

ASX RELEASE

28 July 2022

Activity Report for the Quarter ended June 2022

Lithium Power International Limited (LPI:AX) (“LPI” or “the Company”) is pleased to provide shareholders with an overview of quarterly activities for the period ending 30 June 2022 (“Quarter”, “Reporting Period”), including subsequent events that might have a significant impact between 30 June 2022 and the date of issuance of this Report.

HIGHLIGHTS

- Consolidating 100% ownership of Maricunga Lithium Brine Project in Chile by way of a three-party all-scrip merger with our JV Partners:
 - The transactions will increase the current LPI shareholders’ proportionate interest in Maricunga from 51.55% to ~57.9%¹
 - LPI will consolidate the ~48.45% of the project that it does not currently own at a valuation discount of ~17.1%² compared with LPI’s current look-through value of Maricunga
 - By holding 100% ownership of the project, LPI will simplify decision-making and provide the optimal structure to oversee and fund the rapid development of Maricunga
- Significantly increased tenement holdings in Western Australia, to become the largest coverage in the Greenbushes Region:
 - The acquisition of CMC Lithium and its Greenbushes Project in Western Australia adds an extra 365km² of prospective ground around Talison Lithium’s Greenbushes Mine, the world’s largest hard-rock spodumene operation
- Acquisition of two tenements in the mineral rich Eastern Goldfields of WA, granting LPI tenements in each of the three major WA hard rock lithium areas – Greenbushes, the Pilbara Craton and the Eastern Goldfields

Lithium Power’s Chairman, David Hannon, commented:

“The June 2022 quarter marked a significant period for the Company, with LPI entering agreements to consolidate 100% ownership of Maricunga Lithium Brine Project in Chile by way of a three-party all-scrip merger with its JV Partners. By holding 100% of the Project, LPI will be able to rapidly advance this significant asset by simplifying decision making, unlocking funding pathways and creating further shareholder value as we capitalise on the rapid global shift towards the electrification of transport and infrastructure.”

1 Based on diluted proforma ownership of LPI assuming LPI 1M VWAP share price as at market close on 21 June 2022 from IRESS.

2 Refer footnote 1 above.

Importantly, during the reporting period, LPI also significantly increased its tenement holding in Western Australia, with the largest ground coverage in the Greenbushes Region through the acquisition of CMC Lithium and its Greenbushes Project. We also acquired two new tenements in the mineral rich Eastern Goldfields of WA. With plans to demerge the company's West Australian lithium assets, these acquisitions further bolster the portfolio of Western Lithium Limited, which we plan to list on the ASX later this year.

I would like to thank shareholders for their ongoing support as we look forward to an exciting 2023 Financial Year."

CONSOLIDATING 100% OWNERSHIP OF MARICUNGA

During the reporting period, LPI announced that the Company had entered into definitive binding agreements to consolidate 100% ownership of the Maricunga Lithium Brine project in Chile ("Maricunga" or the "Project") via two all-scrip mergers with its joint venture partners Minera Salar Blanco SpA ("MSB SpA") and Bearing Lithium Corp (BRZ:TSXV) ("Bearing") (together the "JV Partners") (individually the "Transaction" or together the "Transactions").

The Company currently owns a 51.55% interest in Maricunga, with JV Partners MSB SpA holding 31.31% and Bearing holding 17.14%.



Figure 1: Current Ownership of Minera Salar Blanco SA

The Transactions result in LPI current shareholders increasing their effective ownership in Maricunga from 51.55% to ~57.9% which is ~12% on a relative basis. This has been achieved by LPI undertaking the Transactions at a 17.1% discount to the look-through value of Maricunga in LPI based on the 1-month volume weighted average price of LPI at the time the transaction was announced.³ As a result of the Transactions, proforma LPI will benefit from enhanced scale and control of Maricunga, which will significantly increase LPI's attributable production to 15.2ktpa of battery grade lithium carbonate from Maricunga based on the 2022 DFS.⁴ LPI also believes that consolidating 100% ownership under LPI provides the optimal structure to oversee the rapid development of the Project by:

- streamlining decision making;
- simplifying and de-risking the funding pathway for Maricunga;
- enhancing the Company's ability to source capital from a wider range of providers; and
- providing a clearer and more understandable investment vehicle.

The consolidation of ownership will be undertaken via two separate transactions:

- MSB SpA will contribute its 31.31% interest in Maricunga to Delaware company, Salar Blanco, LLC ("SBD") (which will be a wholly owned subsidiary of MSB SpA). LPI will consolidate ownership of SBD's interest in the project via a Delaware merger with SBD ("SBD Transaction").
- The transaction with Bearing for its 17.14% interest will be completed by way of a Canadian Plan of Arrangement ("Bearing Transaction").

³ Based on diluted proforma LPI using market data as at market close on 21 June 2022 from IRESS.

⁴ Refer to the Company's ASX announcement entitled 'Maricunga Stage One DFS delivers an after tax NPV of US\$1.4B' dated 20 January 2022. The Company confirms that all material assumptions underpinning the production targets, and the forecast financial information derived from such production targets, in this Chairman's Letter, continue to apply and have not materially changed.

Based on the number of ordinary shares LPI may issue under the transactions⁵, the proforma ownership of LPI will comprise ~57.9% LPI current holders, ~26.7% MSB SpA⁶ and ~15.5% Bearing securityholders (including option and warrant holders). The transactions will, following completion, result in LPI owning 100% of the project and position the Company to aggressively pursue the rapid development of Maricunga. The transactions, together with LPI's previously announced demerger of its WA lithium exploration assets ("WA Demerger")⁷, will transform LPI into a focused developer of the wholly owned Maricunga Project.

INCREASED TENEMENT HOLDINGS IN WESTERN AUSTRALIA

Subsequent to the reporting period, the Company announced that it had two signed agreements to acquire four tenements which will significantly increase its overall holdings in Western Australia.

The acquisitions have significantly increased LPI's ground position in the Greenbushes Area, making it the largest holder of ground along the Donnybrook-Bridgetown Shear Zone, and also, by obtaining tenements in the Eastern Goldfields region. These acquisitions, along with the tenements held in the Pilbara region, will diversify the Company's geographic footprint in WA.

The purchase of CMC Lithium and its Greenbushes project in Western Australia adds an extra 365km² of prospective ground around Talison Lithium's Greenbushes Mine, the world's largest hard-rock spodumene operation.

The tenements are of strategic importance in the Greenbushes exploration program. They have all necessary heritage and native title agreements in place, and the Conservation Management Plan (CMP) is in application.



Figure 2: Location of LPI/MSB Maricunga Lithium Brine Project – Chile



Figure 3: Location of LPI's properties in the Greenbushes region, Pilbara Craton and Eastern Goldfields of Western Australia

⁵ Assumes diluted LPI shares outstanding and assumes that all in-the-money Bearing Options and Warrants based on the LPI 1M VWAP and Implied Bearing Offer Price as at market close on 21 June 2022 are exercised prior to completion of the Transactions.

⁶ Excludes the ~16.3m shares in LPI already held by Martin Borda (MSB SpA's controller) as at the date of this announcement.

⁷ Refer LPI ASX Announcement titled "LPI to Demerger its WA Hard Rock Lithium Assets" dated 12 January 2022

It is intended to add these tenements to the Company's existing approved CMP, which would allow for exploration on this land under the same conditions as LPI's existing tenements.

LPI also acquired two tenements in the mineral rich Eastern Goldfields of WA from private company Lysander Lithium. Within the Eastern Goldfields, prolific gold and nickel endowments are often complimented by large lithium spodumene pegmatite deposits, such as at Neometals' Mt Marion mine.

Rounding off its diversified tenement coverage in WA, the Company continues to hold two properties along with lithium rights in the areas around the world class Pilgangoora and Wodgina lithium pegmatite deposits.

The acquisitions support the Company's ability to demerge its WA assets into a separate company, Western Lithium Ltd (refer ASX Announcement – 12 January 2022) and its strategy of unlocking the value of these assets, most likely through an ASX listing.

WESTERN AUSTRALIA EXPLORATION

TABBA TABBA PROJECT

A broad-spaced (300 x 300 m) regional soil sampling program was completed over the entire Tabba Tabba tenement. The program was designed to provide an entire geochemical dataset of the tenement. Some 722 primary samples were collected, and a further 78 duplicates were taken for QAQC purposes. Figure 4 shows the locations involved. Samples were taken from streams and the main Tabba Tabba creek. When it was not possible to collect a sample within 20 m of the planned location, the sample was not collected. All samples have been dispatched to LabWest to be analysed via a UltraFines+Tm process. This analytical technique, which looks at the 2-micron clay fraction, was jointly developed with CSIRO as a method of seeing through cover sequences. The results are expected early in the next quarter.

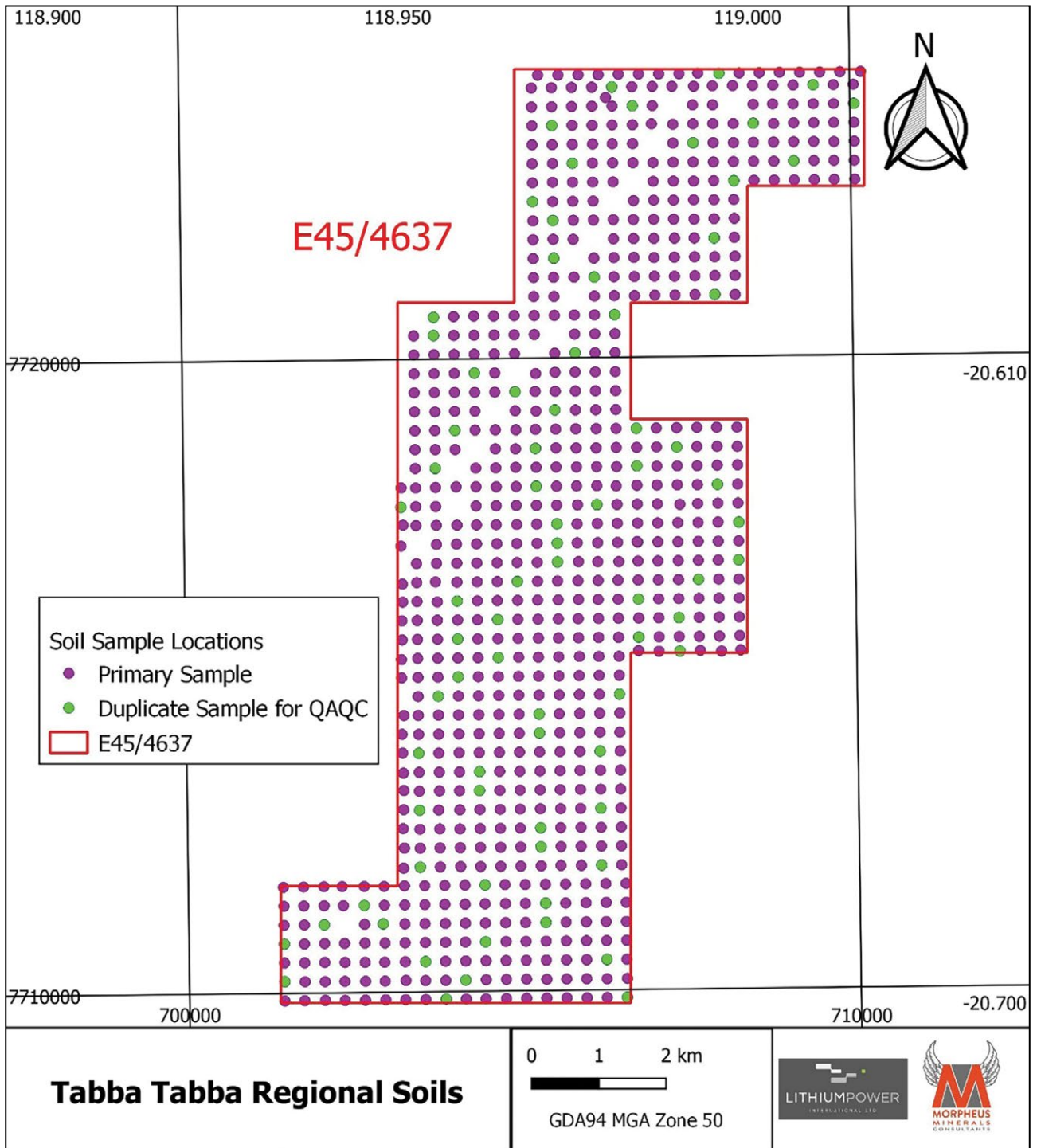


Figure 4: Location of the soil samples taken at the Tabba Tabba Project E45/4637.

CORPORATE UPDATE

DEMERGER OF LITHIUM POWER WA HOLDINGS PTY LTD (“LPIWA”)

Further to the announced potential demerger of LPIWA, the company has been renamed Western Lithium Ltd (from Lithium Power WA Holdings Pty Ltd), and the conversion from a propriety limited company to a limited company has been approved and processed by the Australian Securities and Investment Commission (ASIC).

A new constitution has been approved by ASIC and adopted by Western in preparation for the demerger. An ASX code, “WLI”, has been reserved with the Australian Securities Exchange. A new Board has been identified and will be formally appointed once the IPO process advances.

LPI’s and Western Lithium’s advisers are continuing to prepare materials for the LPI shareholder meeting and Western Lithium’s capital raising, and also application for admission to the official list of the Australian Securities Exchange. This will occur following the consolidation of MSB, as described above, and when capital market conditions are optimal.

Further updates and information on the Demerger and DemergeCo will be provided by LPI in due course.

MARKETING ACTIVITIES

The company presented at the Lithium Supply and Battery Raw Materials 2022 event in Phoenix, Arizona 27–29 June 2022 and at the Noosa Mining Investor Conference 20–22 July 2022.

With local and international travel restrictions being eased, the Company has committed to a number of local and international investor relations opportunities for the remainder of 2022.

These events include:

- the 121 Mining Investment meetings in Singapore 19–22 September 2022;
- the 121 Mining Investment conference New York 5–6 October 2022;
- the IMARC Mines and Money conference Sydney 17–19 October 2022;
- the 121 Mining Investment conference Frankfurt 16–17 November 2022; and
- the 121 Mining Investment conference London 22–23 November 2022.

APPENDIX 5B

The Appendix 5B quarterly cashflow report for the quarter ended 30 June 2022, is submitted separately.

The Company had a cash balance of AU\$6.55m as of 30 June 2022.

This amount is currently held in the Company’s bank accounts in Australia and Chile, in Australian dollars and US dollars. The Australian dollar equivalents were calculated using the closing foreign exchange spot rate on 30 June 2022.

The major movement in cash for the period was a capital call from Minera Salar Blanco for US\$1.9m.

Total funds within the Maricunga Joint Venture at the end of the quarter totalled US\$775k.

PAYMENTS TO RELATED PARTIES OF THE COMPANY AND THEIR ASSOCIATES

Section 6.1 Appendix 5B description of payments to related parties of the Company.

Directors Fees	\$228,748	Three months’ salary and superannuation paid to the Australian based Directors via the company payroll plus six months’ fees for the Chile based LPI Directors paid via LPI’s Chile subsidiary company.
DHJPLM Pty Ltd Rental for Sydney office	\$36,000	Mr Hannon is a Director of LPI and shareholder of DHJPM Pty Ltd

CAPITAL STRUCTURE

There was no change to the Capital Structure at the end of the Quarter from the previous Quarter. The Capital Structure is as follows:

- 349.1M Ordinary Shares on issue; and
- 12.5M Share Appreciation Rights on Issue.

MINING TENEMENTS HELD

The below table lists the mining tenement interests held by the Company at the end of the quarter ended 30 June 2022, and include the addition of the CMC Lithium and Lysander tenements as described above.

Location / permit name	Permit / exploration number	Registered holder	Area in hectares	Permit term expiry	Interest contractual right
Chile					
Maricunga, Chile – Cocina – 10/27	Old Code (1932) 03201-2110-19	MSB / LPISPA	450	N/A	MSB 100% of which LPISPA owns 51.6%
Maricunga, Chile – San Francisco – 1/10	Old Code (1932) 03201-0006-2	MSB / LPISPA	425	N/A	MSB 100% of which LPISPA owns 51.6%
Maricunga, Chile – Despreciada – 6/7	Old Code (1932) 03201-0007-0	MSB / LPISPA	100	N/A	MSB 100% of which LPISPA owns 51.6%
Maricunga, Chile – Salamina – 1/3	Old Code (1932) 03201-0005-4	MSB / LPISPA	150	N/A	MSB 100% of which LPISPA owns 51.6%
Maricunga, Chile – Litio 1 – 1/29	New Code (1983) 03201-6516-4	MSB / LPISPA	131	N/A	MSB 100% of which LPISPA owns 51.6%
Maricunga, Chile – Litio 2 – 1/30	New Code (1983) 0321-6517-2	MSB / LPISPA	143	N/A	MSB 100% of which LPISPA owns 51.6%
Maricunga, Chile – Litio 3 – 1/30	New Code (1983) 03201-6518-0	MSB / LPISPA	286	N/A	MSB 100% of which LPISPA owns 51.6%
Maricunga, Chile – Litio 4 – 1/60	New Code (1983) 03201-6519-9	MSB / LPISPA	300	NA	MSB 100% of which LPISPA owns 51.6%
Maricunga, Chile – Litio 5 – 1/60	New Code (1983) 03201-6520-2	MSB / LPISPA	297	N/A	MSB 100% of which LPISPA owns 51.6%
Maricunga, Chile – Litio 6 – 1/60	New Code (1983) 03201-6521-0	MSB / LPISPA	282	N/A	MSB 100% of which LPISPA owns 51.6%
Maricunga, Chile – Blanco	New Code (1983) – N/A	MSB / LPISPA	1,800	N/A	MSB 100% of which LPISPA owns 51.6%
Maricunga, Chile – Camp	New Code (1983) – N/A	MSB / LPISPA	100	N/A	MSB 100% of which LPISPA owns 51.6%
Australia					
WA Greenbushes – Balingup	E70/4763	Western Lithium	19,132	17/03/2026	100%
WA Greenbushes – Brockman Hwy	E70/4774	Western Lithium	5,052	21/03/2026	100%

Location / permit name	Permit / exploration number	Registered holder	Area in hectares	Permit term expiry	Interest contractual right
WA Greenbushes – Greenbushes	E01/0003	Western Lithium	2,851	Application pending	100%
WA Greenbushes – Wellington	E70/6093	Western Lithium	2,002	Application pending	100%
WA Greenbushes – Nannup #1	E70/4845	Western Lithium/CMC	285	12/10/2026	100%
WA Greenbushes – Wiliga #1	E70/4846	Western Lithium/CMC	6,850	Extension Pending	100%
WA Greenbushes – Wiliga #2	E70/5281	Western Lithium/CMC	7,426	Application Pending	100%
WA Greenbushes – Nannup #2	E70/5684	Western Lithium/CMC	21,944	Application Pending	100%
WA East Pilbara – Pilgangoora	E45/4610	Western Lithium	6,714	17/10/2026	100%
WA East Pilbara – Tabba Tabba	E45/4637	Western Lithium	6,412	11/05/2027	100%
WA East Pilbara – Strelley	E45/4638	Carnaby Resources Ltd	6,421	11/05/2027	LPI retains all Li rights
WA Eastern Goldfields – White Foil	E15/1772	Western Lithium/Lysander	1,124	Ministerial approval received 15/07/2022	100% – Awaiting assignment of Heritage Agreements before completion of transaction

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