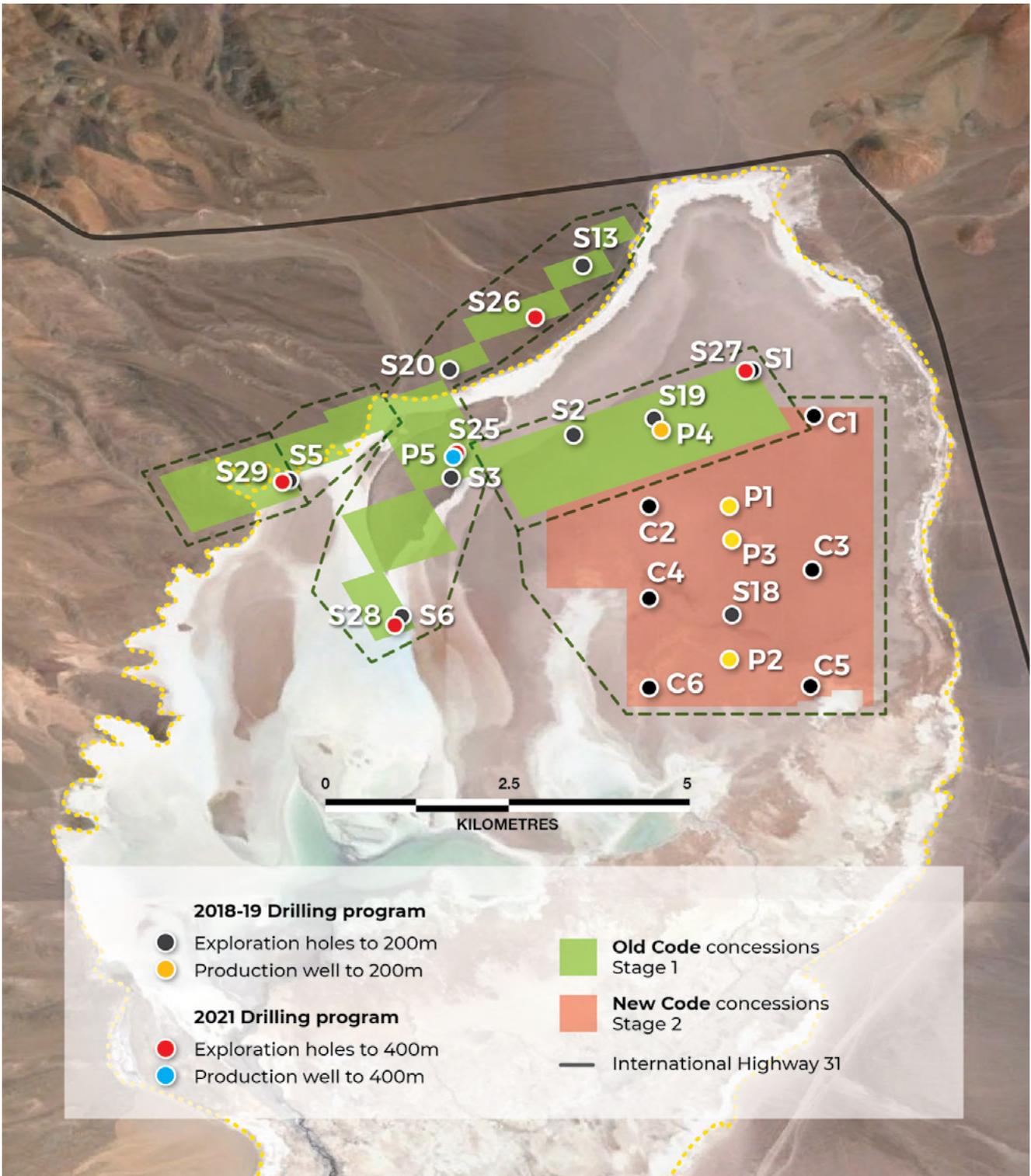


FIGURE 5: LOCATION OF 2018-19 AND 2021 DRILL HOLES

A new M+I (Measured and Inferred Resource) estimate is in process, including the additional information to 400m depth. This uses SGeMS software as a base for the new Reserve estimate, which will be part of the updated DFS for Stage One. A significant resource expansion is expected to be between the range of 1.5x to 1.8x the 2019 values.<sup>1</sup>

1 Maricunga Definitive Feasibility Study (DFS), 22 January 2019



## ARGENTINA

### CENTENARIO – SALTA PROVINCE, ARGENTINA

In May 2021, LPI announced that it had entered into a Share Purchase Agreement with the Canadian-based company, Vertex Lithium Corporation (“Vertex”), to acquire LPI’s remaining 70 per cent of lithium exploration properties on the Centenario Salar (“Centenario”) in Argentina.

This transaction releases the Company from future annual exploration spending obligations set under Argentinean regulations. It also removes the cost of holding the asset in a foreign jurisdiction in which the Company had no plans to conduct future exploration.

The transaction provides LPI with a realisation of value, the basic details of the transaction being:

- Cash payments of USD\$700,000, plus USD\$40,000 to cover the costs to execute the transaction; and
- The issue of CAD\$250,000 worth of fully paid ordinary shares in Vertex.

The transaction is expected to complete in 2022.

Centenario has been held by LPI since the Company was established, and it was part of the asset portfolio for its successful IPO in June 2016. LPI’s focus is now primarily developing the flagship Maricunga lithium brine project in Chile.

## WESTERN AUSTRALIA

### PILGANGOORA PILBARA, WA

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 PROJECT GREENBUSHES, WA

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.

During the quarter, LPI announced that it would commence an extensive exploration and drilling program across the WA lithium tenements, particularly those immediately adjacent to the Greenbushes lithium mine owned by Talison Lithium (which is owned by Albemarle Corp, Tianqi Lithium and IGO Limited).





## BLACKWOOD PROSPECT, DETAILED MAGNETIC SURVEY GREENBUSHES, WA

The Blackwood Prospect within E70/4774 is the southern of two properties owned by LPI. It is on the regional co-incident magnetic and gravity structure (Figure 5) that hosts the Greenbushes pegmatite mined by Talison. This major geologic feature is part of the Donnybrook Shear Zone ("DSZ"). Pegmatites are known to be emplaced along structural pathways on major faults, and the Green-bushes pegmatite is located along north-west subsidiary structures of the DSZ.



FIGURE 6: A DISTAL PEGMATITE PHASE IN THE BLACKWOOD PROSPECT WHICH CONTAINS ELEVATED LITHIUM, BERYLLIUM, CAESIUM, RUBIDIUM, TIN AND TANTALUM.

These subsidiary structures are key to locating ore bodies within the Blackwood Prospect (Figures 6 and 7). Sampling and detailed investigation of geophysical data, along with a detailed magnetic survey (ultra-high magnetic 40m line spacing) to be conducted by a drone in September, will pinpoint the scale structures to aid drill targeting on potential blind pegmatite bodies. As previously announced, LPI has collected samples across the DSZ. The outcropping pegmatites within the DSZ (Figure 4) have elevated lithium (253 ppm), rubidium (2048 ppm) and tin (95 ppm), and the mafic host rocks are anomalous in arsenic (110 ppm), which is consistent with the Greenbushes model. These pegmatites are considered to be distal phases of an LCT mineral system, and the potential higher-grade phases considered to be recessive.

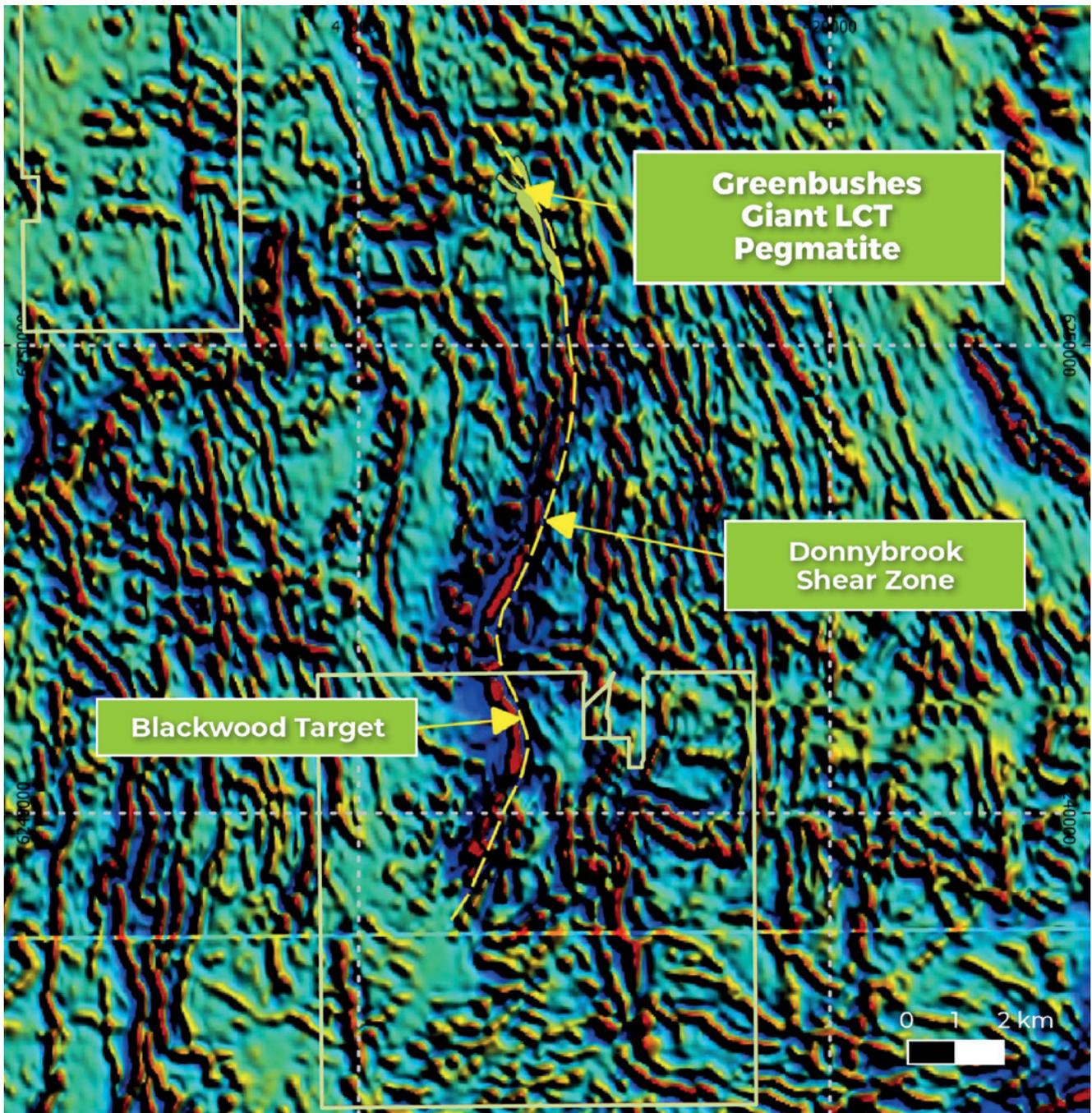


FIGURE 7: THE BLACKWOOD PROSPECT LIES ON THE DONNYBROOK SHEAR ZONE, WHICH HOSTS THE GREENBUSHES MINE, SHOWN OVER THE REGIONAL RTP IVD COLLIE & PEMBERTON MAGNETIC IMAGES.



**EAST KIRUP PROSPECT, FAUNA SURVEY AND DRILLING  
GREENBUSHES, WA**

An initial 1600m RC drilling program is planned on the East Kirup Prospect for Q4 2021. The timing of this drilling program is to comply with the Company's approved Conservation Management Plan (CMP) over this Prospect, which lies within State Forest. The CMP places limitations on drilling or any other activities that require heavy equipment during wet seasons. These limitations are to counter the risk of spreading dieback in flora throughout the area.

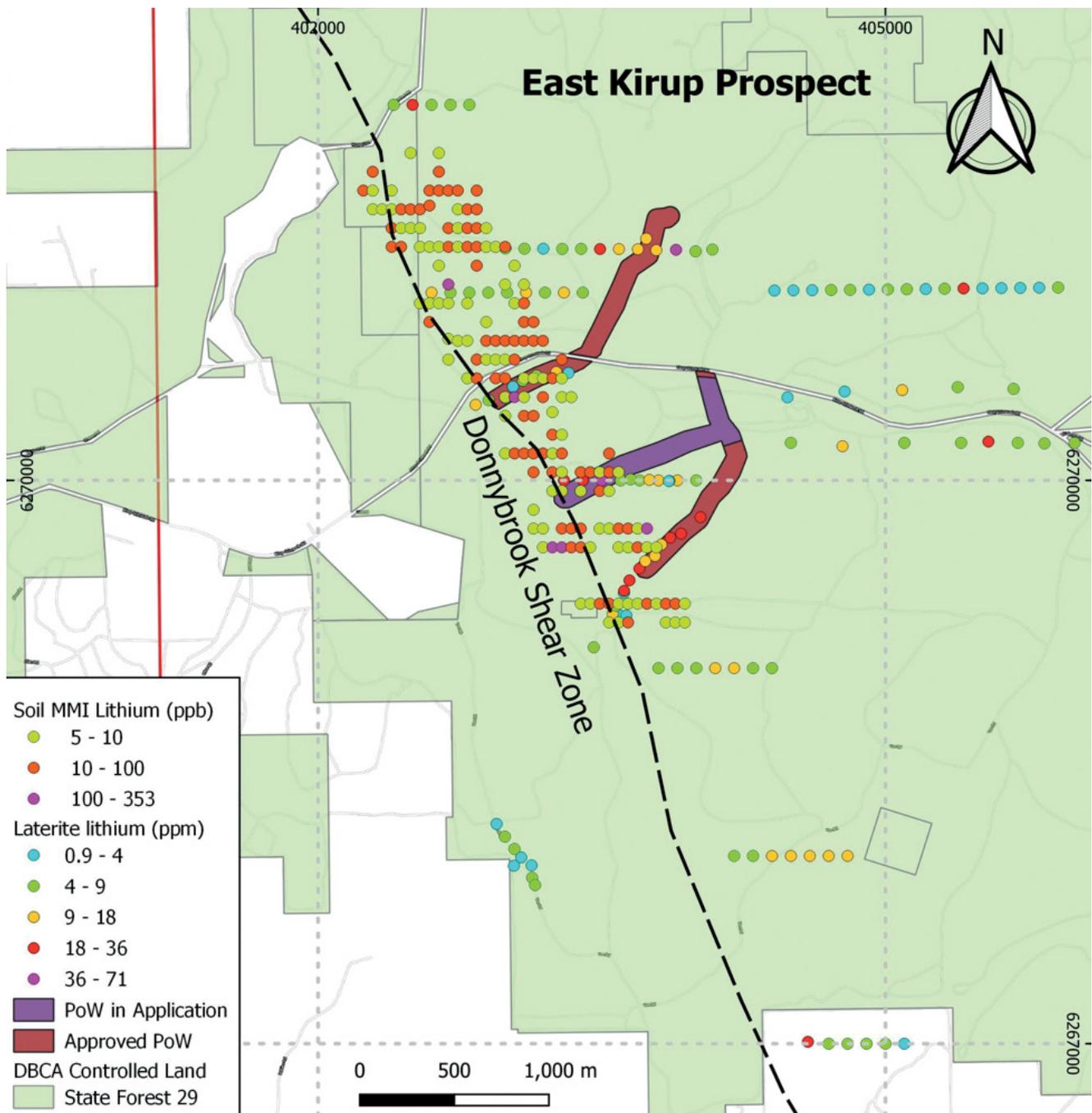


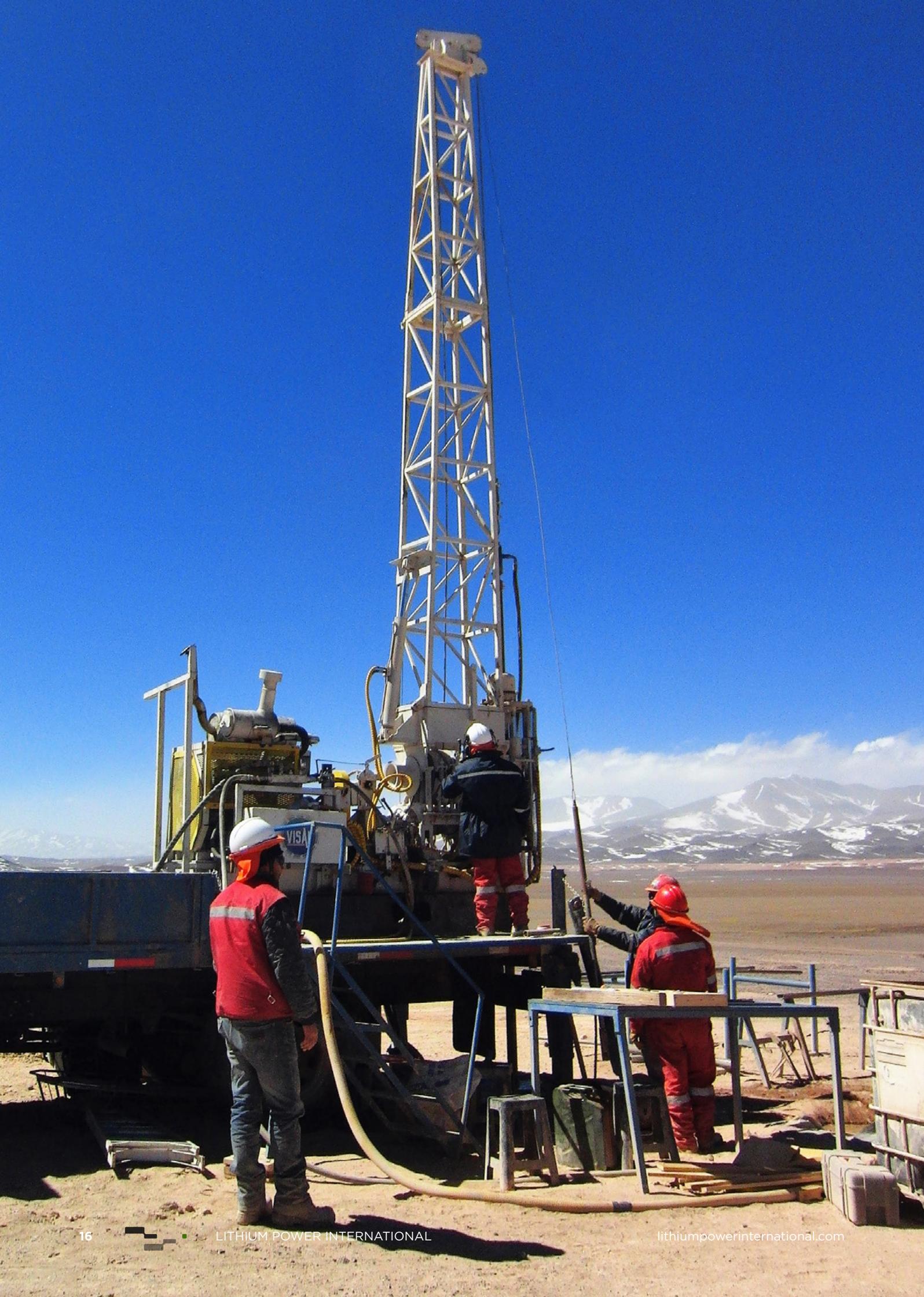
FIGURE 8: SAMPLING AT EAST KIRUP PROSPECT AND PLANNED AND APPROVED POW FOR Q4 ON THE DSZ.

## SUMMARY

The absolute priority of the Board and Management of LPI is focussed on delivering the significant potential of the Maricunga Lithium Brine Project, within 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.



FIGURE 9: PUMP TEST AT MARICUNGA



# 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 2021.

## 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
- Mr Andrew G Phillips** – Executive Director and Chief Financial Officer
- Mr Richard A Crookes** – Executive Director – Corporate Finance
- Mr Reccared P Fertig** – Non-Executive Director
- Mr Russell C Barwick** – Non-Executive Director
- Mr Martin Jose Domingo Borda M** – Non-Executive Director

## PRINCIPAL ACTIVITY

During the financial year the principal 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 \$6,114,074 (30 June 2020: \$12,972,177).

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 14 May 2021, the consolidated entity entered into a selling agreement to dispose of its 70% interest in Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A. (Argentina) to Vertex Lithium Corporation ('Vertex'), a Canadian based company. Total consideration is \$1,240,200, which comprise cash payments of \$931,100 (USD\$700,000) and fully paid ordinary shares in Vertex to the value of \$268,298 (CAD\$250,000). The sale transaction is expected to be completed during the financial year ending 30 June 2022.

As a result of the Coronavirus ('COVID-19') pandemic all operations have been reviewed and cost reduction measures have been adopted.

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

# Directors' Report

to 30 June 2021

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on the consolidated entity, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies, including the roll out of the vaccine, have started to mitigate the risks caused by COVID-19, it is not possible at this time to state that the pandemic will not subsequently impact the consolidated entity's operations going forward. The consolidated entity now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both locally and internationally.

On 23 August 2021, the Company issued 47,692,309 ordinary shares at a price of \$0.26 per share to institutional and sophisticated investors. The gross proceeds from the issuance of these securities amounted to \$12,400,000.

On 14 September 2021, the consolidated entity received US\$105,000 from Vertex Lithium Corporation ('Vertex'), which represented a late settlement fee in connection with the disposal of Lithium Power Holdings (Argentina) Pty Ltd to Vertex. As per the terms of the sale agreement, the late settlement fee became payable when the consideration from the disposal of Lithium Power Holdings (Argentina) Pty Ltd was not settled within 4 months of the sales agreement date, being 14 May 2021.

On 29 September 2021, the Company released the results of the latest drilling program on the Maricunga Stage One mining concessions. A significant update in Measured and Indicated resource an increase by 90% compared to 2019 DFS. Measured and Indicated resource estimate for the Stage One mining properties of 1,905,000 tonnes of Lithium Carbonate Equivalent (LCE) at an average grade of 953 mg/l lithium.

No other matter or circumstance has arisen since 30 June 2021 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

Further information on the future strategies is detailed in the Chairman's letter and CEO's Report which precedes the Directors' report and Annual Financial Statements.

## 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):** None

**Special responsibilities:** Chairman of the Audit and Risk Committee and member of the Nominations and Remuneration Committee

**Interests in shares:** 22,686,797 ordinary shares

**Interests in options:** None

### 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:** Chief Executive Officer and Director on the Maricunga Joint Venture Board and member of the Audit and Risk Committee

**Interests in shares:** 613,636 ordinary shares

**Interests in options:** 2,000,000 options over ordinary shares

**Interests in rights:** 6,000,000 rights 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 has served in the past as a director and/or company secretary for a number of ASX listed Companies.

**Other current directorships:** Donaco International Ltd (ASX: DNA) (appointed on 2 September 2020)

**Former directorships (last 3 years):** None

**Special responsibilities:** Director on the Maricunga Joint Venture Board and member of the Audit and Risk Committee

**Interests in shares:** 2,396,136 ordinary shares

**Interests in options:** None

**Interests in rights:** 2,500,000 rights 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) (appointed on 16 May 2013); Black Rock Mining (ASX: BKT) (appointed on 16 October 2017)

**Former directorships (last 3 years):** None

**Special responsibilities:** None

**Interests in shares:** 113,636 ordinary shares

**Interests in options:** 2,000,000 options over ordinary shares

**Interests in rights:** 4,000,000 rights 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, a Johannesburg property fund. He was also Founder and 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. During his career Mr Fertig was also CEO of Colliers International Southern Africa for 15 years, one of the leading property and facilities management companies in Southern Africa. He was also a founder and Chairman of East Sydney Private Hospital in Sydney, Australia.

**Other current directorships:** None

**Former directorships (last 3 years):** Adrenna Property Group Ltd (JSE: ANA)

**Special responsibilities:** Chairman of the Maricunga Joint Venture Board and member of the Nominations and Remuneration Committee

**Interests in shares:** 18,050,620 ordinary shares

**Interests in options:** None

## RUSSELL C BARWICK

*NON-EXECUTIVE DIRECTOR*

Mr Barwick is an internationally renowned mining executive and engineer with extensive technical, managerial and corporate experience in various commodities. Mr Barwick has an extremely strong development, operational and corporate background, particularly in Latin America. He was also formally CEO of Newcrest and COO of GoldCorp.

**Other current directorships:** Regis Resources Ltd (ASX: RRL) (appointed on 11 March 2020); Red Metal Limited (ASX: RDM) (appointed on 12 June 2003); Mount Gibson Iron Limited (ASX: MGX) (appointed on 16 November 2011)

**Former directorships (last 3 years):** None

**Special responsibilities:** Director on the Maricunga Joint Venture Board; Chairman of the Nominations and Remuneration Committee and member of the Audit and Risk Committee

**Interests in shares:** 753,588 ordinary shares

**Interests in options:** None



# Directors' Report

to 30 June 2021

## 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:** 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:** 16,227,273 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 2021, and the number of meetings attended by each director were:

	Full Board		Nominations and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
David R Hannon	7	7	1	1	2	2
Cristobal Garcia-Huidobro R	7	7	–	–	2	2
Andrew G Phillips	6	7	1	1	2	2
Richard A Crookes	7	7	–	–	–	–
Reccared P Fertig	7	7	1	1	–	–
Russell C Barwick	6	7	1	1	2	2
Martin Jose Domingo Borda M	6	7	–	–	–	–

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

*During the year ended 30 June 2021, Andrew G Phillips attended 1 Nomination and Remuneration Committee meeting as an observer.*

## 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 C Barwick as Chairman and David R 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.

As a result of COVID-19 the Committee adopted a minimum of 30% decrease in executive director contract salaries and non-executive director contracted fees for 6 months until 31 December 2020, with the view of conserving Company resources. Salaries and fees reverted to the contracted levels from 1 January 2021.

The reward framework is designed to align executive reward to shareholders' interests. The Committee has 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 Committee. The Committee 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 an increase approved at the Annual General Meeting of Shareholders on 27 November 2019, the total aggregate remuneration available to non-executive directors was set at \$750,000 per annum. In light of COVID-19, it was agreed that all non-executive director fees (directors' fees and committee fees) would be reduced for the first six months of the financial year ended 30 June 2021 and revert back to the former contracted levels for the second six months of the financial year. The proposed fees for non-executive directors for the year ended 30 June 2022 remain unchanged and are summarised as follows:

Name	FY 2022 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.



# Directors' Report

to 30 June 2021

## 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 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 ASX. These Options expired on 24 June 2021 and were not converted to shares. All other options granted to key management personnel vest immediately when granted and expire between 1 and 3 years from the grant date. The Committee reviewed the long-term equity-linked performance incentives specifically for executives for the period ended 30 June 2021.

Share appreciation rights ('SARS') were approved to be issued to the executive directors by the shareholders at the 2019 AGM. The approval was valid for 12 months and subsequent to financial year ended 30 June 2019, it was resolved by the Committee to issue 12,500,000 SARS to executive directors on 27 November 2019.

## USE OF REMUNERATION CONSULTANTS

During the financial year ended 30 June 2021, the consolidated entity 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 2020 ANNUAL GENERAL MEETING (AGM)

At the 2020 AGM, 96.34% of the votes received supported the adoption of the remuneration report for the year period 30 June 2020. 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

	Short-term benefits	Post-employment benefits	Share-based payments	Total
	Cash salary and fees \$	Superannuation \$	Equity-settled \$	
<b>2021</b>				
<b>Non-Executive Directors:</b>				
David R Hannon	127,500	12,112	–	139,612
Reccared P Fertig	127,500	7,125	–	134,625
Russell C Barwick	85,000	8,075	–	93,075
Martin Jose Domingo Borda M	85,000	–	–	85,000
<b>Executive Directors:</b>				
Cristobal Garcia-Huidobro R	85,000	–	337,488	422,488
Andrew G Phillips	212,500	20,188	140,620	373,308
Richard A Crookes	92,500	8,788	224,992	326,280
	<b>815,000</b>	<b>56,288</b>	<b>703,100</b>	<b>1,574,388</b>
<b>2020</b>				
<b>Non-Executive Directors:</b>				
David R Hannon	138,750	13,181	–	151,931
Reccared P Fertig	138,750	–	–	138,750
Russell C Barwick	92,500	8,788	–	101,288
Martin Jose Domingo Borda M	92,500	–	–	92,500
<b>Executive Directors:</b>				
Cristobal Garcia-Huidobro R	92,500	–	306,564	399,064
Andrew G Phillips	231,250	21,969	127,734	380,953
Richard A Crookes	133,750	12,706	204,376	350,832
	<b>920,000</b>	<b>56,644</b>	<b>638,674</b>	<b>1,615,318</b>



# Directors' Report

to 30 June 2021

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

Name	Fixed remuneration		At risk – STI		At risk – LTI	
	2021	2020	2021	2020	2021	2020
<b>Non-Executive Directors:</b>						
David R Hannon	100%	100%	–	–	–	–
Reccared P Fertig	100%	100%	–	–	–	–
Russell C Barwick	100%	100%	–	–	–	–
Martin Jose Domingo Borda M	100%	100%	–	–	–	–
<b>Executive Directors:</b>						
Cristobal Garcia-Huidobro R	20%	23%	–	–	80%	77%
Andrew G Phillips	62%	67%	–	–	38%	33%
Richard A Crookes	31%	42%	–	–	69%	58%

## 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 Garcia-Huidobro's salary is paid directly by the Chilean joint venture. 2,000,000 sign-on options at a strike price of \$0.60 were granted following shareholder approval at the 2018 AGM. 6,000,000 Share Appreciation Rights at a strike price of \$0.40 were granted on 27 November 2019 following shareholder approval at the 2019 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. As from April 2020, consistent with the Company's COVID-19 cost saving measures Mr Garcia-Huidobro voluntarily took a temporary 30% salary cut, until 31 December 2020. 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 at a strike price of \$0.20 were granted at the time of the IPO. 2,500,000 Share Appreciation Rights at a strike price of \$0.40 were granted on 27 November 2019 following shareholder approval at the 2019 AGM. Base salary is to be reviewed from time to time by the Board in accordance with constitution and policies. As from April 2020, consistent with the Company's COVID-19 cost saving measures Mr Phillips voluntarily took a temporary 30% salary cut, until 31 December 2020. 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 \$100,000 plus superannuation, equal to approximately 20% of a full-time equivalent role (reduced from \$150,000 plus superannuation, equal to approximately 40% of a full-time equivalent role). 2,000,000 sign-on options at a strike price of \$0.60 were issued following shareholder approval at the 2018 AGM. 4,000,000 Share Appreciation Rights at a strike price of \$0.40 were issued on 27 November 2019 following shareholder approval at the 2019 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. As from April 2020, consistent with the Company's COVID-19 cost saving measures plus adjustments to his time commitments Mr Crookes voluntarily took a temporary 57% salary cut, until 31 December 2020. 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.

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 2021.

### OPTIONS

There were no options over ordinary shares issued to directors and other key management personnel which affected their remuneration in this financial year or future reporting years.

The following options over ordinary shares granted to directors and other key management personnel as part of their remuneration in previous financial years were outstanding at 30 June 2021:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Cristobal Garcia Huidobro R	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
Martin Jose Domingo Borda M	2,000,000	28/11/2018	28/11/2018	28/11/2021	\$0.60	\$0.096

These options formed part of the respective key management personnel's remuneration during the year ended 30 June 2019. The options did not form part of the respective key management personnel's remuneration during the year ended 30 June 2021.

No options were exercised during the year ended 30 June 2021.

Details of options over ordinary shares granted to directors and other key management personnel as part of their remuneration that lapsed and expired during the year ended 30 June 2021 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
David R Hannon	2,000,000	06/07/2017	06/07/2017	06/07/2020	\$0.60	\$0.120
Russell C Barwick	2,000,000	06/07/2017	06/07/2017	06/07/2020	\$0.60	\$0.120



# Directors' Report

to 30 June 2021

## SHARE APPRECIATION RIGHTS

The terms and conditions of each grant of share appreciation rights over ordinary shares affecting remuneration of directors and other key management personnel in future reporting years are as follows:

Name	Number of rights granted	Grant date	Vesting date and exercisable date	Expiry date	Share price hurdle for vesting	Fair value per right at grant date
Cristobal Garcia Huidobro R	3,000,000	27/11/2019	31/12/2020	30/06/2023	\$0.40	\$0.133
	3,000,000	27/11/2019	30/06/2022	30/06/2023	\$0.40	\$0.133
Richard A Crookes	2,000,000	27/11/2019	31/12/2020	30/06/2023	\$0.40	\$0.133
	2,000,000	27/11/2019	30/06/2022	30/06/2023	\$0.40	\$0.133
Andrew G Phillips	1,250,000	27/11/2019	31/12/2020	30/06/2023	\$0.40	\$0.133
	1,250,000	27/11/2019	30/06/2022	30/06/2023	\$0.40	\$0.133

Share appreciation rights granted carry no dividend or voting rights.

No share appreciation rights were exercised, and no share appreciation rights were forfeited during the year ended 30 June 2021.

## 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
<b>Ordinary shares</b>					
David R Hannon	21,576,800	–	1,109,997	–	22,686,797
Cristobal Garcia-Huidobro R	500,000	–	113,636	–	613,636
Andrew G Phillips	2,282,500	–	113,636	–	2,396,136
Richard A Crookes	–	–	113,636	–	113,636
Reccared P Fertig	17,823,347	–	227,273	–	18,050,620
Russell C Barwick	526,315	–	227,273	–	753,588
Martin Jose Domingo Borda M	16,000,000	–	227,273	–	16,227,273
	<b>58,708,962</b>	<b>–</b>	<b>2,132,724</b>	<b>–</b>	<b>60,841,686</b>

### 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/ acquired*	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<b>Options over ordinary shares</b>					
David R Hannon	9,750,000	–	–	(9,750,000)	–
Cristobal Garcia-Huidobro R	2,000,000	–	–	–	2,000,000
Andrew G Phillips*	2,200,000	–	–	(2,200,000)	–
Richard A Crookes	2,000,000	–	–	–	2,000,000
Reccared P Fertig	7,750,000	–	–	(7,750,000)	–
Russell C Barwick	2,000,000	–	–	(2,000,000)	–
Martin Jose Domingo Borda M	2,000,000	–	–	–	2,000,000
	<b>27,700,000</b>	<b>–</b>	<b>–</b>	<b>(21,700,000)</b>	<b>6,000,000</b>

All options held by KMP at 30 June 2021 have vested and are exercisable at 30 June 2021.

## SHARE APPRECIATION RIGHTS HOLDING

The number of share appreciation rights 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	Vested	Expired/ forfeited/ other	Balance at the end of the year
<b>Share appreciation rights over ordinary shares</b>					
Cristobal Garcia Huidobro R	6,000,000	–	–	–	6,000,000
Richard A Crookes	4,000,000	–	–	–	4,000,000
Andrew G Phillips	2,500,000	–	–	–	2,500,000
	12,500,000	–	–	–	12,500,000

## OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

During the year ended 30 June 2021, the consolidated entity paid \$109,500 (2020: \$153,000) (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 2021 or 30 June 2021.

**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
28 November 2018	28 November 2021	\$0.60	6,000,000
23 August 2019	31 March 2022	\$0.60	750,000
			<b>6,750,000</b>

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 UNDER SHARE APPRECIATION RIGHTS

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

Grant date	Expiry date	Exercise price	Number under rights
27 November 2019	30 June 2023	\$0.40	12,500,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right 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 2021 and up to the date of this report.

## SHARES ISSUED ON THE EXERCISE OF SHARE APPRECIATION RIGHTS

There were no ordinary shares of Lithium Power International Limited issued on the exercise of share appreciation rights during the year ended 30 June 2021 and up to the date of this report.



# Directors' Report

to 30 June 2021

## 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 23 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 23 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.

## AUDITOR'S INDEPENDENCE DECLARATION

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

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

On behalf of the directors



**David R Hannon**  
Chairman

30 September 2021

Sydney



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## Auditor's independence declaration to the directors of Lithium Power International Limited

As lead auditor for the audit of the financial report of Lithium Power International Limited for the financial year ended 30 June 2021, 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

Scott Nichols  
Partner  
Sydney  
30 September 2021



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Note	Consolidated	
		2021	2020
		\$	\$
<b>Revenue</b>			
Share of losses of joint ventures accounted for using the equity method	28	(1,967,291)	(3,786,864)
Other income	5	296,328	–
Interest revenue calculated using the effective interest method		11,224	186,733
<b>Expenses</b>			
Employee benefits expense		(1,605,513)	(1,576,817)
Occupancy costs		(113,482)	(154,555)
Depreciation and amortisation expense		(8,496)	(10,030)
Legal and professional fees		(227,192)	(286,786)
Travel expense		(30,785)	(230,854)
Administration expense		(611,870)	(481,309)
Net foreign exchange gains/(loss)		(1,573,149)	(6,203,177)
Other expenses		(147,009)	(201,976)
Finance costs		(3,068)	(3,137)
<b>Loss before income tax expense from continuing operations</b>		<b>(5,980,303)</b>	<b>(12,748,772)</b>
Income tax expense	7	–	–
Loss after income tax expense from continuing operations		(5,980,303)	(12,748,772)
Loss after income tax expense from discontinued operations	8	(191,101)	(319,150)
<b>Loss after income tax expense for the year</b>		<b>(6,171,404)</b>	<b>(13,067,922)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		371,217	67,591
Other comprehensive income for the year, net of tax		371,217	67,591
<b>Total comprehensive income for the year</b>		<b>(5,800,187)</b>	<b>(13,000,331)</b>
Loss for the year is attributable to:			
Non-controlling interest		(57,330)	(95,745)
Owners of Lithium Power International Limited		(6,114,074)	(12,972,177)
		(6,171,404)	(13,067,922)
Total comprehensive income for the year is attributable to:			
Continuing operations		–	–
Discontinued operations		4,051	(33,248)
Non-controlling interest		4,051	(33,248)
Continuing operations		(5,813,690)	(12,889,505)
Discontinued operations		9,452	(77,578)
Owners of Lithium Power International Limited		(5,804,238)	(12,967,083)
		(5,800,187)	(13,000,331)

		<b>Consolidated</b>	
	Note	2021 Cents	2020 Cents
<b>Loss per share for loss from continuing operations attributable to the owners of Lithium Power International Limited</b>			
Basic loss per share	30	<b>(2.11)</b>	(4.85)
Diluted loss per share	30	<b>(2.11)</b>	(4.85)
<b>Loss per share for loss from discontinued operations attributable to the owners of Lithium Power International Limited</b>			
Basic loss per share	30	<b>(0.07)</b>	(0.12)
Diluted loss per share	30	<b>(0.07)</b>	(0.12)
<b>Loss per share for loss attributable to the owners of Lithium Power International Limited</b>			
Basic loss per share	30	<b>(2.16)</b>	(4.94)
Diluted loss per share	30	<b>(2.16)</b>	(4.94)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*



# Financial Statements

for the year ended 30 June 2021

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	Consolidated	
		2021	2020
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	6,280,656	7,141,558
Receivables	10	16,250	74,708
Income tax refund due		–	32
Other	11	188,424	175,477
		<b>6,485,330</b>	<b>7,391,775</b>
Assets of disposal groups classified as held for sale	12	316,716	–
Total current assets		<b>6,802,046</b>	<b>7,391,775</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method	13	28,594,937	25,074,882
Property, plant and equipment		24,180	26,440
Exploration and evaluation	14	4,077,209	4,199,446
Total non-current assets		<b>32,696,326</b>	<b>29,300,768</b>
<b>Total assets</b>		<b>39,498,372</b>	<b>36,692,543</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	322,160	293,767
Employee benefits		82,065	42,238
		<b>404,225</b>	<b>336,005</b>
Liabilities directly associated with assets classified as held for sale	16	45,119	–
Total current liabilities		<b>449,344</b>	<b>336,005</b>
<b>Total liabilities</b>		<b>449,344</b>	<b>336,005</b>
<b>Net assets</b>		<b>39,049,028</b>	<b>36,356,538</b>
<b>Equity</b>			
Issued capital	17	77,402,542	69,612,965
Reserves	18	8,977,351	7,964,415
Accumulated losses		(47,147,839)	(41,033,765)
Equity attributable to the owners of Lithium Power International Limited		<b>39,232,054</b>	<b>36,543,615</b>
Non-controlling interest		(183,026)	(187,077)
<b>Total equity</b>		<b>39,049,028</b>	<b>36,356,538</b>

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 2021

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
<b>Balance at 1 July 2019</b>	69,512,965	7,202,147	(28,061,588)	(153,829)	48,499,695
Loss after income tax expense for the year	–	–	(12,972,177)	(95,745)	(13,067,922)
Other comprehensive income for the year, net of tax	–	5,094	–	62,497	67,591
Total comprehensive income for the year	–	5,094	(12,972,177)	(33,248)	(13,000,331)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 17)	100,000	–	–	–	100,000
Share-based payments (note 31)	–	757,174	–	–	757,174
<b>Balance at 30 June 2020</b>	<b>69,612,965</b>	<b>7,964,415</b>	<b>(41,033,765)</b>	<b>(187,077)</b>	<b>36,356,538</b>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
<b>Balance at 1 July 2020</b>	69,612,965	7,964,415	(41,033,765)	(187,077)	36,356,538
Loss after income tax expense for the year	–	–	(6,114,074)	(57,330)	(6,171,404)
Other comprehensive income for the year, net of tax	–	309,836	–	61,381	371,217
Total comprehensive income for the year	–	309,836	(6,114,074)	4,051	(5,800,187)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 17)	7,789,577	–	–	–	7,789,577
Share-based payments (note 31)	–	703,100	–	–	703,100
<b>Balance at 30 June 2021</b>	<b>77,402,542</b>	<b>8,977,351</b>	<b>(47,147,839)</b>	<b>(183,026)</b>	<b>39,049,028</b>

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 2021

	Note	Consolidated	
		2021	2020
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers (inclusive of GST)		(2,362,166)	(2,156,137)
Interest received		40,553	186,733
Interest and other finance costs paid		(20,768)	(22,606)
Income taxes refunded		11	67,751
Net cash used in operating activities	29	(2,342,370)	(1,924,259)
<b>Cash flows from investing activities</b>			
Payments for joint venture capital invested	13	(6,524,704)	(5,173,466)
Payments for property, plant and equipment		(6,236)	–
Payments for exploration and evaluation	14	(205,777)	(1,202,205)
Proceeds from disposal of investments	5	458,828	–
Net cash used in investing activities		(6,277,889)	(6,375,671)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	17	8,340,000	100,000
Share issue transaction costs	17	(550,423)	–
Net cash from financing activities		7,789,577	100,000
Net decrease in cash and cash equivalents		(830,682)	(8,199,930)
Cash and cash equivalents at the beginning of the financial year		7,141,558	15,341,488
Cash and cash equivalents at the end of the financial year	9	6,310,876	7,141,558

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 2021

## 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 30 September 2021. 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:

#### ***Conceptual Framework for Financial Reporting (Conceptual Framework)***

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

### 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.



# Notes to the Financial Statements

30 June 2021

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### CRITICAL ACCOUNTING ESTIMATES

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

### PARENT ENTITY INFORMATION

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

### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lithium Power International Limited as at 30 June 2021 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.

## **DISCONTINUED OPERATIONS**

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

## **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.

# Notes to the Financial Statements

30 June 2021

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### 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.

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

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

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

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

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

### JOINT VENTURES

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

### INVESTMENTS AND OTHER FINANCIAL ASSETS

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

### FINANCIAL ASSETS AT AMORTISED COST

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

### IMPAIRMENT OF FINANCIAL ASSETS

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

## 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 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.

## LEASES

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss on a straight-line basis.

## 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. 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.



# Notes to the Financial Statements

30 June 2021

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### 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 by using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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

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

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

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

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

### 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 additional ordinary shares that would have been outstanding assuming conversion of all 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 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## **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.

### **CORONAVIRUS (COVID-19) PANDEMIC**

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the supply chain, staffing and geographic regions in which the consolidated entity operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### **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.



# Notes to the Financial Statements

30 June 2021

## NOTE 4. OPERATING SEGMENTS

### IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

The consolidated entity is organised into one operating segment, being the exploration and evaluation of early stage Lithium resources. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM)) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The operating segment information is the same information as provided throughout the financial statements and therefore not duplicated.

## NOTE 5. OTHER INCOME

	Consolidated	
	2021	2020
	\$	\$
Net gain on disposal of shares in Carnaby Resources Ltd	296,328	–

On 15 July 2020 the consolidated entity completed a sales transaction with Carnaby Resources Ltd (ASX: CNB) ('Carnaby') with respect to its the Strelley tenement, E45/4638, in the north of Western Australia. The consolidated entity received 1,250,000 fully paid CNB ordinary shares as consideration for the sale, with a fair value of \$162,500 or \$0.13 per share at the date of sale. No gain or loss was recognised on disposal of the Strelley tenement. In addition to receiving CNB shares the consolidated entity will also receive a 1% Net Smelter Return royalty for any gold produced from the tenement by Carnaby and the consolidated entity retains all mineral rights for lithium, caesium, tantalum and tin contained within the tenement.

The consolidated entity subsequently sold all CNB shares at various dates during the year ended 30 June 2021. Total proceeds from the sale of shares was \$458,828, less the original carrying value of \$162,500, resulted in a net gain on disposal of \$296,328.

## NOTE 6. EXPENSES

	Consolidated	
	2021	2020
	\$	\$
Loss before income tax from continuing operations includes the following specific expenses:		
<b>Leases</b>		
Short-term lease payments	113,482	154,555
<b>Superannuation expense</b>		
Defined contribution superannuation expense	59,469	76,279
<b>Share-based payments expense</b>		
Share-based payments expense	703,100	757,174
<b>Net foreign exchange loss/(gain)</b>		
Net foreign exchange loss/(gain)	1,573,149	6,203,177

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

## NOTE 7. INCOME TAX EXPENSE

	<b>Consolidated</b>	
	2021 \$	2020 \$
<b>Numerical reconciliation of income tax expense and tax at the statutory rate</b>		
Loss before income tax expense from continuing operations	(5,980,303)	(12,748,772)
Loss before income tax expense from discontinued operations	(191,101)	(319,150)
	<b>(6,171,404)</b>	<b>(13,067,922)</b>
Tax at the statutory tax rate of 30%	(1,851,421)	(3,920,377)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible share-based payments	210,930	227,152
Share of losses - joint venture	590,187	1,136,060
Non-deductible meals and entertainment	6,703	8,010
	<b>(1,043,601)</b>	<b>(2,549,155)</b>
Current period tax losses not recognised	1,043,601	2,549,155
<b>Income tax expense</b>	<b>-</b>	<b>-</b>
<b>Tax losses not recognised</b>		
Unused tax losses for which no deferred tax asset has been recognised	19,473,945	15,995,276
Potential tax benefit at statutory tax rates	5,842,183	4,798,583
<b>Deferred tax assets not recognised</b>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Exploration and evaluation assets	(36,671)	(394,092)
Accrued expenses	28,986	25,244
Tax losses	5,842,183	4,798,583
Capital expenditure deductible over 5 years	764,152	764,152
<b>Total deferred tax assets not recognised</b>	<b>6,598,650</b>	<b>5,193,887</b>

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.

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.

# Notes to the Financial Statements

30 June 2021

## NOTE 8. DISCONTINUED OPERATIONS

### DESCRIPTION

On 14 May 2021, the consolidated entity entered into an agreement to dispose of its 70% interest in Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A. (Argentina) to Vertex Lithium Corporation ('Vertex'), a Canadian based company. Total consideration is \$1,265,187, which comprised cash payments of \$931,100 (USD\$700,000) and fully paid ordinary shares in Vertex to the value of \$268,298 (CAD\$250,000). Despite the sale and purchase agreement having already been signed, the ownership of the shares was not yet transferred and no consideration had been exchanged as at balance date. Therefore, control of this subsidiary did not cease and Lithium Power Holdings (Argentina) Pty Ltd remains part of the consolidated entity as at 30 June 2021.

FINANCIAL PERFORMANCE INFORMATION	Consolidated	
	2021 \$	2020 \$
Interest revenue	29,329	–
Legal and professional fees	(89,391)	(115,226)
Administration expenses	(3,334)	(4,917)
Net foreign exchange losses	(108,359)	(177,450)
Other expenses	(1,646)	(2,087)
Finance costs	(17,700)	(19,470)
<b>Total expenses</b>	<b>(220,430)</b>	<b>(319,150)</b>
Loss before income tax expense	(191,101)	(319,150)
Income tax expense	–	–
<b>Loss after income tax expense from discontinued operations</b>	<b>(191,101)</b>	<b>(319,150)</b>

### CASH FLOW INFORMATION

Net cash used in operating activities	(152,460)	(23,127)
Net cash used in investing activities	(3,820)	–
Net cash from financing activities	168,484	–
<b>Net increase/(decrease) in cash and cash equivalents from discontinued operations</b>	<b>12,204</b>	<b>(23,127)</b>

## NOTE 9. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	<b>Consolidated</b>	
	2021 \$	2020 \$
Cash at bank	6,280,656	5,096,806
Cash on deposit	–	2,044,752
	<b>6,280,656</b>	<b>7,141,558</b>
<b>Reconciliation to cash and cash equivalents at the end of the financial year</b>		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	6,280,656	7,141,558
Cash and cash equivalents – classified as held for sale (note 12)	30,220	–
Balance as per statement of cash flows	<b>6,310,876</b>	<b>7,141,558</b>

## NOTE 10. CURRENT ASSETS - RECEIVABLES

	<b>Consolidated</b>	
	2021 \$	2020 \$
BAS receivable	–	74,708
Other receivables	16,250	–
	<b>16,250</b>	<b>74,708</b>

## NOTE 11. CURRENT ASSETS - OTHER

	<b>Consolidated</b>	
	2021 \$	2020 \$
Prepayments	116,409	77,241
Other current assets	72,015	98,236
	<b>188,424</b>	<b>175,477</b>



# Notes to the Financial Statements

30 June 2021

## NOTE 12. CURRENT ASSETS - ASSETS OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

	<b>Consolidated</b>	
	2021 \$	2020 \$
Cash and cash equivalents	30,220	–
Receivables	50,114	–
Income tax receivable	21	–
Other current assets	141,859	–
Exploration and evaluation	94,502	–
	<b>316,716</b>	–

Assets held for sale represents the assets of Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A. (Argentina). The consolidated entity entered into an agreement to dispose of its 70% interest in Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A. (Argentina) to Vertex Lithium Corporation. The sale is expected to be completed during the financial year ending 30 June 2022. Refer to note 8 for further details.

## NOTE 13. NON-CURRENT ASSETS - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>Consolidated</b>	
	2021 \$	2020 \$
Investment in the Maricunga Joint Venture	28,594,937	25,074,882
<b>Reconciliation</b>		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:		
Opening carrying amount	25,074,882	30,124,002
Share of loss after tax	(1,967,291)	(3,786,864)
Additional investment	6,524,704	5,173,466
Foreign exchange differences	(1,037,358)	(6,435,722)
Closing carrying amount	<b>28,594,937</b>	25,074,882

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

The consolidated entity, through the Company's subsidiary entity Lithium Power Inversiones Chile S.p.A ('LPI Chile'), has a 51.43% (30 June 2020: 51%) 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\$36.4 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 (DFS issued during January 2019), the finalisation of the Environmental Impact Assessment (EIA approved February 2020) and an additional deep drilling program during January-June 2021, with the view of issuing an updated DFS.

During the financial year ended 30 June 2021, the MSB JV partners, LPI Chile and Minera Blanco, contributed to 2 separate capital calls. The consolidated entity's pro rata share of the capital calls was US\$4,866,317 (AUD\$6,524,704) in total, comprising:

- (i) US\$1,530,001 paid on 4 November for LPI's pro rata share of the US\$3,000,000 MSB capital call;
- (ii) US\$336,316 paid between 30 October 2020 and 7 December 2020 for Bearing Lithium's pro rata share of the capital call in return for 0.43% of MSB (from 51% to 51.43%)\*.
- (iii) US\$1,020,001 paid on 23 March 2021 for LPI's pro rata share of the US\$6,300,000 MSB capital call;
- (iv) US\$750,000 paid on 4 May 2021 for LPI's pro rata share of the US\$6,300,000 MSB capital call; and
- (v) US\$1,250,000 paid on 21 May 2021 for LPI's pro rata share of the US\$6,300,000 MSB capital call.

\* As part of the above calls, the MSB JV partners contributed capital, on a pro rata basis, that was owing by the third JV partner, Bearing Lithium, in relation to their share of the capital call. The ownership interest of the consolidated entity increased from 51% to 51.43%.

Key milestones have been achieved by MSB which are detailed in the Review of Operations.

## NOTE 14. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION

	<b>Consolidated</b>	
	2021 \$	2020 \$
Exploration and evaluation expenditures – at cost	4,077,209	4,199,446

### RECONCILIATIONS

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

<b>Consolidated</b>	<b>Exploration and evaluation expenditures \$</b>
Balance at 1 July 2019	2,885,805
Additions	1,313,641
Balance at 30 June 2020	4,199,446
Additions	205,777
Classified as held for sales (note 12)	(94,502)
Disposals	(162,500)
Exchange differences	(71,012)
<b>Balance at 30 June 2021</b>	<b>4,077,209</b>

Capitalised exploration and evaluation expenditures are comprised of the costs incurred to acquire the consolidated entity's lithium tenements in Western Australia and exploration and evaluation activities incurred to date.

Disposals represents the disposal of the Strelley tenement, E45/4638, in the north of Western Australia for \$162,500 (refer to note 5).



# Notes to the Financial Statements

30 June 2021

## NOTE 15. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	<b>Consolidated</b>	
	2021	2020
	\$	\$
Trade payables	191,680	209,623
Accrued expenses	96,622	84,144
BAS payable	20,212	–
Other payables	13,646	–
	<b>322,160</b>	293,767

Refer to note 17 for further information on financial instruments.

## NOTE 16. CURRENT LIABILITIES – LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

	<b>Consolidated</b>	
	2021	2020
	\$	\$
Trade payables	3,903	–
Other payables	41,216	–
	<b>45,119</b>	–

Liabilities held for sale represents the liabilities of Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A. (Argentina). The consolidated entity entered into an agreement to dispose of its 70% interest in Lithium Power Holdings (Argentina) Pty Ltd and its subsidiary Lithium Power S.A. (Argentina) to Vertex Lithium Corporation. The sale is expected to be completed during the financial year ending 30 June 2022. Refer to note 8 for further details.

## NOTE 17. EQUITY – ISSUED CAPITAL

	<b>Consolidated</b>			
	2021	2020	2021	2020
	Shares	Shares	\$	\$
Ordinary shares – fully paid	301,077,539	263,013,903	77,402,542	69,612,965

### MOVEMENTS IN ORDINARY SHARE CAPITAL

Details	Date	Shares	Issue price	\$
Balance	1 July 2019	262,513,903		69,512,965
Issue of shares on exercise of options	21 February 2020	500,000	\$0.20	100,000
Balance	30 June 2020	263,013,903		69,612,965
Issue of shares	16 December 2020	35,000,000	\$0.22	7,700,000
Issue of shares on exercise of options	22 December 2020	250,000	\$0.20	50,000
Issue of shares on exercise of options	1 February 2021	1,000,000	\$0.20	200,000
Issue of shares on exercise of options	4 February 2021	450,000	\$0.20	90,000
Issue of shares	29 April 2021	1,363,636	\$0.22	300,000
Less issue costs net of taxation		–	\$0.00	(550,423)
<b>Balance</b>	<b>30 June 2021</b>	<b>301,077,539</b>		<b>77,402,542</b>

## 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 2020 Annual Report.

## NOTE 18. EQUITY - RESERVES

	Consolidated	
	2021	2020
	\$	\$
Foreign currency translation reserve	793,541	483,705
Share-based payments reserve	3,701,799	2,998,699
Options reserve	3,198,553	3,198,553
Other reserve	1,283,458	1,283,458
	8,977,351	7,964,415

### 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 carrying value of the net assets and foreign currency translation reserve transferred to non-controlling interests.

During the year ended 30 June 2017, a contract was executed with Centenario Lithium Limited ('the Purchaser') to dispose of 100% of the shares in Lithium Power International (Argentina) Pty Ltd and its controlled entities. During the year ended 30 June 2018, the Purchaser was unable to complete the transaction. Accordingly, pursuant to the terms of the sale agreement, the consolidated entity retained the deposit of \$1,145,000 received from the Purchaser and the consolidated entity transferred 30% of the issued share capital of Lithium Power International (Argentina) Pty Ltd to the Purchaser. Lithium Power International (Argentina) Pty Ltd had negative assets due to a loan to the parent entity. The transaction disposing of the 30% non-controlling interest in Lithium Power International (Argentina) Pty Ltd resulted in a difference of \$1,283,458 between the proceeds of \$1,145,000 and 30% of the negative assets and foreign currency translation reserve of \$138,458. This has been accounted for in equity.



# Notes to the Financial Statements

30 June 2021

## 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 2019	478,611	2,241,525	3,198,553	1,283,458	7,202,147
Foreign currency translation	5,094	–	–	–	5,094
Share-based payments	–	757,174	–	–	757,174
Balance at 30 June 2020	483,705	2,998,699	3,198,553	1,283,458	7,964,415
Foreign currency translation	309,836	–	–	–	309,836
Share-based payments	–	703,100	–	–	703,100
Balance at 30 June 2021	793,541	3,701,799	3,198,553	1,283,458	8,977,351

## NOTE 19. EQUITY – DIVIDENDS

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

## NOTE 20. FINANCIAL INSTRUMENTS

### FINANCIAL RISK MANAGEMENT OBJECTIVES

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

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

### MARKET RISK

#### FOREIGN CURRENCY RISK

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

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

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were not significant. However, as at the 30 June 2021, 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 2021 is US\$42.1 million (30 June 2020: US\$37.2 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
<b>Consolidated – 2021</b>						
US Dollar	5%	(2,669,141)	(2,669,141)	5%	2,950,104	2,950,104
<b>Consolidated – 2020</b>						
US dollar	5%	(2,581,375)	(2,581,375)	5%	2,853,099	2,853,098

#### 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.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated – 2021	%	\$	\$	\$	\$	\$
<b>Non-derivatives</b>						
<b>Non-interest bearing</b>						
Trade payables	–	195,583	–	–	–	195,583
Other payables	–	54,862	–	–	–	54,862
<b>Total non-derivatives</b>		<b>250,445</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>250,445</b>
Consolidated – 2020	%	\$	\$	\$	\$	\$
<b>Non-derivatives</b>						
<b>Non-interest bearing</b>						
Trade payables	–	209,623	–	–	–	209,623
<b>Total non-derivatives</b>		<b>209,623</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>209,623</b>

# Notes to the Financial Statements

30 June 2021

## NOTE 21. FAIR VALUE MEASUREMENT

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

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

## NOTE 22. KEY MANAGEMENT PERSONNEL DISCLOSURES

### COMPENSATION

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

	Consolidated	
	2021	2020
	\$	\$
Short-term employee benefits	815,000	920,000
Post-employment benefits	56,288	56,644
Share-based payments	703,100	638,674
	1,574,388	1,615,318

## NOTE 23. REMUNERATION OF AUDITORS

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

	Consolidated	
	2021	2020
	\$	\$
<b>Audit services</b>		
Amounts paid/payable to Ernst & Young Australia for an audit or review of the financial report of the entity and any other entity in the consolidated group	76,434	78,684
<b>Non-audit services</b>		
Amounts paid/payable to Ernst & Young Australia for tax compliance services performed for the consolidated entity	16,200	24,000
	92,634	102,684

## NOTE 24. CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2021 and 30 June 2020.

## NOTE 25. RELATED PARTY TRANSACTIONS

### PARENT ENTITY

Lithium Power International Limited is the parent entity.

### SUBSIDIARIES

Interests in subsidiaries are set out in note 27.

### JOINT VENTURES

Interests in joint ventures are set out in note 28.

### KEY MANAGEMENT PERSONNEL

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

### TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties:

	Consolidated	
	2021	2020
	\$	\$
Payment for other expenses:		
Rental expense paid to director related entity*	109,500	153,000

\* This relates to rental expenditure for 3 offices in a shared office space. Rent is charged at \$9,000 (excluding GST) per month and the lease may be cancelled or the terms varied on 3 months notice.

### RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

### LOANS TO/FROM RELATED PARTIES

There were no loans to or from related parties at the current and previous reporting date.

### TERMS AND CONDITIONS

All transactions were made on normal commercial terms and conditions and at market rates.

## NOTE 26. PARENT ENTITY INFORMATION

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

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Parent	
	2021	2020
	\$	\$
Loss after income tax	(3,018,749)	(2,228,275)
Total comprehensive income	(3,018,749)	(2,228,275)



# Notes to the Financial Statements

30 June 2021

STATEMENT OF FINANCIAL POSITION	Parent	
	2021 \$	2020 \$
Total current assets	67,515,381	61,986,784
Total assets	71,398,594	65,833,253
Total current liabilities	1,262,914	1,171,501
Total liabilities	1,262,914	1,171,501
Equity		
Issued capital	77,402,542	69,612,965
Share-based payments reserve	3,701,799	2,998,699
Options reserve	3,198,553	3,198,553
Accumulated losses	(14,167,214)	(11,148,465)
Total equity	70,135,680	64,661,752

## 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 2021 and 30 June 2020.

## CONTINGENT LIABILITIES

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

## CAPITAL COMMITMENTS - PROPERTY, PLANT AND EQUIPMENT

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

## SIGNIFICANT ACCOUNTING POLICIES

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

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

## NOTE 27. INTERESTS IN SUBSIDIARIES

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

Name	Principal place of business/ Country of incorporation	Ownership interest	
		2021 %	2020 %
Lithium Power Inversiones Chile S.p.A	Chile	100	100
Lithium Power WA Holdings Pty Ltd	Australia	100	100

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:

Name	Principal place of business/ Country of incorporation	Principal activities	Parent		Non-controlling interest	
			Ownership interest 2021 %	Ownership interest 2020 %	Ownership interest 2021 %	Ownership interest 2020 %
Lithium Power International (Argentina) Pty Ltd	Australia	Holding company	70	70	30	30
Lithium Power S.A.	Argentina	Exploration	70	70	30	30

## NOTE 28. INTERESTS IN JOINT VENTURE

Interests in joint venture is 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	
		2021 %	2020 %
Maricunga Joint Venture	Chile	51.43	51.00

SUMMARISED FINANCIAL INFORMATION	Maricunga Joint Venture	
	2021 \$	2020 \$
<b>Summarised statement of financial position</b>		
Cash and cash equivalents	545,148	1,382,632
Other current assets	2,054,792	1,392,792
Exploration and evaluation assets	38,544,971	30,616,374
Other non-current assets	40,707	–
Total assets	41,185,618	33,391,798
Current liabilities	3,809,042	627,129
Total liabilities	3,809,042	627,129
Net assets	37,376,576	32,764,669
<b>Summarised statement of profit or loss and other comprehensive income</b>		
Expenses	(3,785,605)	(7,425,224)
Loss before income tax	(3,785,605)	(7,425,224)
Other comprehensive income	–	–
Total comprehensive income	(3,785,605)	(7,425,224)
<b>Reconciliation of the consolidated entity's carrying amount</b>		
Opening carrying amount	25,074,882	30,124,002
Share of loss after income tax	(1,967,291)	(3,786,864)
Additional investment	6,524,704	5,173,466
Exchange differences	(1,037,358)	(6,435,722)
Closing carrying amount	28,594,937	25,074,882

# Notes to the Financial Statements

30 June 2021

## CONTINGENT LIABILITIES

The consolidated entity has no contingent liabilities relating to the joint venture as at 30 June 2021 and 30 June 2020.

## COMMITMENTS

The consolidated entity has no commitments relating to the joint venture as at 30 June 2021 and 30 June 2020 other than those disclosed in note 13.

## SIGNIFICANT RESTRICTIONS

As at 30 June 2021 and 30 June 2020 there are no significant restrictions on the ability of the joint venture to transfer funds to the consolidated entity.

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

	<b>Consolidated</b>	
	2021	2020
	\$	\$
<b>Loss after income tax expense for the year</b>	<b>(6,171,404)</b>	(13,067,922)
Adjustments for:		
Depreciation and amortisation	8,496	10,030
Share of loss – joint ventures	1,967,291	3,786,864
Share-based payments	703,100	757,174
Foreign exchange differences	1,479,587	6,503,313
Net gain on disposal of investments	(296,328)	–
<b>Change in operating assets and liabilities:</b>		
Decrease in receivables	8,343	50,531
Decrease in income tax refund due	11	67,751
Increase in prepayments	(39,168)	(66,296)
Decrease/(increase) in other operating assets	(115,638)	6,936
Increase in trade and other payables	73,513	43,393
Increase/(decrease) in employee benefits	39,827	(16,033)
Net cash used in operating activities	<b>(2,342,370)</b>	(1,924,259)

## NOTE 30. EARNINGS PER SHARE

	<b>Consolidated</b>	
	2021	2020
	\$	\$
<b>Loss per share for loss from continuing operations</b>		
Loss after income tax attributable to the owners of Lithium Power International Limited	<b>(5,980,303)</b>	(12,748,772)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<b>282,862,695</b>	262,692,865
Weighted average number of ordinary shares used in calculating diluted earnings per share	<b>282,862,695</b>	262,692,865
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	<b>(2.11)</b>	(4.85)
Diluted loss per share	<b>(2.11)</b>	(4.85)

	<b>Consolidated</b>	
	2021	2020
	\$	\$
<b>Loss per share for loss from discontinued operations</b>		
Loss after income tax attributable to the owners of Lithium Power International Limited	(191,101)	(319,150)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	282,862,695	262,692,865
Weighted average number of ordinary shares used in calculating diluted earnings per share	282,862,695	262,692,865
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(0.07)	(0.12)
Diluted loss per share	(0.07)	(0.12)

	<b>Consolidated</b>	
	2021	2020
	\$	\$
<b>Loss per share for loss</b>		
Loss after income tax	(6,171,404)	(13,067,922)
Non-controlling interest	57,330	95,745
Loss after income tax attributable to the owners of Lithium Power International Limited	(6,114,074)	(12,972,177)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	282,862,695	262,692,865
Weighted average number of ordinary shares used in calculating diluted earnings per share	282,862,695	262,692,865
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(2.16)	(4.94)
Diluted loss per share	(2.16)	(4.94)

6,750,000 (30 June 2020: 44,506,668) options and 12,500,000 share appreciation rights (30 June 2020: 12,500,000) 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.



# Notes to the Financial Statements

30 June 2021

## NOTE 31. SHARE BASED PAYMENTS

### OPTIONS AND SHARE APPRECIATION RIGHTS GRANTED TO OTHER KEY MANAGEMENT PERSONNEL AND EXTERNAL PARTIES

- On 27 November 2019, 6,000,000; 4,000,000 and 2,500,000 share appreciation rights ('SARs') were granted to Cristobal Garcia-Huidobro R, Richard A Crookes and Andrew G Phillips respectively. The SARs vest are equally allocated to 2 tranches, the first tranche vests on 31 December 2020 and the second tranche vests on 30 June 2022. The SARs have an exercise price of \$0.40 and can be converted into ordinary shares of the Company or cash at the discretion of the Company.
- On 23 August 2019, the Company granted 750,000 options to RK Equities. The options vested immediately, have an exercise price of \$0.60 and expire on 31 March 2022.
- 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 expiry 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 expired on 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 ASX 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 ASX, 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, had an exercise price of \$0.55 and expired on 6 July 2019.

### OPTIONS

2021		Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Grant date	Expiry date						
21/09/2015	24/06/2021	\$0.20	24,900,001	-	(1,700,000)	(23,200,001)	-
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	06/07/2020	\$0.60	4,000,000	-	-	(4,000,000)	-
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
23/08/2019	31/03/2022	\$0.60	750,000	-	-	-	750,000
			44,506,668	-	(1,700,000)	(36,056,668)	6,750,000
Weighted average exercise price			\$0.33	\$0.00	\$0.20	\$0.00	\$0.60

<b>2020</b>							
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	–	(500,000)	–	24,900,001
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
23/08/2019	31/03/2022	\$0.60	–	750,000	–	–	750,000
			80,835,615	750,000	(500,000)	(36,578,947)	44,506,668
Weighted average exercise price			\$0.42	\$0.60	\$0.20	\$0.54	\$0.33

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

Grant date	Expiry date	2021 Number	2020 Number
21/09/2015	24/06/2021	–	24,900,001
25/09/2015	24/06/2021	–	1,940,000
05/04/2016	24/06/2021	–	3,916,667
02/03/2018	06/07/2020	–	4,000,000
02/03/2018	06/07/2020	–	2,000,000
02/03/2018	06/07/2020	–	1,000,000
28/11/2018	27/11/2021	6,000,000	6,000,000
27/11/2019	31/03/2022	750,000	750,000
		6,750,000	44,506,668

The weighted average remaining contractual life of options outstanding at the end of the financial period was 0.8 years (2020: 0.9 years).

Set out below are summaries of share appreciation rights granted under the plan:

<b>2021</b>							
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
27/11/2019	30/06/2023	\$0.40	12,500,000	–	–	–	12,500,000
			12,500,000	–	–	–	12,500,000
<b>2020</b>							
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
27/11/2019	30/06/2023	\$0.40	–	12,500,000	–	–	12,500,000
			–	12,500,000	–	–	12,500,000
Weighted average exercise price			\$0.00	\$0.40	\$0.00	\$0.00	\$0.40



# Notes to the Financial Statements

30 June 2021

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

Grant date	Expiry date	2021 Number	2020 Number
27/11/2019	30/06/2023	6,250,000	–
		6,250,000	–

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 2 years (2020: 3 years).

## NOTE 32. EVENTS AFTER THE REPORTING PERIOD

The consequences of the Coronavirus (COVID-19) pandemic are continuing to be felt around the world, and its impact on the consolidated entity, if any, has been reflected in its published results to date. Whilst it would appear that control measures and related government policies, including the roll out of the vaccine, have started to mitigate the risks caused by COVID-19, it is not possible at this time to state that the pandemic will not subsequently impact the consolidated entity's operations going forward. The consolidated entity now has experience in the swift implementation of business continuation processes should future lockdowns of the population occur, and these processes continue to evolve to minimise any operational disruption. Management continues to monitor the situation both locally and internationally.

On 23 August 2021, the Company issued 47,692,309 ordinary shares at a price of \$0.26 per share to institutional and sophisticated investors. The gross proceeds from the issuance of these securities amounted to \$12,400,000.

On 14 September 2021, the consolidated entity received US\$105,000 from Vertex Lithium Corporation ('Vertex'), which represented a late settlement fee in connection with the disposal of Lithium Power Holdings (Argentina) Pty Ltd to Vertex. As per the terms of the sale agreement, the late settlement fee became payable when the consideration from the disposal of Lithium Power Holdings (Argentina) Pty Ltd was not settled within 4 months of the sales agreement date, being 14 May 2021.

On 29 September 2021, the Company released the results of the latest drilling program on the Maricunga Stage One mining concessions. A significant update in Measured and Indicated resource an increase by 90% compared to 2019 DFS. Measured and Indicated resource estimate for the Stage One mining properties of 1,905,000 tonnes of Lithium Carbonate Equivalent (LCE) at an average grade of 953 mg/l lithium.

No other matter or circumstance has arisen since 30 June 2021 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 2021 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*

30 September 2021

Sydney





## 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 (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (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

The Group's equity accounted investment in the Maricunga Joint Venture (the "JV") of \$28.6 million as at 30 June 2021, represents 72% 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 the 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 legal environments in which the Group and the JV operate. This assessment determines whether an impairment assessment is required.

This was considered a key audit matter due to the value of the investment relative to total assets and the significant judgments and assumptions involved in the assessment of indicators of impairment.

### How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ 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, including consideration of 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.

## 2. Carrying value of exploration and evaluation assets

### Why significant

At 30 June 2021 the Group held capitalised exploration and evaluation assets of \$4.1 million.

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's exploration licenses are current;
- ▶ 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 value of the asset and the judgmental nature of impairment indicator assessments associated with exploration and evaluation assets, we considered this a key audit matter.

### How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Considered the Group's right to explore in the relevant exploration areas, which included obtaining and assessing relevant documentation such as license agreements.
- ▶ Considered the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration areas 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 whether any evidence exists that would indicate that the carrying value of capitalised exploration and evaluation is unlikely to be recovered through development or sale.
- ▶ Evaluated the adequacy of the related disclosures in the financial report including those made with respect to judgements and estimates.

## 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 2021 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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 2021.

In our opinion, the Remuneration Report of Lithium Power International Limited for the year ended 30 June 2021, 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

Scott Nichols  
Partner  
Sydney  
30 September 2021



# Shareholder Information

The shareholder information set out below was applicable as at 9 September 2021.

## DISTRIBUTION OF EQUITABLE SECURITIES

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

	Number of holders of ordinary shares	% of ordinary shares held	Number of holders of options over ordinary shares	% of options over ordinary shares held	Number of holders of rights over ordinary shares	% of rights over ordinary shares held
1 to 1,000	221	0.01	–	–	–	–
1,001 to 5,000	967	0.80	–	–	–	–
5,001 to 10,000	555	1.31	–	–	–	–
10,001 to 100,000	1,194	12.70	–	–	–	–
100,001 and over	298	85.18	4	100.00	3	100.00
	3,235	100.00	4	100.00	3	100.00
Holding less than a marketable parcel	407	0.09	–	–	–	–



# Shareholder Information

## 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	39,500,802	11.33
Citicorp Nominees Pty Limited	24,114,532	6.91
Chiffley Portfolios Pty Limited (David Hannon Retirement A/C)	21,485,888	6.16
ArmaTrust Pty Ltd (Arma A/C)	18,050,620	5.18
Treasury Services Group Pty Ltd (Nero Resource Fund A/C)	17,219,314	4.94
Minera Salar Blanco Spa	16,227,273	4.65
Nabide Pty Limited (The Griffith Family A/C)	11,833,132	3.39
BNP Paribas Nominees Pty Ltd Acf Clearstream	7,607,416	2.18
G Harvey Nominees Pty Ltd (Harvey 1995 Disc A/C)	6,498,576	1.86
UBS Nominees Pty Ltd	6,279,717	1.80
CS Fourth Nominees Pty Limited (HSBC Cust Nom Au Ltd 11 A/C)	5,844,375	1.68
HSBC Custody Nominees (Australia) Limited (GSCO Customers A/C)	4,864,642	1.39
HSBC Custody Nominees (Australia) Limited	4,795,315	1.37
BNP Paribas Nominees Pty Ltd (IB Au Noms Retailclient Drp)	3,587,613	1.03
Mr Declan Mcevoy	2,504,000	0.72
Mr Andrew Phillips	2,396,136	0.69
Mr Henry Thesman Theos	2,017,217	0.58
Brendon & Jodie Lyons Investments Pty Ltd (B&J Lyons Family A/C)	1,900,000	0.54
Mr Anthony Finbarr O'Sullivan & Mr Dominic Savio O'Sullivan (Anthony O'Sullivan S/F A/C)	1,835,620	0.53
Ms Chen Zhang and Snazzyboy Ventures Pty Ltd (Barry Superfund A/C)*	3,400,000	0.97
<b>Total Securities of Top 20 Holdings</b>	<b>201,962,188</b>	<b>57.90</b>

\* each shareholder owns 1,700,000 ordinary shares

### UNQUOTED EQUITY SECURITIES

	Number on issue	Number of holders
Options over ordinary shares	6,750,000	4
Share appreciation rights over ordinary shares	12,500,000	3

## SUBSTANTIAL HOLDERS

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
HSBC Custody Nominees (Australia) Limited	39,500,802	11.33
Citicorp Nominees Pty Limited	24,114,532	6.91
Chifley Portfolios Pty Limited (David Hannon Retirement A/C)	21,485,888	6.16
Arma Trust Pty Ltd (Arma A/C)	18,050,620	5.18

## 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 2021, relating to Exploration Targets, Exploration Results and Resources has been compiled by Murray R 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 Atacama Waters Consultants of Santiago, Chile (formally FloSolutions).

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, 2021, 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 Atacama Waters Consultants (Chile) (formally FloSolutions) 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 Atacama Waters Consultants of Santiago, Chile (formally FloSolutions) 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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